

PAKISTAN
Punjab Cities Program
Program-for-Results

Environmental and Social Systems
Assessment
(ESSA)

World Bank

May 04, 2018

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
AGP	Auditor General of Pakistan
APA	Annual Performance Assessment
BOD	Biochemical Oxygen Demand
BoR	Board of Revenue
CBO	Community-based Organization
CCP	Climate Change Policy
CDA	Canal and Drainage Act
CFMS	Computerized Financial Management System
CO	Chief Officer
COD	Chemical Oxygen Demand
CTS	Complaint Tracking System
CW	Constructed Wetland
DLI	Disbursement-linked Indicator
DO	Dissolved Oxygen
DOCO	District Officer of Community Organization
DPAC	District Price Assessment Committee
ECA	Employment of Child Act
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
EPA	Environmental Protection Agency
EPD	Environmental Protection Department
ESAMF	Environmental and Social Assessment and Management Framework
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESSA	Environmental and Social Systems Assessment
FO	Finance Officer
GIS	Geographic Information System
GM	General Manager
GoPunjab	Government of Punjab
GRM	Grievance Redress Mechanism
GRS	Grievance Redress System
HSE	Health, Safety, and Environment
ICR	Implementation Completion and Results Report
ID	Institutional Development
IDAMP	Integrated Development and Asset Management Plan
IEE	Initial Environmental Examination
IPF	Investment Project Financing
J&C	Job and Competitiveness
KPI	Key Performance Indicator
LAA	Land Acquisition Act
LG	Local Government
LGC	Local Government Commission

LG&CDD	Local Government and Community Development Department
M&E	Monitoring and Evaluation
MAC	Minimum Access Conditions
MC	Municipal Committee
MCC	Ministry of Climate Change
MDG	Millennium Development Goal
MOI	Municipal Officers Infrastructure
NDWP	National Drinking Water Policy
NEQS	National Environmental Quality Standards
NGO	Nongovernmental Organization
NOC	No-objection Certificate
O&M	Operation and Maintenance
OHR	Overhead Management Reservoir
OP	Oxidation Pond
OSR	Own Source Revenue
P&D	Planning and Development
PAP	Program Action Plan
Pak-EPA	Pakistan Environmental Protection Agency
PBG	Performance-based Grant
PCGIP	Punjab Cities Governance Improvement Project
PCP	Punjab Cities Program
PCR	Physical Cultural Resources
PDO	Program Development Objective
PEP	Punjab Environmental Policy
PEQS	Punjab Environmental Quality Standards
PEPA	Punjab Environmental Protection Act
PFC	Provincial Finance Commission
PforR	Program-for-Results
PGS	Punjab Growth Strategy
PHED	Public Health Engineering Department
PLGA	Punjab Local Government Act
PLGO	Punjab Local Government Ordinance
PM	Project Manager
PMDFC	Punjab Municipal Development Fund Company
PMSIP	Punjab Municipal Services Improvement Project
PPP	Public-Private Partnership
PSP	Punjab Sanitation Policy
PUSDP	Punjab Urban Sector Development Plan
PWEP	Punjab Women Empowerment Package
R&M	Repair and Maintenance
RAP	Resettlement Action Plan
SMART	Strengthening Markets for Agriculture and Rural Transformation in Punjab
SMEs	Small and Medium Enterprises
SOP	Standard Operating Procedure
TA	Technical Assistance
TMA	Towns Municipal Administration

TOR	Terms of Reference
TSS	Total Suspended Solids
UC	Union Council
UIPT	Urban Immovable Property Tax
WASA	Water and Sanitation Agency

EXECUTIVE SUMMARY

Purpose of the ESSA

1. This Environmental and Social Systems Assessment (ESSA) has been prepared by the World Bank for the proposed Punjab Cities Program (PCP). It includes the following information: (a) a summary of environmental and social risks and benefits associated with proposed activities required to achieve the Program Development Objective (PDO) and the Disbursement-linked Indicators (DLIs) for each Results Area, (b) an assessment of the borrower's environmental and social management systems which apply to these activities and their risks and benefits, (c) an evaluation of the borrower's performance and track record in implementing its environmental and social management systems, (d) an assessment of the extent to which the borrower's environmental and social management systems are consistent with the World Bank's core environmental and social principles spelled out in the World Bank policy and associated guidance materials, and (e) a set of recommendations and actions which the borrower has agreed to undertake to improve the implementation of applicable systems.

2. This report was prepared by World Bank staff and consultants through a combination of reviews of existing Program materials and available technical literature, interviews with government staff, and consultations with key stakeholders and experts. Findings of the assessment will be used in the formulation of an overall Program Action Plan (PAP) with key measures to improve environmental and social management outcomes of the Program. The findings, conclusions, and opinions expressed in the ESSA document are those of the World Bank. Recommendations contained in the analysis have been discussed and agreed with the government of Pakistan and Punjab counterparts.

Program Objectives, Results Areas and Disbursement Linked Indicators

3. The Punjab Cities PforR will pilot the PBG system focusing on the urban LGs or Municipal Committees (MCs) of the sixteen selected secondary cities. The Program will support building systems in participating MCs for more transparency, accountability, and responsiveness to citizens; putting them on a structured path towards fiscal sustainability; and provision of improved municipal services. In doing so, it will support transition to the new LG system introduced through PLGA 2013. The Program will support participating MCs to fully comply with PLGA's subordinate legislation and implement rules of business prescribed therein, such as Conduct of Business (particularly distribution and dispensation of officer's functions), Budgets (including sections on performance targets and multi-year investment planning), Accounts (particularly financial reporting requirements), et al. It will do so through two separate, but inter-related, windows.

IDA Allocations

Window	Financing Modality	Amount (US \$ millions)	Amount (%)
1	IDA Allocation for Performance Grants (PforR)	180	90
2	IDA Allocation for Institutional Strengthening (IPF)	20	10

4. **The Program Development Objective is to strengthen the performance of participating urban local governments¹ in urban management and service delivery.** The

¹ Known, and subsequently referred to, as Municipal Committees in the 16 participating cities.

Operation will provide capacity building and institutional support to 16 secondary cities in Punjab, with an estimated total population of 4.1 million², half of whom are female. By achieving the PDO, the Operation is expected to contribute to the World Bank’s over-arching goals of ending extreme poverty and promoting shared prosperity by delivering improved urban infrastructure on an inclusive basis and in ways that enhance economic growth and development in the participating cities. Achievement of the PDO will also make a significant contribution to attaining Sustainable Development Goal-11 (sustainable cities and communities).

Window-1: Performance Based Grants

5. **Window-1 will make use of the PforR instrument to disburse Performance Based Grants (PBGs) to 16 MCs in Punjab.** The maximum annual share of each MC will be determined based on their respective weighted shares from the PFC Award, and will incrementally increase over the five years of the Program. The actual disbursements to Program MCs will be regulated by their performance scores in the annual performance assessments (APAs). This calibrated allocation of PBG would encourage MCs to seek higher scores in the performance assessment, and therefore a higher allocation of PBGs as every sub-result (score on a performance measure) will impact on their allocation. The incremental increase, in parallel with the improvement and strengthening of the city systems for investment planning, budget allocation, procurement, expenditure management, environmental and social management and systems and procedures for O&M of infrastructure and services will ensure there is no waste or misuse of the funds. Beginning with the second year, when most of the essential capacities and procedures are in place at the city level, there is a significant increase in the funds available to the city. It is expected that these increases in the annual grants, will begin to be matched by progressive increases in MCs’ revenue.

6. **There are two Disbursement Linked Indicators (DLIs),** which focus on: minimum access conditions (MACs) under DLI 1; and a set of performance measures (PMs) for DLI 2.

Program Disbursement Linked Indicators (DLIs)

DLIs	Allocated IDA Financing (US\$, mil.)
DLI 1: MCs have achieved Minimum Access Conditions	45
DLI 2: MCs have achieved Performance Measures as scored in the APA	135
Total Allocation for DLIs	180

7. **The Minimum Access Conditions (MACs) and Performance Measures (PMs) together will enable all 16 MCs to access the full Performance Based Grants (PBGs) allocation.** Compliance with MACs will be a pre-condition to access the PBGs, and failure to satisfy any MAC will disqualify an MC from accessing its PBG for that year. MCs will be assessed against a set of MACs (25% of total PBG envelope) in areas such as: a) investment planning and budgeting; b) human resources; c) procurement; d) financial management and audit; (e) environment and social management; (f) transparency; and (g) signed Operation specific Participation Agreement. MACs are primarily aimed at ensuring that technical, fiduciary, environmental, and social risks are adequately managed in Program MCs. The Performance Measures will build on the foundations laid by MACs, and will challenge the

² Population estimated from Landscan data for 2015. These estimates will be updated once detailed results of the National Population and Housing Census are made public by the Pakistan Bureau of Statistics.

MCs to raise their performance to achieve incremental targets. Qualified MCs will be able to access PBGs (75% of total PBG envelope) every year, based on scores obtained in the APA. PBGs would be allocated to the MCs proportionate to their performance scores (weighted with the APA score).

8. **An independent annual assessment and the verification of results to trigger disbursement is key to Program.** GoPunjab will engage an independent Annual Performance Assessment³ (APA) firm to verify Program results on a timely manner to provide the basis for disbursements of funds under the Program to the participating MCs. The assessment results will be shared simultaneously with the Bank and GoPunjab to ensure transparency. APA Results will subsequently be reviewed by GoPunjab's Program Steering Committee and submitted formally to the Bank. These results will then undergo a quality assurance by the Bank. The Bank retains the right to make the final decision whether a DLI has been achieved or not. The aggregate score of the MCs in the APAs will determine the size of PBG grants to be disbursed, and will be an important metric to determine progress towards PDO.

9. **PBG funds will be used by participating MCs primarily for financing eligible infrastructure investments.** Priority infrastructure investment needs will be identified by the processes for improved development planning (integrated development and asset management plans) included under PCP. In the first year of implementation (FY2017-18), Program MCs will be required to focus only on servicing repair and maintenance needs of municipal infrastructure. In subsequent years, MCs will be allowed to undertake new infrastructure or capital investments. A list of eligible expenditures has been agreed during preparation. MCs will be expected to adhere strictly to the eligible investments, as expenditure on ineligible investments will prevent the MC from accessing Program funds in the following year.

Window-2: Institutional Strengthening

10. **Window-2 will support provincial government agencies** – including provincial departments and associated entities – to develop and implement systems for human resource management, grant management, reporting and audit as well as MC performance assessment. Moreover, a comprehensive package of capacity building and technical assistance interventions will also be provided to participating MCs to ensure that they have the requisite capacities and systems to perform their mandates and meet the DLIs. Due to the recent transition under the new LG system, capacities developed over time and particularly under PMSIP, have been eroded. The details of Window-2 are available in PAD.

11. Under Window-2, GoPunjab will be supported in three ways:

- a) The *Finance Department (FD)* will be strengthened to better oversee MCs' finances, and implement performance grants, which is a key aim of the overall Government Program. In addition, FD will ensure that PBG grants are fully and properly integrated into provincial-level budget processes and into the annual provincial budget calendar. FD will also be responsible for authorizing the timely release of PBGs to eligible MCs by the provincial treasury. Finally, FD will use the computerized financial management system being operationalized in MCs to oversee municipal accounts and financial reports for the 16 Program MCs.
- b) Technical assistance and resources will also be provided to the *Local Government and Community Development Department (LG&CDD)* to: Manage Annual Performance Assessments (APAs); Develop an effective policy framework; and, provide guidance

³ Administration of APAs will be financed through Window 2.

in areas such as infrastructure design and maintenance specifications, and public private partnership mechanisms to enhance service delivery by MCs. In addition, the oversight capacity of the department and the *Local Government Board (LGB)* will be strengthened by developing a human resource management system, population based staffing standards, level of service standards, and effective systems to monitor service delivery performance.

- c) The *Punjab Municipal Development Funds Company (PMDFC)* will be assisted to provide a comprehensive package of technical assistance and backstopping to MCs, in the areas of: development planning and budgeting; own source revenue mobilization; procurement and contract management; financial management; infrastructure sub-project design, implementation, rehabilitation and maintenance; transparency and accountability; monitoring and physical progress reporting; as well as environmental and social management. MCs will be provided with operational guidelines, on-the-job training, and backstopping support with quality control to MCs to address these needs.

Social and Environmental Effects

12. **The environmental and social management under the Program will be largely based on the existing legal, regulatory, and institutional system in Pakistan and in the Punjab province.** There are gaps in the existing institutional systems for environmental and social management that need further strengthening, particularly at the city level. The MCs are not adequately supported through budgetary allocations and the provision of necessary facilities, equipment, and supplies; and adequate and skilled human resources. The MCs also do not necessarily have documented procedures and processes in place for the management of the environmental and social risks in order to comply with the existing system. The ESSA process has shown evidence related to the GoPunjab commitment to address most of these gaps through the design of MAC and performance measures. In addition, the provincial system has initiated a process to improve the EPA systems with Bank support. The overall environmental and social risk of the Program is rated as **Substantial**.

13. **The ESSA recognizes that there are gaps in the existing institutional systems for environmental and social management that need further strengthening, particularly at the city level.** The MCs are not adequately supported through budgetary allocations and provision of necessary facilities, equipment, and supplies, and adequate and skilled human resources. The MCs do not necessarily have documented procedures and processes in place for the management of the environmental and social risks.

14. **To address these institutional capacity gaps, the operation supports the strengthening of MCs for the social and environmental risk management in all 16 MCs.** As part of the MCs, the Project (Investment Project Financing Technical Assistance [IPF TA]) will ensure the designation of both social and environmental management focal points in each MC; the creation of environmental and social management capacity at the city level (including the preparation of Environmental and Social Impact Assessment [ESIA], environmental and social management plan [ESMP], and Resettlement Action Plan [RAP] for the rehabilitation of existing and construction of new schemes); and provide support in carrying out environment and social due diligence and rolling out a training program for city officials by the Punjab Municipal Development Fund Company (PMDFC). PEPA 2012 demands the preparation of these instruments as integral part of IEE/EIA for new schemes. These instruments will also be prepared for the rehabilitation of existing schemes in 16 MCs under the Environmental and

Social Management Framework (ESMF)⁴. This has been agreed with the government and preparation and implementation of these instruments has been included as a part of the PBMs included in the program design. The government intends to extend the performance grants mechanism to other cities and thus may also extend the PBMs. Therefore, there is a possibility that Government under its discretion and authority may extend the preparation and implementation of these instruments to other cities as well with no consequences to the Bank as it is a requirement as part of the existing system. Moreover, environmental and social considerations will be mainstreamed in the updating of Standard Operating Procedures (SOPs), operation and maintenance (O&M) manuals, and investment planning strategies that will be also supported by the IPF TA.

15. PCP incorporates measures to address environmental and social risks in the Program design. Investments financed through the Program will exclude high-risk subprojects with significant negative environmental and social impacts that are sensitive, diverse, or unprecedented. To screen for these exclusions, the Program will rely on a negative list. The appraisal of investments will include a rigorous subproject screening of environmental and social risks to be updated with the support of the IPF activities. The performance of managing the environmental and social risks of the Program, as contained in the ESSA, is also one of the performance measures that will determine accessibility to additional Program resources.

16. The Program has developed and mainstreamed key recommendations to strengthen environmental and social management at the local level. Detailed recommendations are included in the PAP. The implementation of recommendations through institutional strengthening activities will be financed under IPF and infrastructure investments will be made under the Program-for-Results (PforR). In the case of IPF, the World Bank Environmental and Social Safeguards are to be applied (Category X),⁵ whereas in the case of PforR investments, an ESSA is being prepared. The PforR funds will be disbursed only if the existing legal and institutional systems are complete and capable of meeting adequate social and environmental standards, which will be strengthened with the IPF TA. This condition of PforR activation implies that investments under the PforR will start after the successful implementation of DLI 1 in year 1 and acceptable performance for project planning and execution under DLI 2 in year 1 and year 2 to be financed under the IPF. Initial planning and designing of infrastructure subprojects will start in year 2 and most of the physical implementation will be undertaken in later years.

17. Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected

⁴ The Environmental and Social Management Framework (ESMF) prepared by PMDFC for PMSIP will be updated and implemented to guide the cities in the process of environmental and social management.

⁵ The TA window of the operation has been classified as Category B because it will finance, among others, the following activities: Complaint Tracking System (CTS)/Grievance Redress Mechanism (GRM), Investment Plans, Training and Updating of O&M protocols for urban infrastructure, Contract and Project management, Preparation of Environmental and Social Management Instruments; setting up of a Public-Private Partnership (PPP) Cell and development of model contracts, terms and conditions, templates, and partnership frameworks for PPPs in municipal service delivery (including social and environmental management). The IPF will have no direct environment or social impacts because it focuses on capacity building of local institutions. TA activities will mainstream safeguards policies core principles to ensure the adoption of social and environmental sustainability measures in the preparation and delivery of the activities and to avoid negative indirect impacts.

communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org

Assessment of Borrower Systems

18. The scope of the applicable environmental and social legal and regulatory systems is generally adequate to address underlying environmental and social risks, and the gaps detected as part of the ESSA will be addressed as part of the ESSA recommendations. In addition to the provincial legal and regulatory system, The Environmental and Social Management Framework (ESMF) prepared by PMDFC for PMSIP will be updated and implemented by the PMDFC and MCs, which will be adjusted to address the gaps identified and will be used to deliver capacity in the cities and to guide the cities in the process of environmental and social management.

Stakeholder Consultations

Recommendations and Proposed Actions

19. The recommendations are summarized in the following sections under two categories, that is, (a) the recommendations which are mainstreamed as a part of the Program design and (b) additional recommendations which are included in the PAP.

ESSA Recommendations Mainstreamed in the Program Design

- a) **Mainstreaming environmental considerations in institutional strengthening.** Environmental management aspects are an integral part of capacity-building activities delivered as part of DLI 1 and DLI 2. Sustainable operations of urban environment services depend on institutional capacity and procedures for hiring competent third parties, mobilizing private sector under PPP arrangements for investment, willingness to pay of beneficiaries, removal of subsidies, effective OSR collection, and provincial allocations. These aspects need complete system development in collaboration with stakeholders. The IPF window will develop sustainability framework for each city and train the stakeholders accordingly. Capacity building includes provisions for PPP financing modalities, procedures for hiring third-party operator companies with ability to collect service charges from the beneficiaries, and third-party monitoring companies for environment and social compliance.
- b) **Capacity building for O&M.** The O&M manuals for municipal services developed under PMSIP will be updated for MCs under PCP. The updating will ensure that environmental and social management as well as other specific issues such as ambient air monitoring and energy efficiency standards for buildings are included and requisite training provided to MC officials.
- c) **Adoption of Environmental Management Instruments.** ESIA's will be prepared for all investments. In cases of repair and replacement of existing infrastructure, IEE/EIA

approvals are not required under PEPA 2012. In such cases, the Program will update and apply the ESMF already in use by the PMDFC⁶⁶.

- d) **Efforts to reduce pollution.** While solid waste and sanitation problems are identified as key issues in the cities, measures to minimize generation of solid waste and wastewater will also be emphasized while considering solutions such as landfill and wastewater treatment facilities. Moreover, every secondary city may not require an independent landfill or treatment plant. These types of infrastructure are more complex and pose higher risks.
- e) **Institutional coordination.** To address issues of overlapping institutional operational system in partner cities, PCP implementation arrangements have been designed with clear mandates for each institution and interinstitutional coordination mechanisms. For example, the LG&CDD and MCs would have clear responsibilities and capacities to coordinate with Punjab EPA and its district offices for sustainable operations of environmental infrastructure, according to the PEQS requirements.
- f) **Integrated infrastructure solutions.** Considering the environmental profile of cities, lack of municipal services in the target cities, and the legal requirement of PEPA 2012 to implement complete infrastructure solutions, sub-projects will need to be designed with complete solutions, regardless of the source of funding. For example, rehabilitation of existing sanitation network and/or its extension will be considered incomplete if the eligible wastewater treatment systems are not included in the subproject. One strength of the existing system is that Punjab EPA under PEPA 2012 cannot approve IEE/EIA of incomplete projects. However, any ineligible investments will not be funded through the Program.
- g) **Institutional strengthening and capacity building.** TA will target two main areas that will significantly strengthen the environmental and social management capacity at the local level. The ESSA has assessed that the institutional capacity of MCs is low and needs substantial strengthening. Successful implementation of activities designed to deliver DLI 1 will proportionately strengthen the environmental and social management capacity of participating MCs. Specifically, the proposal for designating permanent environmental and social management focal persons in MCs along with training and TA from the PMDFC is expected to deliver the required capacity for environmental friendly municipal operations and environmental management of new infrastructure projects. In addition, environment and social requirements will be dovetailed in the project implementation system and instruments (for example, budgetary allocations for implementation of environment and social management; MC staff trained for environment and social management, public consultation, citizen engagement, transparency, and accountability, land and labor issues, and safeguard procedures; ESMF customizing and updating; and so on).

For environmental and social management, the MCs will be required to assign this function to one of the existing staff. The PMDFC will hire new staff and assign them to perform the function as an interim measure while transferring basic skills to the assigned MC staff. The PMDFC staff dedicated to PCP implementation will include (i) senior specialists as well as contracted individuals based in Lahore and (ii) middle-level specialists who will be deployed in three regionally based teams, each supporting five to six MCs. All teams will include environment and social development specialists in addition to other experts. Creation of requisite social and environmental management

⁶⁶ In the future, Local Government Department and MCs may use ESMF for the environmental and social management of other cities not supported by PCP at their discretion and authority without any consequence to the Bank.

capacity will be ensured through the Program Participation Agreement to be signed between each MC and the PMDFC.

The social and environmental management professionals appointed at the PMDFC and MCs will be mandated to coordinate and assist in (i) development of screening procedures and preparation of environmental and social assessments and ESMPs; (ii) preparation of socially inclusive investment decisions and IDAMPs, standards, and manuals; (iii) conducting surveys related to social and environmental aspects; (iv) land-related aspects; (v) managing labor- and gender-related issues and maintain an effective liaison with the Labor Department and WDD; (vi) ensuring consultation and supporting implementation of social management measures related to vulnerable and marginalized people; (vii) functioning of CTS/GRM; (viii) implementation of the public communication strategy and stakeholder consultation process; and (ix) engaging with the technical team to improve O&M of schemes.

- h) **Updating and enhancing the spectrum of the CTS.** PCP will assist in upgrading the CTS to an overall GRM for MCs during the IPF TA in the first year of program implementation. The CTS is functioning well and will remain operational during PCP, after it has been upgraded as the GRM. At present, the focus of the CTS is mainly on the complaints related to infrastructure projects. The coverage of complaints would be enhanced under the GRM to include transparency, accountability, exclusion of marginalized groups from development priorities, and labor issues. The GRM will be more gender-responsive, with clearly defined timelines for redress, like the CTS.

ESSA Recommendations to be Included in the PAP

20. The ESSA recommendations in addition to the ones included as a part of the PAP are summarized in the following paragraphs:

- a) **Updating ESMF.** The PMDFC has gained valuable experience for developing and implementing an ESMF for PMSIP. The ESMF includes comprehensive SOPs for social screening of subprojects, acquisition of private land, and management of other social impacts.

The ESMF also requires that particular attention is paid to the protection of marginalized, disadvantaged, and vulnerable groups, including women and children. There are provisions to promote and provide, wherever possible, opportunities for these groups to access and benefit from the investment. The ESMF also focuses on minimizing health and safety hazards and providing opportunities for enhancing public and environmental health.

ESMF also specifies that the Social Assessment Report will ensure that issues of poverty, gender and child labor are systematically addressed to ensure that the interests of marginalized and vulnerable groups are given appropriate attention and that, wherever possible, opportunities for enhancing their livelihoods are pursued.

The entitlement matrix included in the ESMF includes provisions according to the core principle related to land acquisition. The entitlement matrix covers different categories of losses. In addition to other necessary provisions, the ESMF also mandates that vulnerable squatters and non-titleholders will be entitled for cash compensation for affected portion of a structure at replacement value.

Taking advantage of an effective and tested instrument already available with the implementing agency, the PMDFC will update this instrument especially in regard to the applicable legal framework, institutional aspects and state of art environmental and social management tools. While updating the ESMF, PMDFC will further ensure that categories of impacts cover all types of losses and entitlements for land acquisition, compensation, payment to non-titleholders for affected structures, livelihood restoration, provisions for vulnerable groups and other provisions in conformity with the core principles related to land acquisition and vulnerable groups.

This recommendation will be implemented during the first year of the Program, before the initiation of physical investments.

- b) **Environmental data generation and environmental monitoring.** Environmental data of partner cities is generally lacking, which is essential for effective environmental management. E-governance and automated systems will include environmental performance indicators for analysis and strategic use for environmental governance. In addition, the MCs will be strengthened with capacity, equipment technology, and effective coordination mechanisms with Punjab EPA. MCs with the support of PMDFC will conduct technical studies to determine the sustainability of underground water sources linked to water supply projects and will implement environmental monitoring systems associated to the operation of physical investments supported by the Program. The planning of these activities will be done during the first year of the Program and implemented along the cycle of the same.
- c) **Improvements in the LG&CDD and Finance Department environmental management.** The Operation will deliver specific capacity building and institutional strengthening to the LG&CDD and Finance Department to ensure an adequate supervision of environmental and social management of the Program. This will be done through the designation of environmental and social focal points in each institution with capacity to supervise and report to the Bank on social and environmental related aspects. This recommendation will be implemented during the six months of the Operation implementation and will be maintained during the overall implementation period.
- d) **Development of SOPs for improved infrastructure planning and implementation.** The PMDFC will develop SOPs for
 - (i) PCR, archeological screening, and chance find procedures covering PCR and archeological screening for subprojects, and maintain a liaison with the Archeology Department on the procedure for chance archeological finds; and
 - (ii) Health, Safety, and Environment (HSE) covering occupational, construction, and community aspects related to HSE. These SOPs will be implemented by MCs during Program implementation. The senior social management professional at the PMDFC will take the lead in this aspect and work in collaboration with social management professionals at the MC level and in the Labor Department and EPA.

This recommendation will be developed during the first year of the Operation implementation, before the initiation of physical investments, and will be maintained during the overall implementation period.

- e) **Improved enforcement of labour- and gender-related laws.** The major issue related to the enforcement of labour laws is the limited capacity of the labour department to

monitor and audit to ensure compliance. There are only 36 district labour officers and around 300 labour inspectors (including only 2 female inspectors). The capacity constraints of the labour department result in low frequency of audits resulting in reduced compliance of labour laws especially by construction contractors. The ILO and labour department are planning to collaborate to bridge this gap.

Labour laws are also applicable to women workers. However, women remain vulnerable to problems such as sexual harassment, lower wages, extended working hours, harsh working environment etc.

While the capacity of the labour department remains weak, it becomes more important to improve the enforcement of the labour laws at the program/project level by:

- Labour and gender management frameworks will be prepared as a part of the ESMF during updating by PMDFC.
 - Specific clauses will be added in the contracts of the construction supervision firms to ensure the compliance with the gender and labour laws. Performance measure 7.1 requires MCs to include clauses for gender responsive working conditions in infrastructure contracts.
 - Annual performance assessments will review compliance of infrastructure works contracts with gender and labour laws.
- f) **Stakeholder consultation.** The PMDFC and MCs will ensure that the stakeholder and public consultation processes are inclusive during each stage of investment planning and implementation, to ensure compliance with EPA guidelines for public consultation. The Public Consultation Framework prepared for PMSIP provides an excellent SOP and will be updated and adopted for PCP. Moreover, the scope of consultations will address important associated social needs related to accountability and transparency, tariff increase, and inclusion of voice of the marginalized and vulnerable. The PMDFC will also develop a comprehensive Communication Strategy for PCP, based on the existing communications strategy for PMSIP. Moreover, a representative willingness-to-pay survey will be undertaken during preparation of the revenue enhancement plans and strategies.

This recommendation will be developed during the first year of the Operation implementation, before the initiation of physical investments, and will be maintained during the overall implementation period.

SECTION 1: INTRODUCTION: SCOPE OF PROPOSED PROGRAM, PDO, AND DLIs⁷

Program Description

21. The proposed Punjab Cities Program (PCP) Program-for-Results (PforR) will support participating Municipal Committees (MCs) to improve their urban management and service delivery performance. The operation will provide capacity-building and institutional support to 16 secondary cities in Punjab, with an estimated total population of 4.1 million,⁸ half of whom are female. By achieving the Program Development Objective (PDO), the operation is expected to contribute to the World Bank's overarching goals of ending extreme poverty and promoting shared prosperity by delivering improved urban infrastructure on an inclusive basis and in ways that enhance economic growth and development in the participating cities. Achievement of the PDO will also make a significant contribution to attaining Sustainable Development Goal 11 (sustainable cities and communities).

22. PCP builds on the achievements of the World Bank-funded Punjab Municipal Services Improvement Project (PMSIP) (P083929, 2006–13). The Program will strengthen the institutional capacity in 16 MCs by implementing a three-pronged strategy: (a) recruitment of required staff; (b) designation of critical staff, for example, for environmental and social aspects; and (c) technical assistance (TA) from the Punjab Municipal Development Fund Company (PMDFC). In project execution terms, this translates into logical sequencing of Disbursement-linked Indicator (DLI) 1 - Number of MCs which have achieved Minimum Access Conditions in the annual performance assessment (APA) and DLI 2 - Number of MCs which have achieved performance measures as scored in the APA.

23. The operation includes a process with a clear APA and based on the scores achieved by the MC, pegging the size of disbursement. The operation will be financed under two modalities, that is, Investment Project Financing (IPF) (the project) and PforR (the Program). Institutional strengthening will be financed under the IPF and infrastructure investments will be supported under the PforR. For IPF, the World Bank Environmental and Social Safeguards will be applied (Category B), whereas for PforR investments, this Environmental and Social Systems Assessment (ESSA) has been prepared. The PforR funds will be disbursed if the legal and institutional systems are complete and capable of meeting most of national and provincial environmental and social management requirements, which will be strengthened through the IPF TA. This condition of PforR activation implies that investments under PforR will start after the successful implementation of DLI 1 in year 1 and acceptable performance for project planning and execution under DLI 2 in year 1 and year 2 to be financed under IPF. The APA will measure the level of achievement of the DLIs and the Minimum Access Conditions (MACs) will ensure readiness of the cities before implementing physical infrastructure. Initial planning and designing of infrastructure projects under DLI 2 will start in year 2 and most of the physical implementation will be undertaken in later years.

24. Capacity of MCs' staff was developed in these cities through PMSIP implementation. Subsequently, due to the change in the local government (LG) system, that capacity has somewhat eroded. PMSIP developed capacities for safeguards implementation in the

⁷ For a full description of the program scope, PDO, and DLIs as well as development and economic context of this operation, please refer to the Project Appraisal Document.

⁸ Population estimated from Landscan data for 2015. These estimates will be updated once detailed results of the National Population and Housing Census are made public by the Pakistan Bureau of Statistics.

Implementation Agency (the PMDFC) and facilitated the Punjab Environmental Protection Agency (EPA) to improve its capacity for municipal services monitoring. One of the main achievements of PMSIP was to create a permanent, sustainable resource such as the PMDFC.

25. Most of the activities of institutional capacity building are planned under DLI 1 to be financed under IPF. PforR financing will cover infrastructure planning and development (P&D) under DLI 2. PCP is targeting repair of existing infrastructure (water supply, sanitation, roads and streets—including lighting, and parks) and development of new infrastructure within the existing built-up area. Activities of spatial planning, land use planning, and real estate development are not part of the program.

ESSA Methodology

26. The ESSA has been prepared by the World Bank task team in accordance with the requirements of the World Bank’s PforR policy and associated Interim Guidance Note for PforR operations. Specifically, the ESSA was developed based on (a) a review of existing policies, acts, regulations, frameworks, and guidelines; (b) list of questions prepared for each stakeholder institution in the light of configuration of PCP stated in the technical document and role and responsibilities allocated to each stakeholder institution; (c) meetings and interviews with key personnel of the PMDFC and the sample of partner cities, particularly those involved in the environmental and social assessment as well as planning, implementation, and monitoring of proposed projects; (d) analyses of large set of empirical data made available by the PMDFC for 16 cities; (e) an assessment of relevant environmental and social management systems relative to the PforR principles; (f) an assessment of the capacity and performance of institutions; (g) development of an action plan to enhance environmental and social management capacity and performance; and (h) development of recommendations. Two level of consultations were done. First, a sample⁹ of six MCs’ chairpersons, councilors, and administrative and technical staff were consulted and day-long discussions and field visits were held at each MC. Second, the formulation of the ESSA will be supported by a consultative process involving key stakeholders. Consultation workshops will be carried out in the provincial capital or elsewhere in late-January 2018 to better understand the environmental and social concerns of stakeholders and to seek feedback on the findings and recommendations of the ESSA team.

SECTION 2: ENVIRONMENTAL & SOCIAL EFFECTS OF THE PROPOSED PROGRAM

27. Overall, the proposed program as defined by the PDO, Results Areas, and especially activities leading to DLI 2, poses substantial environmental and social risks if business as usual is maintained with respect to treating the environmental and social effects. On the other hand, GoPunjab has a strategic opportunity to leverage this program to significantly improve the way it addresses these social and environmental issues in urban areas. In fact, this is a strategic objective of the program as reflected in the PDO: “...to strengthen the performance of participating urban local governments in urban management and service delivery.” To back this up, the two DLIs are squarely focused on promoting institutional strengthening and infrastructure investment. Specific activities under the two Results Areas introduce systematic changes to create capacity and to improve livability in urban areas corresponding to 16 cities.

⁹ A sample of 6 cities was randomly selected based on population size, geographical location, and level of urban development to establish the representativeness for 16 target cities.

28. Some of the activities under DLI 2 raise few concerns from an environmental or social perspective. Specifically, the main environmental and social risks and benefits of the proposed program are associated with Results Areas of institutional capacity development, infrastructure development, and corresponding low capacity of MCs. The following sections provide a detailed overview of the likely range of environmental and social issues, which have been identified during the ESSA. The sections describe both the nature and significance of these risks with respect to five key concerns: likely impacts, environmental and social context, sustainability, institutional and capacity risks, and reputational risks.

Boundaries Setting and Risk Management in the Program Design

29. **During the preparation of the Program with the Punjab Government, emphasis was made on to support activities that could be adequately managed under existing environment and social management system conditions, and do not cause significant harm to the environment or which would have significant adverse social consequences owing to institutional capacity of MCs, regional scale of the activity beyond MCs mandate, and complexity of the activity.** The detailed screening of priority sub-projects to be selected at a later stage of the program will be conducted according to a revised ESMF (for rehabilitation projects), and IEE/EIA (for new projects).

30. **Performance-based Grant (PBG) funds will be used by participating MCs primarily for financing eligible infrastructure investments.** Priority infrastructure investment needs will be prescribed by the processes for improved investment planning (infrastructure maps and integrated development and asset management plans [IDAMPs])¹⁰ included under PCP. In the first year of implementation (FY2017–18), **program MCs will only be allowed to focus on servicing repair and maintenance (R&M) needs of municipal infrastructure. The MC Council will select the list of infrastructure investments to be serviced from PBG funds for a specific year, from the priority investments identified from the investment planning process.** Six key areas of urban infrastructure and service delivery have been identified, which include (a) waste management (liquid and solid-excluding landfill); (b) water supply; (c) storm water drainage; (d) roads maintenance and rehabilitation, non-motorized transport facilities, and street lights; (e) urban social and economic infrastructure; and (f) fire and disaster management. These areas are within the MCs' service delivery mandates under Punjab Local Government Act (PLGA) 2013. Table 1 provides a summary of eligible and non-eligible investment/expenditure menu. The MCs will be expected to adhere strictly to these eligible investments, as expenditure on ineligible investments will prevent the MC from accessing program funds in the following year. In addition, the prioritization and selection of investments will consider (a) citizen participation; (b) social inclusion requirements, including gender and disability considerations; (c) climate change and disaster adaptation; and (d) economic viability.

¹⁰ The MCs, with support from the PMDFC, are updating city maps based on the Geographic Information System (GIS), originally developed under PMSIP. These reflect current coverage of municipal services and identify any gaps reflecting immediate service delivery needs. These are then prioritized through a participatory and consultative process with stakeholders, particularly citizen groups. Based on feedback received from stakeholders, priority service delivery needs are determined. Municipal engineers, with support from the PMDFC's engineering unit, formulate infrastructure investment plans to address these through priority investments. PCP will additionally support update of infrastructure maps and development of three-year rolling IDAMPs based on detailed asset inventories to integrate R&M needs within development planning.

Table 1. Eligible Investments

Waste Management (liquid and solid)	<ul style="list-style-type: none"> • Solid waste. Collection equipment, collection bins, transfer stations, collection points; <i>construction of new sanitary landfill is excluded.</i> • Liquid waste. Sludge ponds, community septic tanks, vacuum trucks, vacuum handcarts, and others; <i>construction of Waste Water Treatment Plants with a capacity below 50,000 m³/day¹¹ is included if it qualifies under the eligibility criteria.</i>
Water Supply	<ul style="list-style-type: none"> • Water supply pumps, overhead reservoirs (OHRs), mains, and distribution networks
Storm Water Drainage	<ul style="list-style-type: none"> • Urban drainage systems, flood control systems
Connectivity	<ul style="list-style-type: none"> • Rehabilitation and maintenance of urban roads, pedestrian walkways and bicycle paths, street and security lights, and road signs
Social and Livability Infrastructure	<ul style="list-style-type: none"> • Urban greenery and public spaces
Fire and Disaster Management	<ul style="list-style-type: none"> • Fire control stations and disaster management equipment (firefighting trucks, rehabilitation and/or construction of new firefighting station and facilities)

Note:

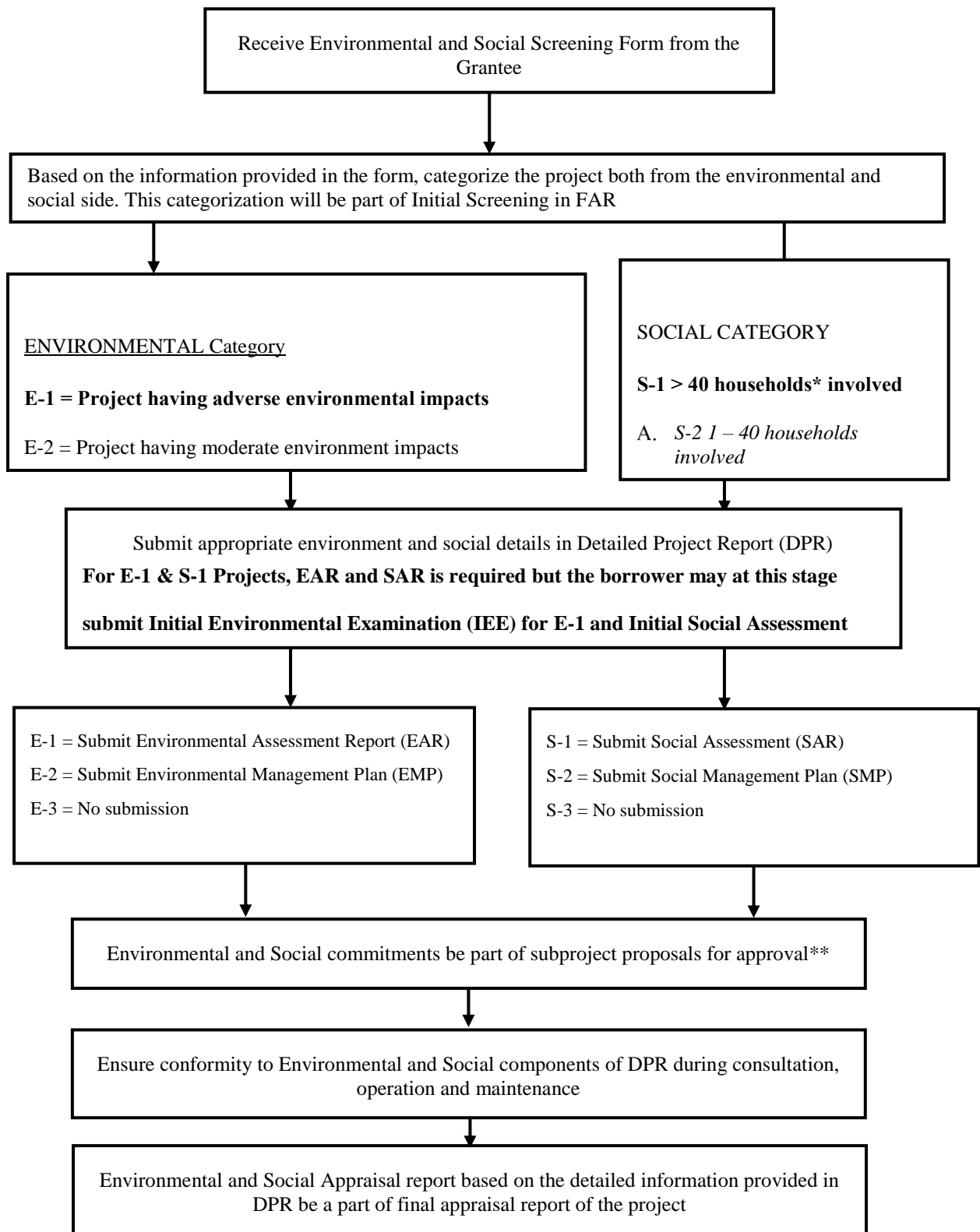
- (a) Investments in the first year (FY17–18) will be restricted to R&M priorities; in subsequent years, investments may include both rehabilitation and capital investments.
- (b) Proposed investments must be included in a list of priority investments identified from updated infrastructure maps in the first two years (FY17–18 and FY18–19); Punjab Urban Sector Development Plans (PUSDPs) in FY19–20; and IDAMPs in subsequent years.
- (c) To avoid the fragmentation of urban investments (and limit procurement effort), investment projects are subject to a minimum investment of PKR 50 million (US\$500,000) This requirement is subject to the following two exceptions:
 - (i) Municipalities shall be permitted to combine a number of related urban infrastructure items in the same geographic area into a single procurement to reach the relevant minimum investment/procurement size for a single area-based development initiative and to provide integral solutions.
 - (ii) If the PBG allocation to an MC is less than PKR 50 million (US\$500,000), the minimum investment/procurement amount will be correspondingly lowered to the PBG allocation amount.
- (d) At least 80 percent of the PBG shall be spent on non-moveable infrastructure assets.

31. Environment and social management conditions have been included in the MACs. The IPF TA will help develop the capacity of MCs and provincial government departments by establishing a system of human resource management including designated focal persons for environment and social compliances in each MC. PMDFC will appointment environmental and social management persons in core team at head office and three regional teams to provide technical assistance and extensive training to focal persons in MCs and other staff on environment and social compliances in the first year of the Program. PMDFC will apply revised ESMF as an environment and social compliance tool for all the sub-projects in collaboration with designated environment and social persons in MCs.

32. At the implementation stage, environmental and social assessment for investments on rehabilitation schemes will be conducted under following ESMF assessment criteria and procedure presented in Figure-1

¹¹ Capacity of wastewater treatment of 50,000 m³/day has been established based on present and projected population of cities for the next 20 years, average water consumption per person per day, wastewater discharges per day, and pollution load of wastewater.

Figure 1: ESMF Environmental and Social Assessment Criteria and Procedures



* Household is a group of persons who commonly live together and take their meals from a common kitchen.

** For approval of subproject proposals, the grantees must submit EAR and SAR with Resettlement and Rehabilitation Plan (RAP) for E-1 and S-1 project.

Environmental and Social Benefits

33. PLGA 2013 became effective in January 2017, and PCP will facilitate its operationalization. It is pertinent to highlight that PCP is designed to have several positive impacts as it includes provisions related to transparency, accountability, and improved service delivery. The Program objectives and activities under the PforR are in line with the environmental objectives of urban development in Punjab set by the Pakistan Climate Change Policy (CCP), Punjab Growth Strategy (PGS), Punjab Environmental Policy (PEP), Draft Punjab Water Policy, and PUSDP to supply clean water, better sanitation services including wastewater treatment, air pollution control at point and defused sources, and effective solid waste management; improve water efficiency; improve public health and reduce disease burden; develop urban and green spaces; and maintain health of rivers and natural resources.

34. However, there may also be some adverse environmental and social impacts if the quality of implementation and infrastructure projects is inadequate. These adverse impacts can be managed or mitigated by ensuring compliance with the recommendations of the ESSA and improving the quality of implementation. The key positive impacts and benefits of the Program are described in the following sections.

Improved Service Delivery

35. The Program will result in improved service delivery through several mechanisms. The activities included in the IPF facilitate capacity enhancement of MCs by developing technical staffing standards and revising organization structures. The Program will therefore address the capacity enhancement need of MCs which, at present, is a major bottleneck for good quality service delivery. The Program also includes measures to improve the own source revenue (OSR) including preparation and implementation of revenue enhancement plans and a mechanism to monitor the increase in the OSR. This will result in an increase in revenues available with the MCs and ultimately improve service delivery.

Improved Transparency and Accountability

36. The Program proposes effective performance monitoring, financial, and accounting systems to oversee service delivery and revenue generation of partner cities. PMSIP has already operationalized several e-governance systems - web-based and data-driven Performance Management System, Complaint Tracking System (CTS), Computerized Financial Management System (CFMS), and MC websites in 105 Towns Municipal Administrations (TMAs) (predecessors of MCs) in Punjab. These are very effective systems and by building on them within the new LG system, PCP would help in improving transparency and accountability. The Program will also ensure the application of Public Procurement Regulatory Authority rules to enhance transparency for procurement processes.

Improved Infrastructure Planning and Implementation Process

37. The TA component of PCP includes support to amend IDAMP instructions approved by the P&D Department under the Punjab Cities Governance Improvement Project (PCGIP), conform with MC organizational structure and staff mandates, and support development of three-year rolling IDAMPs for each participating MC. The latter have been prepared under the ongoing PCGIP, by following an IDAMP framework specifically prepared for this purpose. The ESSA has reviewed the IDAMP framework and assessed that the framework is prepared in consideration of the provisions of ISO-55000 and other globally used leading asset

management practices. Most importantly, it facilitates the sustainable management of assets by encouraging a consistent approach and common methodology for the development and management of assets and the effective identification and management of risks associated with the use of assets.

38. IDAMP preparation involves extensive community consultations and includes an assessment of the service quality based on community feedback, existing asset inventory analysis, level of service analysis, and an energy audit of all mechanical equipment. During project identification, the asset managers work in consultation with MC representatives. Community consultation surveys are conducted to determine community responses regarding existing and required service quality. The results of such consultations aid the asset managers in identifying the most desirable areas for service improvements. Similarly, during project screening and phasing a five-element screening and phasing criteria is proposed which, among other elements, also includes socioeconomic impact assessment. This integration of social considerations into development planning improves the quality of the infrastructure planning process. Operation and maintenance (O&M) planning and budgeting is a key element of IDAMP.

Improved Livability

39. While large investments are made across Punjab on municipal service provision through a variety of funding sources, many areas remain unserved while others suffer from unreliable or low-quality services. Moreover, there are few public spaces in cities and these are often in poor condition and invariably encroached. The virtual absence of good quality public spaces has a negative impact on the quality of life of citizens. The target cities are also facing numerous environmental problems such as contaminated drinking water supplies, poundage of wastewater at the points where sanitation networks are broken, absence of wastewater treatment plants, limited solid waste collection or safe disposal, urban sprawl on prime agriculture lands of the province, and public health issues mostly related to waterborne diseases. Most municipal service infrastructure needs rehabilitation, and there is a need for increased coverage.

40. The Program, if implemented properly, will bring significant positive environmental and social benefits by improving existing deteriorating environmental conditions in the cities. It will also result in implementation of physical infrastructure subprojects and improvements in public open spaces and slums which will contribute to improved livability, better socioeconomic conditions, enhanced quality of life, and improved livelihood and income generation.

Improved Social and Environmental Performance

41. The Program will update the Environmental and Social Management Framework (ESMF) prepared during PMSIP and adopt this for PCP. PCP will also support the development of Standard Operating Procedures (SOPs), screening checklists, mitigation measures, and other tools based on the ESSA recommendations, and setting of targets for its incremental applications. This will result in improved social and environmental performance. Local Government Department may under its discretion and authority use ESMF and its tools for projects not financed under PCP with no consequences to Bank.

Enhanced Citizen Engagement

42. The Program aims to enhance citizen engagement and make it an integral part of the planning process. Key stakeholders (including citizens, private sector, civil society, land owning public agencies, and so on) will be identified, engaged, and consulted. The Program will ensure that an interface is available between MCs and citizens. It will also ensure that MCs respond to the Right to Information Act and information is made available to citizens on request. The Program will also support the transformation of the existing CTS into a Grievance Redress Mechanism (GRM) system for MCs, which will further improve citizen engagement.

Enhanced Gender Participation

43. Activities under the proposed operation are expected to have a positive gender impact. The PforR will encourage specific activities that aim to improve the civic life of women. Investments like improvement of public spaces and parks will be designed with attention to details that facilitate use by women and children. These will include installation of streetlights to improve public safety and walkability, installation of street furniture, and pedestrianization of roads/streets and urban cores. Reforms at the city level to improve governance, accountability, and transparency will be gender informed: consultative planning and citizen engagement will include women in the city. Women will be encouraged to use citizen CTS/GRM, which will have dedicated female staff.

Environmental Risks

44. In the context of the Program, participating cities will bring in a mechanism of continuous improvement. However, the type of infrastructure included under the Program could have negative environmental impacts as these are all interventions expected to happen in urban and highly dense populated areas of Punjab's intermediate cities. Overall, the context of the Program is defined by an environmental management of cities in Punjab that is not satisfactory due to weak institutional systems, lack of capable human resources, and scarcity of funds. Existing capacity of MCs for environmental management is limited. This is critical as proper operation and sustainability of infrastructure depend on their capacity. The capacity developed by PMSIP for environmental management has been eroded and requires support from PMDFC.

45. The following sections provide a detailed overview of the likely range of environmental issues and risks, which have been identified in and around existing activities. It is important to note that with respect to environmental issues, there are many similarities in small and intermediate cities of Punjab. Major variation happens in the water supply services. Cities located on the fresh groundwater zones are better off with respect to percentage of coverage and quality of water as compared to cities located in the brackish groundwater zones.

46. **Issues of MCs' capacity for environmental management.** Cities' environmental management under sustainability criteria demands comprehensive programming and planning in the areas of financing and economics of cities operations, development of environmental infrastructure, engagement of city residents in decision making and contributions as users of city services, and accountable city institutions. Capacity of MCs is key to effective environmental management of cities. Development of infrastructure without well-performing institutions mostly result in nonoperating or underperforming infrastructure over time. Institutions and infrastructure without proper financial support and arrangements mostly result in low level of urban services. PCP includes technical support to be delivered by the PMDFC.

The same will be organized around three regions in the province to deliver assistance at MCs' level. As part of MACs, MCs will appoint environment and social management staff.

47. The Program is targeting to strengthen MCs on environmental and social management of water supply, sanitation, and solid waste projects. MCs are mainly responsible for the overall operations and provision of utility services (water supply, sanitation, solid waste management, and so on) in cities. MCs are required to comply with Punjab Environmental Quality Standards (PEQS) for drinking water, wastewater, solid waste, and air emissions under PEPA 2012. The following issues were identified with respect to environmental management capacities of MCs:

- **Limited performance in operations of environmental infrastructure.** The track record of MCs and any other department with respect to successful operations of environmental infrastructure is not satisfactory. Poor management of dumping sites, solid waste collection points, disposal pumps, water supply pumps, and parks fixtures are examples. These equipment and infrastructure are not operated and maintained at the designed values due to limited operational practices and maintenance. Low level of performance of these assets results in many operational issues and environmental impacts such as overflow of municipal wastewater on streets due to under-capacity operations of disposal pumps, resulting in spread of waterborne diseases among the residents and contamination of drinking water due to inadequate maintenance of the water supply network.
- **Low capacity for environmental asset management and operations.** The performance issue described above is due to MCs' low capacity. In all the visited MCs, vacancies for technical staff are not filled, and capabilities of the existing staff are not up to the mark. Capacity issues are mostly related to availability of qualified staff, capability of the existing staff, and absence of service standards and an incentive system. The PMDFC reported that the same is the case with many other MCs in the province.
- **Low level of OSR collection.** Another reason behind limited municipal services is the limited availability of operational and development funds at the disposal of MCs. The Provincial Finance Commission (PFC) and the OSR are the two major sources of funds for MCs. MCs are substantially dependent on the allocation from the PFC, mostly in the range of 70–80 percent of the annual budget as both OSR collection and charge rates are low. Other sources of revenue collection at the disposal of MCs are property transfer, revenue from water supply, property rentals, and other local sources. The generation of revenues from these sources is low due to two reasons, that is, low rates and low collection. Under this scarcity of funds, most of the MCs operate under reactive and firefighting mode. MCs' priorities are road construction and maintenance, water supply, sanitation, and solid waste services. Funds for these services are always short and MCs have to wait for PFC allocations. Owing to the scarcity of funds, there are small financial allocations for effective maintenance of existing utilities networks (water supply and sanitation and dumping sites). Inadequate maintenance of water supply and sanitation networks and absence of environmental infrastructure result in many upstream and downstream environmental impacts.
- **Lack of environmental monitoring data.** Environmental data on status of environment are scanty and rare throughout Punjab. In the absence of environmental data, it is difficult to assess the severity of the environmental impacts due to limited environmental management of cities.

48. **Risks of low environmental management capacity of MCs.** Implementation of local-level infrastructure is the mandate of MCs. MCs expressed a strong ownership and commitment to the Program. Their performance for the provision of municipal services with small financial and human resources is assessed as good. However, existing capacity for environmental management is very low, and it needs to be built from scratch. There is significant potential for improvement of MCs with the support for capacity building under IPF TA. The previous system of implementing local infrastructure schemes through the Public Health Engineering Department (PHED) and then handing over to MCs did not perform well in many cases in the past, for example, the water supply scheme in Jaranwala.¹²

49. During PCP implementation, the PMDFC's main and regional teams will ensure that environmental management will be complied in collaboration with MCs' environment experts to be appointed. However, the major challenge is the continuation of compliance with PEPA 2012 by MCs after the completion of the Program. Environment management capacity should not be viewed as stand-alone capacity. It will be better to dovetail the environmental management capacity in all MCs including political managers (MCs' chairmen and councilors). It will be difficult for MCs, owing to professional market conditions and salary packages, to find qualified environmental managers. In cases where qualified environmental professionals could not be appointed, the issue can be resolved by giving the responsibility of environmental management to Municipal Officers Infrastructure (MOI) of MCs and intensively train them on environmental management along with hands-on experience during the Program implementation. The risk is that there is a provincial system under which MOIs are transferred to other MCs, typically after three years of service. As a risk mitigation measure, the Program will discuss with the LG&CDD as one of the conditions that the MOIs will not be frequently transferred during Program implementation. In addition, the Program will train all teams (including officials and field staff) on environmental management. It is expected that five years of consistent environmental management under the Program will create enough environmental management capacity within MCs to sustain the environmental compliances.

50. In the area of institutional capacity development, PCP IPF TA focuses on avoiding overlapping functions of city institutions; establishing clear mandates of city institutions; establishing an incentive-based service system to retain the good quality professionals; training of political leadership for taking consultative decisions rather than ad hoc and discretionary decisions; building capacity to outsource the development and operations of the eligible urban infrastructure; and strengthening cooperation and coordination among city, districts, and provincial institutions for institutional accountability, monitoring of city operations, environmental monitoring, and disaster management. Capacity building of MCs on these issues under the MAC system is considered appropriate for ensuring environmental compliances required under the Environmental and Social Management Framework (ESMF) and PEPA 2012.

51. The Program will also strengthen Punjab EPA district offices in coordination with Punjab EPA. It is proposed that environmental infrastructure such as wastewater treatment plants should also be included while revising the design specifications and construction standards for municipal infrastructure. Preparation of O&M manuals and training will certainly increase the capacity of MCs' staff for better managing the systems and infrastructure operations. In addition, PCP will support the delegation of functions, strengthen MCs to

¹² In Jaranwala, the MC did not take over a water supply scheme implemented by the PHED because that water was contaminated with sewage water.

independently enter contracts and implement projects, and establish partnerships with other MCs and private sector parties.

52. **Issues of water quality and supply.** The PUSDP states that the major challenges faced by water supply sector are depletion of groundwater resources due to decrease in recharge of aquifers and over-extraction, wasteful practices of consumers, no metering, low tariff, contamination of surface water and groundwater due to discharge of untreated wastewater, inadequate maintenance of water supply network, financial constraints, and low institutional capacity.

53. Table 3 presents the summary of existing status of water supply in 16 cities. It shows a large variation with respect to the coverage of water supply services in cities. The coverage ranges from 0 percent (the case of Kot Addu) to 100 percent (the case of Jhelum). The average water supply coverage of 16 cities is only 53 percent. Variation in coverage is mainly due to the availability of fresh groundwater, housing schemes connection to the network, and capacity of the MCs. Wherever fresh groundwater is available, the coverage is higher (the case of Jhelum). Coverage substantially reduces in cities where groundwater is brackish (the case of Jaranwala). Wherever the capacity of the MC is low, the coverage is also low (the case of Daska). Program will conduct baseline hydrological studies to determine the optimum abstraction rates for each city, and develop schemes/campaigns for promoting water use efficiency.

54. In most cases, the quality of water is safe at source and MCs intermittently test the water at source. Chlorine dosing systems for disinfection are usually installed at water pumps. Most of the contamination of water happens in the water supply distribution networks due to old and leaking pipes; mixing of sewer water with drinking water because both networks are laid parallel to each other; and limited quality of work (for example, the case of Jaranwala). In reaction to contaminated supplies, MCs, in collaboration with local nongovernmental organizations (NGOs) and influential persons, have established many drinking water filtration plants in these cities. Most of the filtration plants in cities visited by the environment team were functional. Data on the quality of water from filtration plants were not available. Users reported that the quality of water coming from these filtration plants is much better than the municipal water. Contaminated water supply is one of major sources of disease burden in these cities, as described in the following paragraphs.

55. In most of the cases, water is supplied between 8 and 14 hours under direct pumping rather than through OHRs (24/7 supply). Even though the water is supplied intermittently, the groundwater tables are going down due to over-extraction. A large number of water bores have dried up in the last five years due to lowering of the groundwater table.¹³ Large segments of population in these cities are facing water shortages. Water shortages substantially increase during summer. These shortages are mostly met by installing home-based shallow bores. In many cases, the shallow water is contaminated. Home-based pumping of water consumes more energy and therefore expensive. All MCs are supplying water at subsidized monthly rates, that

¹³ Strengthening Markets for Agriculture and Rural Transformation in Punjab (SMART Punjab) Program has recently been approved by GoPunjab and the World Bank. DLI 9 of SMART targets the adoption of a groundwater policy and provincial water policy and groundwater act to help Punjab address the issue of overexploitation of groundwater, falling groundwater tables, and increasing salinization, all of which threaten the efficient long-term use of soil and water resources. This DLI would be measured by the approval of the Punjab Water Policy, notification of the 2017 Punjab Groundwater Act, improvement in area assessed for *abiana*, and tracking *abiana* collection rates and water delivery performance ratios. The issue of overexploitation of groundwater will be covered under SMART.

is, PKR 16 (Jaranwala), PKR 80 (Daska), PKR 100 (Jhelum), and PKR 175 (Wazirabad). MCs have experience in operating water supply schemes but have no experience in constructing such schemes. Most of the schemes were implemented by PHED. The water supply pumps are 8–30 years old. The old pumps are mostly inefficient and energy intensive. In Jhelum, the MC has started a computerized water billing system. The MC is planning to engage banks for the deposit of bills. Repair of pipes becomes a big problem in the narrow lanes. The preference of the communities in these lanes is that the pipe should be laid above the surface for easy repair.

56. **Risks of water quality and supply.** MCs plan to increase the water charge rates by a factor of 20–40 percent after improving the services; people’s willingness to pay and affordability for water supply services is positive and at present, there are only a few defaulters. MCs’ water supply schemes have to comply with drinking water quality standards established under PEPA 2012. Drinking water needs to be tested at source and at distribution network level. At present, testing and chlorination of drinking water is done at source of water. No testing is done at distribution network level. MCs under PCP will adopt a system of drinking water testing throughout the water supply network and accordingly take actions to ensure compliance with PEPA 2012 drinking water quality standards. The existing built-up areas of cities can be divided into central core, immediate periphery, and periphery. Immediate peripheries and peripheries are served by roads and streets with appropriate rights-of-way of roads. In many cases, lanes are very narrow in the central core. Implementation of repair works and new water pipelines in narrow lanes will be difficult and can result in multiple disturbances (inconvenience for commuting, dust emissions, disconnection of service during implementation, and so on) to the residents. In such cases, MCs are using concrete pavers instead of carpeting these lanes. Laying of concrete pavers in these lanes will be easy and fast with less disturbance to residents. In addition, for future repair works, it will be easier to disassemble and assemble concrete pavers compared to excavation of concrete or carpet lining. The Program will adopt the following standards guidelines:

- (a) Concrete or carpeting of streets will be done where clear shoulders are available for underground municipal infrastructure.
- (b) Wherever clear shoulders will not be available, streets will be paved with concrete pavers.

57. Most of the existing water supply system is operating under direct pressure supply from the tube wells. Intermittent water supply due to electricity outage is one of the reasons of drinking water contamination at distribution level. Direct pressure supply is also causing higher order of leakages at the distribution and household level due to defective pipelines. It is important to conduct comparative economic, efficiency, and management analyses of ‘direct pressure water supply’ and ‘overhead reservoir water supply. Water and Sanitation Agency (WASA) Lahore is currently in the process of implementing a pilot project to establish a comparative assessment of two systems. The PMDFC can coordinate with WASA Lahore on the issue.

58. As mentioned earlier, there is a large number of old pumps operating in the system. These pumps are not energy efficient and result in higher electricity bills. The Program has included the energy auditing of all the pumps and will accordingly take actions for repair and replacement.

59. The Program will conduct an environmental assessment of rehabilitation schemes under the ESMF and Initial Environmental Examination (IEE)/Environmental Impact Assessments (EIAs) for new schemes under PEPA 2012.

Table 2. Water Supply Coverage and Consumer Connections (16 Cities) (Cities in Grey Cells Were Visited by Environment and Social Teams)

Sl. No.	City	Population (2016)	Coverage			Listed Consumer Connections	% of Households Connected
			% Coverage	Served Population	Served Households		
1	2	3	4	5	6	7	8
1	Bahawalnagar	170,287	75	127,715	18,245	16,506	90
2	Burewala	277,162	45	124,723	17,818	6,960	39
3	Daska	197,518	25	49,380	7,054	5,519	78
4	Gojra	211,122	100	211,122	30,160	7,893	26
5	Hafizabad	220,139	54	118,875	16,982	2,600	15
6	Jarranwala	168,923	44	74,326	10,618	1,910	18
7	Jhang	450,373	6	27,022	3,860	982	25
8	Jhelum	184,549	100	184,549	26,364	9,211	35
9	Kamalia	159,153	30	47,746	6,821	4,232	62
10	Kamoke	340,990	40	136,396	19,485	1,510	8
11	Khanewal	206,418	30	61,925	8,846	6,896	78
12	Kot Adu	181,677	0	0	0	0	0
13	Muridke	378,387	90	340,548	48,650	6,279	13
14	Okara	328,296	50	164,148	23,450	5,712	24
15	Vehari	171,023	80	136,818	19,545	6,004	31
16	Wazirabad	132,510	75	99,383	14,198	12,445	88

Source: PMDFC.

60. **Issues of sanitation.** The Program has targeted the rehabilitation of existing sewerage schemes (blocked sewer lines and replacing open drains with sewer lines), new schemes in unserved areas, and wastewater treatment plants below 50,000 m³ if they qualify under the eligibility criteria stated in paragraph 49. The major problems of the sanitation sector are large number of blocked sewers due to inadequate maintenance and undersize pipes, many areas served by open drains, poundage in low-income areas due to the absence of sewer system, and no wastewater treatment. Table 3 presents the summary of status of sanitation services in the selected cities. The range of coverage of sanitation services is 35–80 percent and average coverage of 16 cities is about 64 percent higher than water supply average coverage. Most of the inner city and poor areas are served with open drains. The average ratio between areas served by sewers and open drains is 60:40.

61. Out of 16 cities, 8 (Daska, Gojra, Hafizabad, Jarranwala, Kamalia, Kamoke, Kot Adu, and Wazirabad) dispose the wastewater in seepage drains which finally dispose wastewater in one of the rivers; 6 (Bahawalnager, Burewala, Khanewal, Muridke, Okara, and Vehari) on agricultural land; and 2 (Jhang and Jhelum) directly in rivers. Wastewater is not treated in all cases. MCs informed that 20–40 percent of the wastewater is used for irrigating agricultural land. A study concluded that farmers consider wastewater as cost-effective irrigation, and use of wastewater for irrigation has contaminated the soils and crops with heavy metals and high salt content.¹⁴ Irrigation through untreated wastewater is being discouraged and the Agriculture department has proposed the banning of such practice in the Punjab Agriculture Act 2017. The

¹⁴ Khalid Mustafa, Mussawar Shah, Naushad Khan, Rashid Khan, and Inamullah Khan. 2007. "Resource Degradation and Environmental Concerns in Pakistan's Agriculture."

program will support the strengthening of MCs for the enforcement of Punjab Agriculture Act 2017 in collaboration with Agriculture Department to avoid this practice. The Program will support wastewater treatment plants in progressive MCs under an eligibility criteria to promote the construction of wastewater treatment plants in cities through provincial government financing. PCP will also create wastewater management capacities in MCs with focus on reduction of wastewater pollution at source and best wastewater management practices.

62. MCs are partially equipped with sanitation equipment. Most of the disposal pumps are operational. The age of the pumps is between 8 and 40 years. Most of the old pumps are frequently repaired. The old pumps are energy inefficient. In case of intensive rains during monsoon, storm water is drained in two to four hours, except in the low-lying areas. In low-lying areas, rainwater is disposed in one to two days with the help of peter pumps. Most of the MCs charge a nominal annual fee for sanitation services. Accidental poundage happens mostly due to the prolonged load shedding and breaking down of disposal pumps. Most of the disposal pumps are without generators. There are no proper arrangements for cleaning the sewerage system and open drains. MCs have never conducted the wastewater testing. In the case of Jhelum, there is only one disposal station, which was completely destroyed during the 2013–14 flood. The MC has abandoned the disposal pump due to lack of funds.

Table 3. Analysis of Sewerage Facilities in 16 Cities

Sl. No.	City	Population (2016)	% Coverage	Sewer Length (Km)	No. of Pumping Stations	Ultimate Wastewater Disposal
						Water Body
1	2	3	4	5	6	9
1	Bahawalnagar	170,287	60	38.6	5	Agricultural Lands
2	Burewala	277,162	50	18.5	4	Agricultural Lands
3	Daska	197,518	80	13.8	3	Seepage Drain
4	Gojra	211,122	35	14.5	3	Seepage Drain
5	Hafizabad	220,139	35	44.0	4	Seepage Drain
6	Jarranwala	168,923	70	19.3	4	Seepage Drain
7	Jhang	450,373	80	43.2	8	River Chenab
8	Jhelum	184,549	80	10.2	Discharge	River Jhelum
9	Kamalia	159,153	60	20.0	2	Seepage Drain
10	Kamoke	340,990	60	39.0	1	Seepage Drain
11	Khanewal	206,418	65	18.5	5	Agricultural Lands
12	Kot Adu	181,677	80	7.0	3	Seepage Drain
13	Muridke	378,387	80	30.2	2	Agricultural Lands
14	Okara	328,296	50	34.0	4	Agricultural Lands
15	Vehari	171,023	70	21.3	6	Agricultural Lands
16	Wazirabad	132,510	65	30.0	2	Nalah Palkhu

Source: PMDFC.

Risks of Sanitation

63. **Sanitation network in the built-up area.** As mentioned earlier, on average about 40 percent of areas in cities are served by open drains. These areas should be given priority for extending sanitation services. To repair the existing network and lay new networks in narrow lanes and roads, the Program should adopt the same guidelines as presented for water supply. Many disposal pumps are old and energy inefficient. Energy auditing of disposal pumps is

included in the Program; accordingly, actions will be taken for repair and replacement. MCs will adopt the ESMF for rehabilitation schemes and conduct IEE/EIA and obtain no-objection certificate (NOC) from PEPA for new schemes.

64. **Wastewater treatment.** The overall goal of wastewater treatment is to keep the rivers of Pakistan and their stretches in the provinces healthy, that is, acceptable ambient dissolved oxygen (DO) level at the river. Treatment plants are expensive and complex to operate. Implementation of wastewater treatment is a complex and debatable issue throughout the province. The track record of the provincial departments and cities is limited for the installation and operation of wastewater treatment plants.

65. As presented earlier, wastewater of 16 cities is discharged without treatment in seepage drains, rivers, and agricultural land. Wastewater is finally used for irrigation purposes before and after dilution with river water. It is important to note that there are large numbers of man-made and natural seepage drains in these cities. These drains are part of the irrigation system and were constructed to drain the subsoil water, control waterlogging and salinity, and carry the surface runoff from surrounding lands. These drains mostly discharge into the rivers and rarely in the canals. At present, most of these drains are also used for carrying the wastewater and function as part of the urban sewerage/drainage network. These drains are governed under The Canal and Drainage Act (CDA) 1873. Table 5 presents the characteristics of wastewater of drains at discharge points and confluence of drains and rivers.

Table 4. Wastewater Concentrations at Discharge and Confluence Points

Common Parameters	Expected Concentration of Effluents at the Discharge Point (mg/liter)	Concentration of Drain Effluents before Discharge of Effluents to Rivers (mg/liter)	Standards (mg/liter)
Biochemical oxygen demand (BOD)	350–500	135–200	80
Chemical oxygen demand (COD)	700–1,400	200–400	150
Total suspended solids (TSS)	300–600	7–14	200

Source: Environmental Improvement in Pakistan: The Way Forward, Cleaner Production Institute, 2013.

66. Table 6 presents the existing emission standards for wastewater disposal for common pollutants.

Table 5. Existing Emission Standards for Wastewater Disposal: Common Pollutants

Parameter	Into Inland Waters	Into Sewage Treatment
pH Value	6–9	6–9
BOD - mg/liter	80	250
COD - mg/liter	150	400
TSS - mg/liter	200	400
Oil & Grease – mg/liter	10	10
Anionic detergents - mg/liter	20	20
Total dissolved solids - mg/liter	3,500	3,500

Source: PEPA 2012.

67. To meet the PEQS, the wastewater discharges need pollution removal efficiency in the range of 60–99 percent. These levels of efficiencies are mostly achieved through energy-based mechanized biological treatment systems like activated sludge process. These systems are relatively capital and energy intensive with high O&M costs. The simplest treatment technologies are oxidation ponds (OPs) and constructed wetlands (CWs). The most important

limitation of these technologies is the large area requirements. This might be a problem in the target cities. Table 6 presents the qualitative assessment of alternate treatment processes.

Table 6. Qualitative Comparison of Alternate Biological Treatment Processes

Parameter	Activated Sludge	Trickling Filters	UASB Reactors	OP and CW
Typical BOD removal efficiencies (%)	>90	70–80	60–75	70–80
Plant area requirement	Minimum: of the same order			Very high
O&M cost	High	Moderate	Low	Minimum
Process energy requirement	High	Moderate	Low	Nil
Operational supervision and control	High	Moderate	Moderate	Minimum
Construction cost	High: of the same order			Moderate
Capital cost	High: of the same order			High ^a
Process mechanical equipment	Yes	Yes	No	No
Quantities of sludge produced	High	High	Low	Minimum

Source: Environmental Improvement in Pakistan: The Way Forward, Cleaner Production Institute, 2013.

Note: a. Largely depends upon the cost of land; UASB = Upflow anaerobic sludge blanket.

68. Box 1 presents the typical environmental risks associated with the operations of wastewater treatment plants.

Box 1. Typical Environmental Impacts and Mitigations of Wastewater Treatment Plants Potential Impacts	
Parameter	Impacts
pH	Growth inhibition of bacterial species (responsible for removing organic pollution) under highly acidic or alkaline conditions
	Corrosion of water carrying system and structures with acidic wastewaters having low pH
	Malfunctioning and impairment of certain physico-chemical treatment processes under highly acidic or alkaline conditions
Organic Pollutants	Depletion of DO levels of the receiving water body, below limits necessary to maintain aquatic life (4–5 mg/liter)
Suspended Solids	Sedimentation in the bottom of water bodies leaving adverse impact on flora and fauna
	Localized depletion of DO in the bottom layers of water bodies
	Reduced light penetration in natural waters and consequent reduction in photosynthesis
	Aesthetic nuisance
Oil and grease	Reduced reaeration in natural surface bodies because of floating oil and grease film and consequent depletion in DO levels
	Reduced light penetration in natural waters and consequent reduction in photosynthesis
	Aesthetic nuisance
Typical Mitigations	
<ul style="list-style-type: none"> • Construction of wastewater treatment plant • Manage the wastewater through the following: <ul style="list-style-type: none"> ○ Water consumption monitoring ○ Sanitary wastewater disposal through septic tanks 	
Treated Wastewater Impacts	
Treated wastewater from wastewater treatment plant will reduce the impacts associated with pH, organic pollutants, suspended solids, and oil and grease below the mentioned impact and have positive impact on environment and water.	
Treated water can be reused for plantation and irrigation purposes if no hazardous chemicals are present in it.	
Air Pollution	
<i>Sources</i>	
Gas-fired generator. Carbon monoxide, NO _x , SO ₂	
Aeration/biological tanks. Inert gases such as CO ₂ and minor concentrations of N ₂ , NH ₃ , and H ₂ S from the activated sludge process	
Mitigations	

- **Air emissions monitoring and reporting.** Monitor priority parameters.
- Maintain a buffer zone in the wind direction by planting trees.

Solid Waste

Major solid waste streams are

- Trash; and
- Sludge and grit.

Trash. Produced from bar screen followed by automatic fine screen before the lift station installed at the inlet of the wastewater.

Sludge and grit. Grit chamber is proposed for primary treatment to remove grit such as sand and heavy particles of silt.

The grit will be produced at primary level and sludge from secondary-level treatment.

Grit to be produced from treatment plant (50,000 m³ capacity). About 3.5 m³/day

Sludge to be produced treatment plant (50,000 m³ capacity). From the secondary treatment system (670 m³/day)

Mitigations

For the treatment of the sludge:

- **Reuse techniques.** Reuse for land application on agricultural or forestry land.
- **Product development.** The sludge may be processed to convert into a commercial product (compost). By composting, the valuable nutrients can be recycled back to nature. The composting of the wastewater sludge is cost-effective, easy to manage, and marketable.
- **Disposal techniques.** Disposal techniques are used only when it is impossible to reuse the sludge. The disposal options for the wastewater sludge include mainly landfill and incineration. To use these techniques for the wastewater sludge, a detailed analysis of its characteristics needs to be carried out. The geology and hydrology of the landfill site must be carefully examined.

Noise

- **Plant noise.** Generated from the pumps and the aerators installed in the aeration tank of the activated sludge process
- **Impacts.** Depends upon the noise levels and exposure to noise
- **Mitigations.** Noise control measures for the equipment—proper maintenance and greasing of the noise-producing equipment (pumps and aerators), enclosure of the noise producing equipment, tree plantation at the boundary of the project site to curb noise level

Occupational Health and Safety

- **Aerosols around the aeration tank.** Aerosols refer to suspension of tiny particles or droplets in the air, such as dust, mists, or fumes. These particles may be inhaled or absorbed by the skin and can sometimes cause adverse health effects for workers.
- **Impacts.** Health impacts of aerosol consist of both short-term acute symptoms like asthma, bronchitis, and so on and long-term chronic irritation and inflammation of respiratory track, development of lung cancer, and overall quality of life.
- **Mitigations.** Maintain a barrier of trees in the buffer zone to reduce dispersion of the air pollutants.

Source: Cleaner Production Institute and NEC Consultants (Pvt.) Limited databases.

69. The above detailed discussion on wastewater treatment plants complexities, capital, physical, and human resources requirements, and requirements of PEPA 2012 confirms that it is a complex issue. MCs are one of the most important stakeholders of this debate. Wastewater treatment plants require an advanced level of procurement and technical supervision capacities at the implementation and operational stages. Owing to low capacity of MCs, the role of the PMDFC and regional teams is very important in the implementation and operationalization of these plants. PEPA 2012 requires an EIA for wastewater treatment plant.

70. The PMDFC being a provincial-level company and dealing with many provincial-level strategic issues should be mandated under the Program to facilitate concrete discussion on this

complex issue in coordination with P&D Department, LG&CDD, Punjab Environmental Protection Agency, Urban Unit, WASAs, Public Health and Engineering Department, and MCs.

71. The Program will be selective in the case of wastewater treatment plants. The Program will undertake the performance assessment of existing plants in Punjab and develop guidelines for wastewater treatment plants to be constructed under the Program. Wastewater treatment plants should be implemented in the later years of the Program. Implementation of wastewater treatment plants under the present capacity of the LG&CDD, MCs, and the PMDFC is assessed as a moderate to substantial-risk activity. It will be difficult for these institutions to take up the responsibility of implementing and operating treatment plants with the present level of capacity. Therefore, the following eligibility criteria has been proposed for the implementation of wastewater treatment plants as an essential requirement to bring the risks to moderate level:

- (a) Conflict-free land for wastewater treatment plant should be owned by MCs or the provincial government and should be available at technically feasible location preferably near the discharge point of the drain.
- (b) Simplest wastewater treatment technology with least operational cost should be selected after alternative analyses, for example, OPs or CWs.
- (c) Wastewater treatment plant should be financed under PPP modality under one of the following implementation methods:
 - i. Conventional: Consultant, contractor, and operator (three agreements)
 - ii. Engineering, procurement, construction, and management (one-party agreement)
 - iii. Engineering, procurement, and construction (one-party agreement) and operations (independent third-party agreement).
- (d) MC should enter long-term partnership agreement with the operating party with guaranteed payment of O&M cost from its annual budget.
- (e) EIA should be done per the requirements of PEPA 2017, and accordingly, NOC should be secured from PEPA.
- (f) Effluent from wastewater treatment should comply with PEQS established under PEPA 2012.

72. PMDFC will support and strengthen the MCs for qualifying the eligibility criteria for the wastewater treatment plant in collaboration with Local Government Department and Provincial Government. If no MC qualifies the eligibility criteria, then the responsibility of implementation of wastewater treatment plant will be shifted to Local Government Department with the support of PMDFC. Section 11 of PEPA 2012 establishes that “no person shall discharge or emit or allow the discharge or emission of any effluent or waste in excess of Punjab Environmental Quality Standards”, and “if the water is conforming NEQs, it can be used for irrigation purposes, otherwise not”. This provision of PEPA 2012 binds all the entities which discharge wastewater to make arrangements of wastewater treatment. Accordingly, MCs should make arrangements for the wastewater treatment whether these are financed under PCP or not. In line with this PEPA 2012 requirement, the Program will strengthen the capacities of Local Government Department and MCs for making arrangements for wastewater treatment. Wherever possible under the eligibility criteria proposed above, the Program will finance the wastewater treatment plants. However, MCs which do not qualify the eligibility criteria are still bound to make wastewater treatment arrangements through local or provincial resources with no liability to PCP and the World Bank.

73. **Issues of solid waste.** The Program will focus on solid waste management of cities, including development of solid waste management system, procurement of solid waste machinery, rehabilitation/construction of collection points within cities, and capacity building of MCs for proper management of dumping sites. Solid waste collection system in cities is moderate to good. Table 7 indicates that the coverage of solid waste collection in 16 cities is mostly in the range of 70–85 percent with average coverage of 76 percent. This is much higher compared to the averages for water supply (53 percent) and sanitation (64 percent), whereas efficiency of collection is relatively low (50–70 percent). Increased focus on solid waste collection has happened due to the decision of the provincial government. Filth depots (collection points) within the cities are not properly maintained. Except for two cities (Bahawalnagar and Khanewal), cities have open dumping. The general condition of dumping sites is poor. In Jhelum, the MC is dumping solid waste along the River Jhelum. It is obvious that indiscriminate dumping of solid waste is resulting in groundwater contamination under leachate effect. In Daska, communities living in the vicinity of the landfill site have complained about the change in taste of drinking water, bad smell, and increase in incidence of diseases. As mentioned earlier, in these cities people are meeting the shortage of water by pumping from shallow water. Most of the shallow water has been contaminated due to the leachate from these dumping sites. In addition, open burning is generally practiced at all the dumping sites. This is resulting in emission of poisonous gases causing multiple hazardous diseases in the nearby communities. Most of these communities are poor.

74. Land for landfill sites is available in most of the cities, and in most of the cases there is no need to acquire land. There are social complaints from communities about the sites which are located near the residential areas. MCs are not generating any income from the sale of solid waste. Recyclers are not interested in purchase of solid waste due to the presence of large amount of polythene bags in the waste. Segregation of polythene bags at dumping sites is very difficult.

Table 7. Analysis of Solid Waste Management Facilities in 16 Cities

Sl. No.	City	Population	Primary Collection					Ultimate Disposal	
			% Coverage	% Collection Efficiency	Shortage of Machinery	Inefficient Machinery	Shortage of Manpower	Open Dumping	Landfill
1	2	3	4	5	6	7	8	9	10
1	Bahawalnagar	170,287	77	70	No	No	No	No	Yes
2	Burewala	277,162	75	61	Yes	Yes	Yes	Yes	—
3	Daska	197,518	77	62	Yes	Yes	Yes	Yes	—
4	Gojra	211,122	75	65	Yes	Yes	No	Yes	—
5	Hafizabad	220,139	89	60	Yes	Yes	Yes	Yes	—
6	Jarranwala	168,923	85	70	No	Yes	No	Yes	—
7	Jhang	450,373	85	50	No	Yes	Yes	Yes	—
8	Jhelum	184,549	30	60	Yes	Yes	No	Yes	—
9	Kamalia	159,153	85	48	Yes	Yes	Yes	Yes	—
10	Kamoke	340,990	77	55	Yes	Yes	Yes	Yes	—
11	Khanewal	206,418	97	67	No	No	Yes	No	Yes
12	Kot Adu	181,677	87	58	Yes	Yes	No	Yes	—
13	Muridke	378,387	54	23	Yes	Yes	Yes	Yes	—
14	Okara	328,296	55	52	Yes	Yes	No	Yes	—
15	Vehari	171,023	72	51	Yes	Yes	Yes	Yes	—

16	Wazirabad	132,510	90	79	Yes	Yes	Yes	Yes	—
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Source: PMDFC.

75. **Risks of solid waste management. Section 11 of PEPA 2012 on Prohibition of certain discharges or emissions states that** subject to the provisions of this Act and the rules and regulations made there under no person shall discharge or emit or allow the discharge or emission of any effluent or waste or air pollutant or noise in an amount, concentration or level which is in excess of the Punjab Environmental Quality Standards or, where applicable, the standards established under sub-clause (i) of clause (g) of sub-section (1) of section 6. Standards of solid waste are yet to be notified. It implies that management of municipal solid waste is mandatory under the law with the appropriate means, practices, techniques, and technologies. Landfill/dumping sites is one of the means for the disposal of solid waste. In line with this PEPA 2012 requirement, the program will strengthen the capacities of Local Government Department and MCs for making arrangements for adopting best solid waste management practices and technologies. In addition, the Program will also strengthen MCs through technical assistance to enable MCs to develop and implement landfill projects with institutional and financial support of local and provincial governments.

76. Performance of most of the MCs is comparatively better for solid waste collection. Strengthening of MCs under DLI 1 and DLI 2 will further improve their performance. Major focus on solid waste management will be on the following areas:

- (a) Campaigns and arrangements for segregation of solid waste at source, especially discouraging the use of polythene bags and mixing with the solid waste
- (b) Construction of new and improvement of existing within city collection points (filth depots)
- (c) Strengthening of solid waste collection and disposal machinery
- (d) Training of MCs' staff for better environmental management of collection points and dumping sites and existing landfills

77. It is expected that after capacity building MCs will be in a better position to operate the solid waste collection system in an environmentally sound manner within the cities and at dumping sites.

78. **Landfill sites.** Construction of landfill sites is not included in the Program because it is a high-risk activity due to the following environment and social impacts:

- **Social conflicts.** Communities do not want a landfill site at their backyard and in the vicinity of agricultural land. Location of landfill sites is a difficult issue, and correspondingly, allocation and acquisition of land is problematic.
- **Impacts on surroundings (soil and groundwater contamination).** Pollutants deposited on land usually enter the human body through the medium of contaminated crops, animals, food products, or water. It also contaminates groundwater due to leaching of hazardous chemicals.
- **Impacts on people.** Obnoxious odor due to bacterial action on biodegradable organic material causes illness to people living in, around, or closer to sanitary landfills (volatile organic compounds in air). Diseases include respiratory disorders; irritation of the skin, nose, and eyes; gastrointestinal problems; psychological disorders; and allergies.

79. In the case of existing landfill sites, Environmental Management Plans (EMPs) were prepared under the EIAs but these were rarely implemented in a proper manner. For example, in Chiniot, the landfill site was not managed and operated in compliance with the EMP.

80. The configuration of the solid waste depends on the varying nature of solid waste generated in the target cities. In addition to the domestic organic solid waste, other expected solid wastes in the cities will be empty containers of lube oil and chemicals, metal scrap, discarded mechanical parts, and domestic solid waste.

81. PCP will create institutional capacity for the implementation of solid waste management. For dumping sites, PCP will implement the guidelines established under the ESMF and provide training to MCs for the effective management of dumping sites and existing landfill sites. Government of Punjab is planning to construct regional landfill sites (to jointly serve three to four cities) at central locations for clusters of cities. Government of Punjab has started the identification of regional sites for sanitary landfills. The Program will coordinate with this initiative of the Government of Punjab while developing city specific solid waste management system. It is expected that with enhanced capacity, MCs will be in a position to better manage solid waste collection, disposal, and dumping sites.

82. **Issues and risks of roads and streets.** The Program will undertake the rehabilitation of existing roads and streets inclusive of streetlighting and fixtures. The condition of main roads is relatively better than other infrastructure in the cities. The condition of small roads and streets is fair to good. In the TMA system (the previous LG system), the main focus of the provincial governments and LGs was on solid waste collection and construction of roads. Streetlighting along the main roads is also relatively better. In four cities, there seems to be a trend of laying concrete pavers in the central main commercial areas (downtowns) and small streets. The performance of concrete pavers is very good and laying of tiles creates less problems for the shopkeepers and residents. MCs informed that in the existing annual development plan (ADP), most of the schemes are for roads and parks improvement. The Program will adopt the ESMF for the environmental management of projects for the roads and streets rehabilitation. The MCs are primarily dealing with small-scale schemes which entail rehabilitation and repairs. Under PCP, new schemes may also be implemented after Year-1. However, these new schemes are also not expected to be of a large scale and will not require major large land acquisition and pose significant E&S risks. However, these effects are rated as substantial as the expected location/alignment of these small-scale projects will be in congested urban settings where acquisition of small land parcels and E&S management is invariably challenging. Issues related to PCR may not be significant for the rehabilitation and upgrading of existing infrastructure schemes and for small new infrastructure schemes. However, as the Program also includes development of new infrastructure schemes like roads, drainage, flood control, greenery, and others, disturbance to PCR and chance find issues will require proper screening and development of procedures.

83. **Issues and risks of parks and green belts.** The Program targets the improvement of parks and green belts. The condition of parks and green belts in the target cities is fair. There is ample space for parks and playgrounds. MCs informed that parks and playgrounds are very popular among the residents, especially during weekends and evenings. Small investments on maintenance with effective management can result in substantial improvement in these parks. The Program will adopt the ESMF for the environmental management of parks and green belts projects.

84. **Common risks: environmental considerations for investment, operations, rehabilitation of infrastructure projects for water supply, sanitation, solid waste management road networks, and parks.** Municipal infrastructure projects could cause negative and positive environmental impacts. Environmental effects of infrastructure project under the proposed Program are expected to be mitigated through better environmental

planning, implementation, and operations under PEPA 2012, to be ensured through the revised PMDFC ESMF, and other environmental best practices.

85. Punjab EPA does not require IEE/EIA for the rehabilitation activities of existing infrastructure projects. During execution of the rehabilitation of existing infrastructure, local-level environmental impacts will occur such as dust emissions, increased air emissions due to traffic jams, and disturbance to residents and shopkeepers along the route of the infrastructures. These local-level environmental impacts will be managed by the adoption of the ESMF, prepared and used by the PMDFC. The ESMF has developed a comprehensive environmental and social assessment process and procedure. Generally, rehabilitation of infrastructure will lie under E-2 environmental impact category of the ESMF. This implies that rehabilitation of infrastructure activities will cause moderate environmental impacts during the implementation. In this regard, the ESMF requires the preparation of an Environmental and Social Management Plan (ESMP). There is a possibility that conditions can vary from city to city and project to project. PCP will use the environmental guidelines established under the ESMF for each city and conduct environmental assessment according to the ESMF requirements.

86. For new water supply and sanitation projects and wastewater treatment plants, IEE/EIA is required according to PEPA 2012. Under PEPA 2012, wastewater treatment plant should comply with PEQS.

Social Risks

87. Overall, it has been assessed that the Program has several positive impacts and no major social risks. The few associated social risks mainly relate to the quality of Program implementation and sustainability. Specifically, these risks pertain to land acquisition and resettlement; institutional capacity for social management; physical cultural resources (PCR); and public consultation, GRM, and exclusion of vulnerable groups (women, elderly, disabled, and so on) from the planning and implementation process for infrastructure development (Core Principles 4 and 5). The social risks are discussed in the following sections.

Land Acquisition and Resettlement

88. Land is a basic resource required for the establishment/expansion of any infrastructure project. During the conduct of the ESSA, the social team visited several MCs like Burewala, Gojra, Wazirabad, and others to explore the current practices of land acquisition and resettlement. Based on the field observations and the detailed discussion, it was highlighted that the most of the MCs are dealing with the small schemes requiring only rehabilitation and repair which do not require acquisition of private land. Some MCs have implemented large schemes and the efforts were made to either use the government land or purchase the land through willing-buyer-willing-seller arrangements. MC Gojra mentioned that one large landfill site project has been undertaken by them that required 22 acres of land. The Government land was transferred to the MC for the construction of this project. Similarly, the largest scheme implemented in MC Gojra included the improvement/repair of Pansara Road, Gojra. For schemes requiring acquisition of private land, all MCs referred to the use of the Land Acquisition Act 1894 (LAA 1894) and Punjab land acquisition rules with the help of the Revenue Department.

89. Discussions with the PMDFC have also revealed that the during PMSIP, they have successfully implemented the land acquisition and resettlement SOPs included in the ESMF. Though the ESMF included provisions to acquire private land, the PMDFC highlighted that

the private land acquisition was successfully avoided for majority of the schemes implemented during PMSIP by adopting the willing-seller-willing-buyer approach or through direct negotiations with those affected. This practice has minimized the issues related to the land acquisition and resettlement during PMSIP.

90. As PCP involves investment in infrastructure projects in several sectors like water supply, storm water, waste management, roads, and other related infrastructure, it might require acquisition of private land and resettlement. The main law applicable to the private land acquisition in Pakistan is LAA 1894. However, there are lapses in the implementation of the LAA, as well as gaps between this law and the provisions for land acquisition prescribed by the World Bank in the PforR core principles. Specifically, the LAA only allows payment of land and lost assets (structures, crops, trees) at market price to titleholders and has no similar provisions for non-titleholders. As such, application of the law means a loss of shelter and assets and increased vulnerability for the latter category of those affected. In certain cases, the law also enables ‘emergency’ acquisition of land (Section 17) without public consultation or payment of compensation before possession. This power leads to sudden dispossession of land and hence raises the risk of vulnerability of those affected.

91. The LAA also does not consider compensation for loss of livelihood due to displacement or dislocation from the land for both titleholders and non-titleholders and as such carries the risk of enhancing vulnerability. Finally, lack of payment for land in line with representative prevalent market rates, as prescribed by the LAA, leads to long drawn-out legal cases and financial loss.

92. Unless clear guidelines or SOPs to address the gaps in procedures for private land acquisition and compensation are devised, and the weakness in proper implementation of the law are addressed, infrastructure development under PCP could pose social equity and reputational risks.

Low Institutional Capacity

93. There is a risk that existing low capacity in MCs for social management may lead to inadequate implementation of social management procedures. Such capacity constraints may also curtail adequate reflection of the concerns and needs of vulnerable groups including women, disabled, the elderly, and so on, in the development and implementation of different plans and in the SOPs for mechanisms of citizen engagement such as public consultation. This aspect has been discussed in more detail in the section 4 related to the institutional capacity.

Indigenous People and Vulnerable Groups

94. The Program area has no evidence of known indigenous peoples in Pakistan. Indigenous peoples are located in a limited area named ‘Kalash Valley’ in Chitral District of Khyber Pakhtunkhwa Province. Therefore, there are no risks associated with the indigenous peoples due to PCP.

95. However, there are several vulnerable groups that warrant careful consideration in the planning of infrastructure projects. These include women (especially women workers), wage laborers (especially those on a contract basis), child workers, and the disabled. Women form a particularly vulnerable group. It is imperative that the needs of vulnerable groups (women, the poor, elderly, disabled) and other important social concerns regarding enhancing mobility and security, reducing crime, improving livability, and so on, are integrated into infrastructure

planning. There is a risk of further marginalization of vulnerable groups if infrastructure development plans do not focus on their specific needs. Finally, a lack of focus on social concerns such as security and crime issues perpetuates reduced mobility, particularly for women, and may lead to the creation of zones of deprivation and the enhancement of inequity within cities.

96. Laborers, particularly women workers, are especially vulnerable during implementation of physical infrastructure schemes and face issues related to reduced wages, lack of safe transportation, lack of childcare and toilet facilities, and sexual harassment in the workplace. Contract laborers, both men and women, face issues of lower wages and harsh working conditions. The trend of engaging child labor at low wages to reduce costs is also a major social risk. Working in harsh weather conditions for long hours and at unsafe locations makes child laborers particularly susceptible. Exhaustive legal provisions on labor have been enacted in Pakistan and adopted by GoPunjab on, for example, working conditions and payment, including minimum wage, social security registration, safety at work, child labor, bonded labor, contract labor, female workers, and others. However, implementation of these provisions remains weak.

Physical Cultural Resources

97. Issues related to PCR may not be significant for the rehabilitation and upgrading of existing infrastructure schemes and for small new infrastructure schemes. However, as the Program also includes development of new infrastructure schemes like roads, drainage, flood control, greenery, and others, disturbance to PCR and chance find issues will require proper screening and development of procedures.

98. Some MCs are very important from the perspective of PCR as these have sites declared as special premises. For example, GoPunjab has declared the Sultanate Period Tomb in Kot Addu and Sher Shah Mosque and Sher Shah Booli in Wazirabad as special premises. The notification to preserve the sites is shown in the letter attached as annex 4. There might be more special premises and PCR in other MCs. The Punjab Archeology Department conducted a survey across Punjab from 1994 to 1996 to map possible spots of archeological significance. According to this survey, several districts have a high number of unprotected and unexcavated archaeological sites and this needs to be a consideration during the planning and implementation of new infrastructure projects.

99. Although MCs are expected to screen potential sites for its archeological significance, there is a need to ensure that this exercise is undertaken. Similarly, lack of proper SOPs for chance discoveries of physical cultural sites or objects during infrastructure development may translate into a loss of heritage.

Risks Related to Infrastructure Implementation

100. Typically, there is inadequate focus on the O&M needs of newly developed infrastructure schemes (water supply, streetlights, bus stops, parks, and so on) during implementation. This trend ultimately weakens the sustainability of such initiatives. A lack of sustainability of development schemes, in turn, translates into increased public frustration and a reduced perception of confidence of citizens in Government entities.

Risks Related to Stakeholder and Public Consultation

101. Stakeholder and public consultation is an important element in the planning and implementation of any infrastructure project. Ineffective consultations may pose a risk of exclusion of marginalized and vulnerable groups, not reflecting the local needs, reduced acceptance of the infrastructure projects by public, and can lead to lack of transparency and accountability.

102. The PMDFC prepared and implemented a Public Consultation Framework during PMSIP. This framework described the methodologies and the documenting process of the public consultation. The communities in the areas most likely to be affected by the subprojects were informed and consulted during the development of the subproject, in compliance with the operational policies of the World Bank. Good coverage of the towns was achieved to inform the citizens about the project, its impacts on their lives, and the options that they may have for compensation or mitigation of negative impacts.

103. To conduct meaningful local consultation, the information was provided in such a way that it is understandable to all stakeholders, including women and other vulnerable groups, and to ensure that all stakeholders are heard. To achieve the public consultation objectives of the methodologies, the public consultation advertisement was placed in local/national newspapers, (specimen provided in the framework). In addition, letters of invitation were also mailed to local residents and to a list of community groups likely to have an interest in this project, as required. Furthermore, the information was posted on the PMDFC website and a media release announcing the public consultation was sent to local media. This was quite a comprehensive exercise; however, the consultations done by the PMDFC during PMSIP were limited in scope as they were confined to the action planning process and infrastructure development in the defunct TMAs.

104. During PMSIP, the TMAs also developed and implemented a communication strategy. This strategy was developed and implemented with the basic objective to ensure that the organization's internal and external communication is proactive and that the citizens are better informed about the organization's activities and programs through the TMAs. The PMDFC conducted project prioritization workshops as a part of PMSIP planning and with active engagements of the TMA, ex-members of the UCs, local prominent persons, communities, civil society, and media (figure 2).

Figure 2: Project Prioritization Workshop in Progress in Jhang



105. However, during the visit to different MCs like Gojra and Burewala, it was discussed that currently, there are no formal mechanisms to involve the public and conduct the stakeholder consultations in most of the MCs. At present, the councilors at the UC level are considered to be an interface between the communities and the MCs. It was emphasized by the MCs that communities usually approach either MCs directly or they approach a councilor of their area to explain their priorities in terms of the requirements of the infrastructure development of the area.

106. Stakeholder identification and engagement are intrinsic elements during PCP. However, institutional arrangements for stakeholder engagement will need to be well defined for effective or meaningful consultations. While there are public consultation requirements within the law governing LGs in Punjab, the SOPs to operationalize these mechanisms and make them ‘inclusive’ and truly representative are still needed. In their absence, agencies have the discretion to undertake consultations and include or exclude social groups at convenience. This could result in the development plans not being in conformity with local needs, including those of marginalized groups, and may overlook significant social issues such as crime, rural-urban migration, women’s mobility, potential for tourism, and so on and allocation for deprived areas like slums. An absence of SOPs also perpetuates the practice of not sharing information regarding a program or scheme under discussion with the public before the consultation and hence leads to ineffective consultation.

107. A revenue enhancement plan for MCs, through increased OSR, will be prepared and implemented through PCP including surveys to identify illegal connections, plugging of revenue leakages and expenditure control, and review of tariffs/taxes/fees. This is a positive initiative and will increase the financial space for MCs to address development needs. However, if tariff increases are not based on public consultations and an assessment of willingness to pay, they may increase the financial burden on citizens and ultimately be unsustainable. Increase in tariffs also raises public demand for delivery and maintenance of quality services, or else they will remain unsustainable. Finally, a lack of transparency in revenue collection also raises the risk of victimization of citizens.

Risks Related to Grievance Redress Mechanism

108. During PMSIP, the PMDFC also developed and operationalized a CTS under institutional development activities for complaints registration, its tracking, and resolution. The primary objective of introducing CTS in the TMAs was to enhance TMAs’ efficiency in addressing citizens’ complaints by streamlining the complaint registration and tracking system where all complaints are recorded centrally.

109. The complaint cell was also provided with a telephone line to facilitate the complaint registration over the phone without complainants having to walk in to the office. The process was very well defined. Each recorded complaint has a unique number already printed on the complaint slip. The complaint slip has two parts, one kept in the complaint cell for the record and the other given to the relevant TMA official responsible for the complaint resolution.

110. The complainant also received the complaint number for the follow-up, if required. Once the complaint was resolved by the relevant TMA staff, they returned their part of the complaint slip to the complaint cell with remarks and the complaint cell in-charge used to update the complaint register accordingly. It was possible for the complainant to inquire about the status of the complaint at any time just by calling the complaint registration office and quoting the complaint number. Roles and responsibilities are clearly defined in the CTS SOP.

The CTS was gradually transformed from manual to computerized mode (Figure 3: *Computerized Recording of Complaints at Other MCs*). However, at some MCs, the complaints are manually recorded and then entered in a computer database (

111.).

Figure 3: Computerized Recording of Complaints at Other MCs¹⁵



Figure 4: Manual Recording of Complaints at MC Gojra



¹⁵ Picture taken during field visit.

112. Program activities may cause social friction if programs do not have an effective GRM. At present, development is in progress to address the structural changes under PLGA 2013 in CTS. Continuous technical support is being provided to the MCs by the PMDFC. PCP has included in its design a provision to upgrade the current CTS into a comprehensive GRM. At present, the focus of CTS is mainly on the complaints related to infrastructure projects. The coverage of complaints would be enhanced under the GRM to include transparency, accountability, exclusion of marginalized groups from development priorities, and labor issues. The GRM will be more gender responsive, with clearly defined timelines for redress, like the CTS.

SECTION 3: POLICY AND LEGAL FRAMEWORK FOR MANAGING ENVIRONMENTAL AND SOCIAL IMPACTS OF THE PROPOSED PROGRAM

Introduction

113. The Government of Pakistan and GoPunjab have enacted a range of laws, regulations, and procedures of relevance to the environmental and social effects of the proposed Program. The applicable federal, provincial, and local environmental and social management systems in Pakistan and Punjab—from a legal, regulatory, and institutional perspective—are generally appropriate and comprehensive for the implementation of physical infrastructure projects.

Social Aspects

114. Several laws, regulations, procedures, and technical guidelines have been developed at the federal and provincial levels to address key social risks. The legal framework includes legislation addressing land acquisition, social analysis as part of the EIA, and labor protections among many others. There are some other important SOPs, guidelines, and manuals developed by the PMDFC during implementation of PMSIP which are also helpful and can be adopted after some adjustment for use during PCP. The most important of these overarching laws and regulations related to the social aspects of the program include the following:

- PLGA, 2013
- Punjab Land Revenue Act, 1967
- Punjab Local Government Musalihat Anjuman (Constitution and Functions Rules 2006)
- LAA 1894 and Punjab Land Acquisition Rules, 1983
- Antiquity Act 1975 and Punjab Antiquities Amendment Act 2012
- Employment of Child Act (ECA), 1991
- Labor Laws
- The Protection Against Harassment of Women at the Workplace Act, 2010
- Punjab Labor Policy, 2010
- Guidelines for Preparation and Review of Environmental Reports, 1997
- Guidelines for Public Consultation, 1997

115. The scope, coverage and relevance of these laws and regulations are briefly summarized in the following sections.

Punjab Local Government Act, 2013

116. In accordance with the 18th Amendment to the Constitution, the provincial assembly of Punjab passed PLGA in 2013. The Act devolves sufficient functions and powers to the LGs. Provincial functioning of the Local Government Fund is managed by the Finance Department and Finance Minister of the province.

117. This Act provides the legal justification and rationale for all LGs across Punjab, rural and urban. It covers limitations and delimitations, definitions of setups (rural versus urban), constitution, composition, elections, and powers of the LGs.

118. PLGA 2013 provide for LG elections on a party basis. Punjab will have Union Councils and District Councils in the rural areas and Union Councils and MCs in the urban areas. PLGA 2013 provides for a term of five years and provides for direct elections for the posts of Chairmen and Vice-Chairmen of the Union Councils. The heads of District Councils are chosen indirectly through an electoral college comprising all members of the respective council.

119. PLGA 2013 provides for the establishment of the PFC, headed by the Finance Minister. The local councils would receive allocations through the PFC awards and would have limited powers to impose taxes or exercise regulatory functions. The Act requires audits of the local councils by the Office of the Auditor General.

120. PLGA 2013 tends to subordinate the LGs to the provincial governments. They allow the chief ministers to dismiss an LG or head of council and appoint officeholders after the dismissal of council heads. The District Councils functions under the directives of the provincial government, giving the provincial government leverage over the LG.

121. While PLGA 2013 devolves the key service delivery functions to LGs, the province has made exceptions to retain large entities such as Lahore Development Authority, Solid Waste Management, and so on. The Act provides for the creation of education and health authorities, comprising members from the provincial government, LGs, technocrats, and the private sector. The chief minister will be the appointing authority and can dismiss the heads of the authority or dissolve the authorities.

122. PLGA 2013 includes the establishment of Local Government Commission (LGC), headed by the provincial minister of LG and including members from the provincial assembly, bureaucracy, and technocrats. The LGCs perform inspections, social audits, and dispute resolution for councils and submit reports and recommendations to the provincial government.

123. PLGA 2013 authorizes the Union, Village, and Neighborhood Councils to constitute panels of councilors to facilitate out-of-court dispute resolutions and also allows a nine-member Panchayat (assembly chosen by the local community) in rural areas and Musalehat-e-Anjuman in urban areas, including two women members nominated by the provincial government.

124. A more detailed description of PLGA 2013 is attached as annex 5. The current project will make use of the legal covenants and articles of PLGA 2013, particularly focusing on the MCs to strengthen and improve service delivery in selected cities in Punjab.

Rules Under PLGA 2013 and Related Notifications

125. GoPunjab has notified several rules under PLGA 2013 for its implementation. These rules cover a broad spectrum of aspects including works; conduct of business; composition of

authorities; management, supervision, and protection of land; accounts; delegation of financial powers; budget; fiscal transfer; taxation; contracts; declaration for heritage properties; appeal; and other related matters. These rules have been thoroughly reviewed during ESSA preparation, and a detailed review matrix has been attached as annex 6.

126. Similarly, several notifications have been issued and placed on the website of the Local Government and Community Development Department (LG&CDD). As the PLGA was made effective at the start of 2017, these notifications are being issued to facilitate the smooth transitioning and functioning of the LGs. Most of these notifications relate to the following matters:

- Repeal of the Punjab Local Government Ordinance 2001
- Enforcement of PLGA 2013 with immediate effect
- Composition of the District Planning and Design Committee
- Organograms/posts for Metropolitan Corporation, Municipal Corporation, MCs
- Number of deputy mayors in Metropolitan Corporation and Municipal Corporations
- Stoppag arrangement regarding appointing authorities with respect to the employees of the LGs established under PLGA 2013
- Number of Union Councils in Municipal Corporations and District Councils
- District Councils and Union Council declared/notified
- Composition of different authorities
- Number of indirectly elected members on the reserved seats
- Amendments in different rules
- Honorarium notification for LG-elected heads and members under PLGA 2013
- Vigilance Committees
- Other related matters

127. These notifications were also reviewed during ESSA preparation and their brief review is reflected in annex 7.

Punjab Land Revenue Act, 1967

128. The Act describes collection procedures of land revenue tax, the authorities who can collect it on behalf of the Government, and the functions and duties of revenue officers appointed under this Act. There are 15 chapters and 184 sections in this Act.

Punjab Local Government Musalihat Anjuman (Constitution and Functions Rules 2006)

129. These define the complete procedures for settlement of disputes with defined roles and responsibilities for all stakeholders. These are helpful in guiding urban LGs on alternate dispute resolution bodies. The rules cover

- Domestic violence;
- Matrimonial disputes;
- Child abuse; vagrancy; and compelling children, females, and disabled persons to beg;
- Exclusion of females from inheritance;
- Marriage to Quran, Watta Satta (exchange marriage), Walwar, Swara, Wani (giving women in marriage to settle disputes);
- Zhagh (asserting ownership over women of the enemy tribe);
- Forced marriage and human trafficking;

- Forced labor;
- Public insult, assault, and degradation of females;
- Sexual harassment; and
- Dowry disputes arising after divorce.

Land Acquisition Act, 1894 (The Act)

130. The LAA came into force on March 1, 1894. The Act aimed to amend the then existing law for the acquisition of land for public purposes and for companies. LAA 1894, as amended from time to time, is the primary law for the purpose of land acquisition in the province of Punjab. The Act provides for acquisition of land for public purpose and for companies. Several other laws also authorize the acquisition of land for specific purposes in the province of Punjab. GoPunjab has also framed the Punjab Land Acquisition Rules, 1983 (1983 Rules) under Section 55 of the Act. The Act and the 1983 Rules are intended to be read together. There are no regulations under the Act, nor is there any provision for framing regulations under it.

131. While the Act is a federal legislation, according to Article 142(c) of the constitution, a Provincial Assembly is competent to amend it. The Act (as amended) is applicable to the province of Punjab by virtue of the West Pakistan (Amendment) Ordinance, 1969. This ordinance continues to be in force in the four provinces in view of the Adaptation of Laws Order, 1975. There is no specific provision in the act for resettlement and rehabilitation of persons displaced as a result of acquisition of their land.

132. The Act is broadly grouped into 8 parts comprising 55 sections. Details of LAA 1894 are presented in Annex 8. The relevant sections and a brief overview are shown in figure 5.

133. Under Section 5, a formal notification is issued that the particular land is needed for a public purpose. This notification is published in the official gazette and the collector is required to issue a public notice of the substance of the notification. Issuance of Section 5 has to take place not later than one year after notification of Section 4.

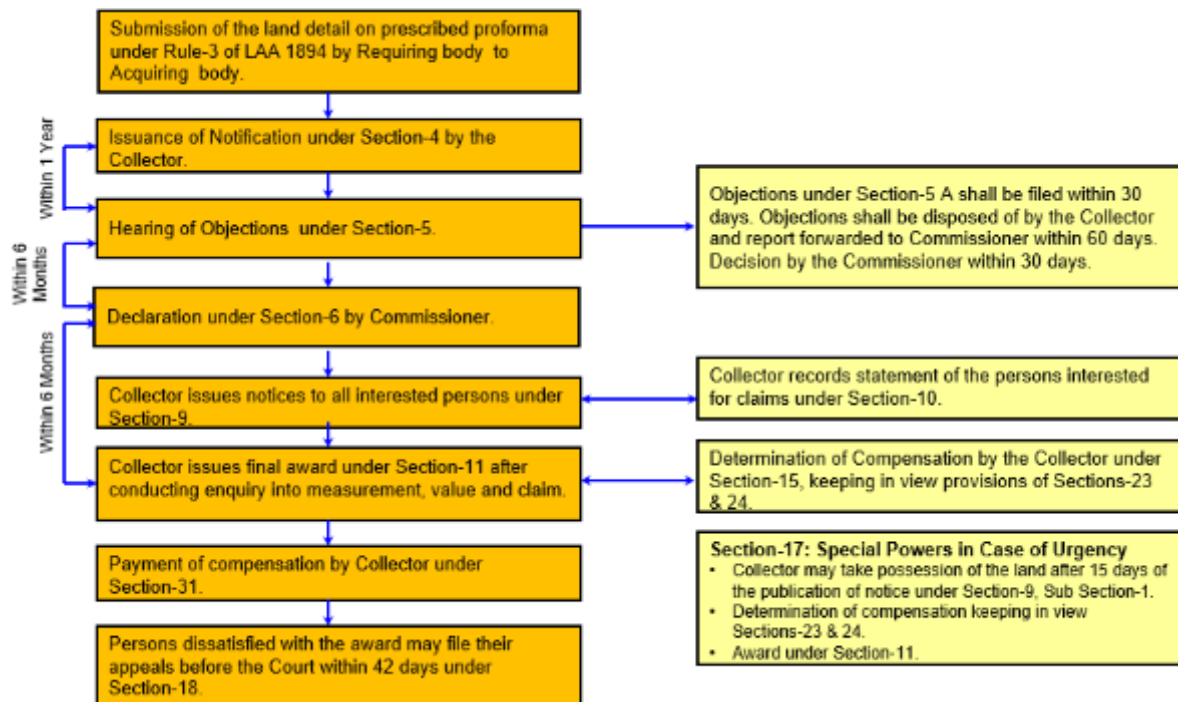
134. Any person interested in any land, which has been notified under Section 5 may, within 30 days after the issuance of the notification, object to the acquisition of the land under Section 5A. The collector shall hear the objection, make necessary enquiries, and submit a report within 90 days to the appropriate government authority. This authority must announce its decision, which shall be final, within 90 days; otherwise the objection shall be deemed to have been admitted and the acquisition proceedings will come to an end.

135. Once the provincial government, after considering the report prepared by the Collector per requirements of Section 5A, is satisfied that any particular land is required for public purpose, a declaration to that effect shall be made by an authorized officer of the provincial government under Section 6. This should follow within six months of the publication of the Section 5 notification. After the declaration under Section 6, the commissioner of land acquisition collection shall “direct the collector to take order for the acquisition of land” under Section 7. The collector then notifies under Section 8 to cause the land to be marked out, measured, and planned (if this was not done after Section 4).

136. Under Section 9, the collector gives notice to all interested people that the Government intends to take possession of the land and if they have any claims for compensation, that they be made to him at an appointed time. Section 10 delegates powers to the collector to record statements of persons possessing any interest in the land or any part thereof as coproprietor,

sub proprietor, mortgage and tenant, or otherwise. Section 11 enables the collector to make enquiry into “measurements, value and claim and issue the final award.” Included in the award is the land’s true area, the collector’s view of what compensation is warranted, and the apportionment of that compensation to all interested people.

Figure 5: Land Acquisition Process under LAA, 1894



137. Though this section is the one that contains the final award, there are two other sections, that is, Section 23 and Section 24, which precede Section 11. This is because these two sections pertain to compensation and the criteria to be followed (Section 23) or not to be followed (Section 24) in arriving at appropriate compensation. Under Section 23 are included items such as the market value of the land at the time of notification of Section 6 and various damages that have been sustained at the time possession was taken. Matters not considered in awarding compensation, that is, Section 24, include items such as the degree of urgency, which led to the acquisition, any disinclination of the person interested in the land to part with it, any expected increase in value of the land from its future use, and so on.

138. When the collector has made an award under Section 11, he will then take possession under Section 16 and the land shall thereupon vest absolutely with the Government, free from all encumbrances. Section 18 pertains to persons still dissatisfied with the award, who may request the collector to refer the case to the court for determination and decision. This does not affect the taking possession of the land.

139. In cases of emergency, where the Board of Revenue (BoR) considers it expedient to take possession of any land at any time before an award under Section 11 has been made, it shall notify this Act in writing to the collector intimating in addition the date by which the land is required. Under Section 17, the collector can, after causing a notice to this effect to be served on the person or persons interested in the land, take possession of the land subject to the liability to pay any amount, which may be incurred on account of acquisition.

Punjab Land Acquisition Rules, 1983

140. The Punjab Land Acquisition Rules, 1983, describe the land acquisition procedure for public purposes or for a company. The Punjab Land Acquisition Rules comprises 16 rules pertaining to area notification and surveys, inquiry and award, compensation and apportionment, awards and dispute resolution, and exceptions. Important rules for acquiring land are described in the following sections:

- **Rule 4.** This rule states that the acquiring agency shall submit an application under Rule 3 to the collector of the district concerned on a prescribed form for the acquisition of land. Then the collector of the district shall examine feasibility of the land acquisition, considering the genuineness of the public purpose involved.
- **Rule 5.** According to Rule 5, the collector of the district, after the examination of feasibility, issues a notification under Section 4 clearly stating the details of the area to be acquired.
- **Rule 6.** In accordance with Rule 6, after the issuance of the notification under Section 4, the collector shall take immediate steps to have the land surveyed and submit a report to the commissioner not later than 60 days from the date of the publication.
- **Rule 7.** The rule describes the procedure for the issuance of notification under Section 5 by the commissioner, where the land is to be acquired for a public purpose, and the reporting procedure to the BoR in case any delay occurs in the issuance of notification.
- **Rule 8.** This rule states that where the land is to be acquired for a company, the commissioner, on receipt of the survey report of the collector under Rule 4, forwards the same to the BoR for issuance of notification under Section 5.
- **Rule 9.** According to Rule 9, objections received under Section 5A by the collector shall be disposed of with least possible delay and along with the recommendations shall be forwarded to the commissioner within a prescribed time limit for decision.
- **Rules 10 (1), (2), and (3).** This rule states that the commissioner of the division, when issuing a notification under Sections 5 or 17, shall ensure required details for the acquisition of land.

141. The rules also describe the procedure for land acquisition where a company makes an urgent request for invoking the provision of Section 17 of the Act.

142. It is also mentioned that no land lying near a town meant for fodder cultivation or for orchards or otherwise cultivable shall be notified for acquisition for the establishment of any industry except if it is declared by the agriculture, health, and industry departments that no risk would be involved due to such land acquisition.

- **Rule 11.** The rule states that the collector, while forwarding draft notifications under Sections 5 and 17 to the commissioner, shall ensure that the certificates, documents, and information mentioned in the Act are appended.
- **Rule 12.** The rule states that the estimated cost of the land worked out under Rule 10(2) is approved by the collector/commissioner/BoR.
- **Rule 13.** According to Rule 13, the collector or the commissioner may not deliver possession of land sought to be acquired by the department or agency concerned unless sufficient funds for the payment of compensation are placed at the disposal of the collector in advance.

- **Rule 14.** The rule states that if any land acquired by the department or local authority for public purpose is not used as proposed, that land should be handed over to the collector for disposal by the order of the Government.
- **Rule 15.** Where land has been acquired by a company it shall not be sold or disposed of before the approval of the Government.
- **Rule 16.** This rule deals with penalties and states that where land is used for a purpose other than that for which it was acquired by the acquiring agency, it shall be repossessed immediately and the acquiring agency shall be liable to penalty.

Employment of Child Act, 1991 and Punjab Restriction of Employment of Children Act 2015

143. Article 11(3) of the constitution of Pakistan prohibits employment of children below the age of 14 in any factory, mine, or any other hazardous employment. In accordance with this article, the ECA 1991 disallows such child labor in the country. The ECA defines a child as a person who has not completed his/her 14th year of age. The ECA states that no child shall be employed or permitted to work in any of the occupations set forth in the ECA (such as transport sector, railways, construction, and ports) or in any workshop wherein any of the processes defined in the Act is carried out.

144. Currently, GoPunjab has promulgated a new act titled ‘Punjab Restriction of Employment of Children Act 2015’ dealing with child labor in the commercial and industrial sectors of Punjab. The Act aims at banning children up to 14 years of age from all types of employment.

Labor Laws

145. The constitution of Pakistan contains a range of provisions with regard to labor rights found in Part II: Fundamental Rights and Principles of Policy:

- Article 11 of the constitution prohibits all forms of slavery, forced labor, and child labor.
- Article 17 provides for a fundamental right to exercise the freedom of association and the right to form unions.
- Article 18 prescribes the right of its citizens to enter into any lawful profession or occupation and to conduct any lawful trade or business.
- Article 25 lays down the right to equality before the law and prohibition of discrimination on the grounds of gender alone.
- Article 37(e) makes provision for securing just and humane conditions of work, ensuring that children and women are not employed in vocations unsuited to their age or gender and for maternity benefits for women in employment.

146. Pakistan’s labor laws trace their origins to legislation inherited at the time of partition. The laws have evolved in response to socioeconomic conditions, shifts in governance, state of industrial development, population and labor force expansion, growth of trade unions, level of literacy, and the Government’s commitment to development and social welfare.

147. Under the constitution, labor is regarded as a ‘concurrent subject’, which means that it is the responsibility of both the federal and provincial governments. However, for the sake of uniformity, laws are enacted by the federal government, stipulating that provincial

governments may make rules and regulations of their own according to the conditions prevailing in or for the specific requirements of the provinces.

148. The labor laws are a comprehensive set of laws in Pakistan dealing with the following aspects:

- Contract of employment
- Termination of contract
- Working time and rest time
 - Working hours
 - Paid leave
 - Maternity leave and maternity protection
 - Other leave entitlements
- Minimum age and protection of young workers
- Equality
- Pay issues
- Workers' representation in the enterprise
- Trade union and employers' association regulation
- Other laws

The major labour laws of Punjab province are listed below:

- Bonded labour system (abolition) act, 1992
- Companies' profits (workers' participation) act, 1968
- Disabled persons, (employment and rehabilitation) ordinance, 1981
- Employees' cost of living (relief) act, 1973
- Employment (record of services) act, 1951
- Employment of children act, 1991
- Essential personnel (registration) ordinance, 1948
- Factories act, 1934
- Industrial statistics act, 1942
- Minimum wages ordinance, 1961
- Payment of wages act, 1936
- Provincial employees' social security ordinance, 1965
- Employees special allowance (payment) act, 1988
- Fair price shops (factories) ordinance, 1971
- Industrial relations act 2010
- Weights and measures (international system) enforcement act, 1975
- Road transport workers ordinance, 1961
- West pakistan industrial and commercial employment (standing orders) ordinance, 1968
- West pakistan maternity benefit ordinance, 1958
- West pakistan minimum wages for unskilled workers ordinance, 1969
- West pakistan shops and establishments ordinance, 1969
- Workers children (education) ordinance, 1972
- Workers welfare fund ordinance, 1971
- Workmen's compensation act, 1923

Pakistan Labor Policy, 2010

149. Pakistan's Labor Policy aims at attaining its objectives in a manner best suited to the resources of the country and the present state of economy. There is an urgent need to revitalize the economy to increase the level of productivity, promotion of investment, and maximization of employment. There is an equally genuine requirement to create, among workers and employers, a better awareness of their obligations to the national objectives stated above. At the same time, the Government recognizes that workers and employers must enjoy reasonable benefits. With these priorities in view, the Government considers that a balanced labor policy should be based on the following objectives:

- Workers' rights to form unions and unions should be protected and an institutional framework be made available to foster close cooperation between workers and employers at the establishment level.
- Equitable adjustment of rights between workers and employers should be ensured in an atmosphere of harmony, mutually beneficial to workers and the management.
- Consultations between workers and employers on matters of interest to the establishment and welfare of workers should be made more effective.
- Adequate security of jobs should be available to workers and there should be expeditious redressal of their grievances.
- Conditions should be created such that workers and employers are committed to enhancing productivity.
- Promotion to higher jobs should be ensured at all levels based on suitability and merit and for this purpose, arrangements should be made for in-service training facilities.
- Facilities for proper matching of job opportunities and job seekers should be strengthened and standard procedures streamlined.
- Social insurance schemes should be further strengthened.
- Just and humane conditions of work should be guaranteed to all workers.
- Forced labor in all its forms is to be eliminated.
- Provisions relating to the employment of children are to be strictly adhered to and enforced.

150. To address these concerns, the Labor Policy is divided into four parts: the Legal Framework, Advocacy: Rights of Workers and Employers, Skill Development and Employment, and Manpower Export.

The Protection Against Harassment of Women at the Workplace Act, 2010

151. The act protects women against sexual harassment at the workplace. The act is composed of 13 sections elaborating definitions, composition of the inquiry committee, procedure for holding inquiry, penalties (minor and major), powers of inquiry committee, role of the employer, the process for appeal against minor and major penalties, ombudsmen, and powers of the ombudsmen.

Pakistan Antiquities Act 1975 and Punjab Antiquities Amendment Act 2012

152. The current Antiquities Act 1975 (amended in 1990), redefined as 'ancient' any object that is at least 75 years old. It requires that all accidental discoveries are reported to the federal Department of Archeology. It also makes the federal government the owner of all buried antiquities discovered from any site, whether protected or otherwise. It bans all new construction within a distance of 200 feet from protected antiquities. The cultural heritage laws of Pakistan are uniformly applicable to all categories of sites regardless of their state of

preservation and classification as monuments of national or world heritage. The Antiquities Act guarantees that no changes or repairs can be made to a protected monument even if it is owned privately without approval of the official agencies concerned with it. The Punjab Antiquities Amendment Act 2012 adopts the Act of 1975 with a few minor changes.

Guidelines for Public Consultation, 1997

153. These guidelines address possible approaches to public consultation and techniques for designing an effective program of consultation that reaches all major stakeholders and ensures the incorporation of their concerns in any impact assessment study. The guidelines cover consultation, involvement, and participation of stakeholders; effective public consultation (planning, stages of an EIA where consultation is appropriate); and facilitation of involvement (including the poor, women, and NGOs).

Guidelines, SOPs, Frameworks and Manuals Prepared by PMDFC

154. The PMDFC has developed a number of guidelines, SOPs, frameworks, and manuals during PMSIP which are relevant to the social aspects of PCP and can be used after these are updated, as relevant. A brief review of these is shown in table 9.

Table 8. Features of the Guidelines, SOPs, Frameworks, and Manuals Prepared by the PMDFC during PMSIP

Sl. No.	Title	Features
1.	Public Consultation Framework for PMSIP Projects	<ul style="list-style-type: none"> • Describes the public consultation methodologies used during PMSIP. • Entails the documenting process of the public consultation. • The consultations done by the PMDFC during PMSIP were limited in scope as they were confined to the action planning process and infrastructure development in the defunct TMAs.
2.	SOPs for Workshop on Visioning and Prioritization of Development Sectors - PMSIP Planning	<ul style="list-style-type: none"> • Describes the process for preparation of workshop, proceedings, and reporting
3.	Outreach and Communication Strategy of PMDFC	<ul style="list-style-type: none"> • The strategy prepared for PMSIP defines target audience and stakeholders, the process, methodology, tools, implementation of strategy, access to information, monitoring and evaluation (M&E).
4.	PMSIP Planning Process and Planning Report including Action Plan	<ul style="list-style-type: none"> • This covers the SOPs brief planning process.
5.	SOPs for complaint cell and complaint tracking system (CTS)	<ul style="list-style-type: none"> • CTS is a system established under institutional development activities for complaints registration, its tracking and resolution. The primary objective of introducing CTS in the TMAs was to enhance TMAs' efficiency in addressing citizens' complaints by streamlining the complaint registration and CTS where all complaints are recorded centrally. • There were seven easy steps to adopt CTS: <ul style="list-style-type: none"> ○ Step 1: Allocate separate office/desk. ○ Step 2: Place the PMDFC-designed complaint register at the cell. ○ Step 3: Provide a telephone at the complaint cell. ○ Step 4: Install a signboard. ○ Step 5: Appoint an official to record complaints. ○ Step 6: Nominate an in-charge of the cell. ○ Step 7: The PMDFC will provide hands-on support. • Implementation

Sl. No.	Title	Features
6.	Environmental and Social Management Framework	<ul style="list-style-type: none"> • The ESMF for the PMDFC consists of two volumes. Volume I consists of an Executive Summary and a Social and Environmental Assessment Framework. Volume II consists of the Environmental and Social Information package for grantees of the PMDFC grant. • The ESMF provides comprehensive SOPs on the following social aspects: <ul style="list-style-type: none"> ○ Land acquisition process either through negotiations or through compulsory acquisition ○ Entitlement matrix ○ Public consultation ○ GRM ○ Capacity building and trainings ○ Other social aspects ○ ESMF specifies that the Social Assessment Report will ensure that issues of poverty, gender and child labor are systematically addressed to ensure that the interests of marginalized and vulnerable groups are given appropriate attention and that, wherever possible, opportunities for enhancing their livelihoods are pursued.
7.	Trainings under PMSIP	<ul style="list-style-type: none"> • As part of strengthening capacities of TMAs for infrastructure development interventions under PMSIP, trainings were conducted for field staff on <ul style="list-style-type: none"> ○ PMS ○ CTS ○ CFMSs ○ Solid waste management ○ Water supply ○ Sewer safety ○ Dengue equipment • Training modules of solid waste management mainly cover details on working hours, workers' and public safety, and public awareness campaigns in solid waste management. However, the trainings were very specific to the subproject theme, that is, on the operational aspects of the solid waste management system at the TMA level. No role for local communities or citizen engagements or for system performance appraisal is discussed in the trainings.
8.	Municipal Asset Management Information System	<ul style="list-style-type: none"> • The LG&CDD of GoPunjab launched a project in March 2015 for computerization of municipal immovable properties of all TMAs in Punjab, implemented by the PMDFC. Major objectives of the project are <ul style="list-style-type: none"> ○ Introducing transparency, efficiency, and accountability through e-governance and information and communication technology/GIS-based solutions according to e-government vision of GoPunjab; ○ Availability of uniform format of municipal assets information all across Punjab; ○ Better control and decision making in the management of municipal assets; ○ Reduce encroachments, litigation and malpractices, and increase revenue; and ○ Regular verification and update of municipal assets record. • The project has been implemented in two parallel stages. Stage-I included field data collection and verification of immovable municipal properties (office building, open land, park, disposal station, tube well, OHR, shops, and so on) and Stage-II comprised open source online software development for management of municipal assets inventory and online updating.

Sl. No.	Title	Features
9.	O&M Framework in Different Sub Projects included in PMSIP	<ul style="list-style-type: none"> • According to Local Government Act, TMAs had the main responsibility for O&M of municipal facilities and services, although Union Administrations and neighborhood-level organizations may play a role in the O&M of local facilities. Given this fact, the PMDFC, under PMSIP, spent considerable effort in improving the O&M capacities of the TMAs concerned. • O&M Framework was prepared by PMDFC under a foreign consultant's guidance. A work plan for its implementation was also prepared. The focus of the Framework and work plan was on using learning-by-doing exercises, to cover the technical aspects of O&M, including O&M and repair tasks. Roles and responsibilities, including those of executives (TMA officials, provincial governments) and elected representatives (Nazim, MCs, and so on) are spelled out. The O&M Framework considers Nazims as citizens' representative in all the documents. • Overall, suggested mechanisms lack involvement of local communities in O&M.

Environmental Aspects

155. There is a long list of federal and GoPunjab policies and legislations that are relevant to PCP. The following criteria have been used for the selection of relevant legislations that can best describe the counterpart's system for addressing and managing the program risks:

- (a) Federal and GoPunjab environment and CCPs
- (b) Sector-specific GoPunjab policies that are linked to PCP objectives and intervention activities
- (c) Federal and GoPunjab environmental protection acts
- (d) Legislations of target sectors and subsectors relevant to PCP objectives and risks and at the same time, provide relevant environmental instructions

156. The focus of the review is to describe the counterpart's system for managing the environmental risks attached to PCP interventions.

Policy Framework

157. In 2010, the 18th Constitutional Amendment was approved by the National Assembly of Pakistan. Under the amendment, environmental functions in the territory of the federal capital were delegated to Pakistan Environmental Protection Agency (Pak-EPA), and Provincial Environmental Protection Agencies were delegated the environmental management and functions of provinces. In 2012, the federal government converted the Ministry of Environment to the Ministry of Climate Change (MCC). The MCC is mainly responsible for managing common national-level environment issues and climate change impacts and implementation of international conventions signed by the Government of Pakistan.

158. PCP will be predominantly implemented under the provincial environmental policy and PEPA 2012.

Climate Change Policy 2012

159. **Impacts.** CCP establishes that urban areas in Pakistan are already affected by short-term climate changes. In the long term, it is predicted that urban areas located in the irrigated

plains will be significantly affected by climate changes. It is predicted that due to climate changes, changes in hydrological cycle (intensive and erratic monsoon rains, flash floods, increased availability of water due to increased melting of glaciers in the short term; and decrease in water availability in the long term due to decrease in glacier flows) and increase in temperature will affect urban areas.

160. CCP predicts that due to climate change, extreme weather events such as heat and cold waves, heavy or too little precipitation, and strong winds will occur more frequently and will cause health impacts in urban areas, for example, diarrheal diseases because of insufficient clean water availability for drinking and personal hygiene. It is predicted that vector-borne diseases such as malaria and dengue fever may increase. Similarly, extreme weather events will express themselves in the form of natural disasters such as floods, droughts, landslides, and urban flooding. It is assessed that most of the cities to be covered by PCP will be exposed to the above-mentioned climate change impacts.

161. **Adaptations.** CCP recommends the following actions: develop city-specific strategic plans, prepare and enforce legislation for water resource management in industry and domestic sectors with special focus on groundwater, adopt water efficiency measures and technologies, adopt rain harvesting measures, avoid excessive groundwater pumping, reuse wastewater after treatment, take flood protection measures, assess the health vulnerabilities of communities and build their capacities, develop proper disaster management system, redesign and upgrade drainage capacity of cities, strengthen early warning systems, develop enabling mechanisms for cities' managers and residents for the adoption of climate change adaptations and mitigation measures; and conduct awareness campaigns to underscore the importance of conservation and sustainable use of water resources. At present, most of these adaptations are not in practice in Punjab's cities. PCP targets are to be strengthened the implementation of these adaptations in selected cities.

162. **Mitigations to reduce GHG.** CCP recommends the following measures:

- a) Reduce carbon emissions by making consumers use energy efficient, renewable energy.
- b) Promote energy-efficient building designs, standardize building and construction codes, and legislate/create incentives for retrofitting.
- c) Implement better insulation of buildings and use energy-efficient appliances and equipment (energy-efficient lights boilers, pumps, and so on).
- d) Optimize the production of biofuels without compromising the food security. PCP has included the energy efficiency of drinking water and disposal pumps and streetlighting.
- e) Regarding environmental management and climate change resilience of cities, CCP recommends that cities should update town planning design principles for lowering carbon footprints, ensure proper land use planning and encourage vertical instead of horizontal expansion, install wastewater treatment plants, segregate solid waste at source, develop municipal infrastructure in the periphery of urban areas, and conduct hazard mapping and zoning of areas before construction. It is important to note that PCP covers most of these mitigation measures.

163. **Research and development.** CCP proposed a long list of research and development activities. The most relevant to PCP are methods to reduce emissions and application of remote sensing and GIS techniques. PCP also recommends similar type of research activities to strengthen the management systems of the selected cities.

164. **Capacity development.** CCP recommends that Climate Change Units be established in all federal and provincial ministries, redesign administrative and procedures for federal and provincial environmental protection agencies (EPAs) and P&Ds to integrate climate change concerns into the EIA and ensure that these are strictly enforced particularly for infrastructure projects, and develop capacities of the relevant institutions to undertake appropriate mitigation actions to reduce GHG emissions.

165. Generally, the implementation of CCP is nominal due to limited interprovincial coordination; low capacity of the MCC, provincial departments, and MCs; and low level of budgetary allocation for climate smart city development. A few regional (most-affected districts of Punjab by climate change)¹⁶ and city-specific (Islamabad, Sialkot, and Sahiwal)¹⁷ studies were conducted by CCP, EPA, NGOs, and education institutions (Lahore University of Management Sciences) in the past in collaboration with international institutions. These are initial works on the issue of cities and climate change in line with CCP recommendations. Implementation of CCP at the action level is yet to be realized.

National Drinking Water Policy 2009

166. The overall goal of the National Drinking Water Policy (NDWP) is to improve the quality of life by reducing the incidence of death and illness caused by waterborne diseases. The principles established by the NDWP are cost-effective, equitable, and sustainable water supply. The NDWP emphasizes that provincial governments and LGs—as their constitutional responsibility—should provide universal availability of safe drinking water to all the people as their basic right. It recommends that during the decision-making process of the water supply sector, all the stakeholders should be taken on board, with special inclusion of vulnerable poor and women. It emphasizes that to make drinking water safe, its treatment should be an integral part of all drinking water supply schemes. PCP support activities for drinking water supply are designed according to NDWP policy guidelines.

National Sanitation Policy 2006

167. The National Sanitation Policy aims at providing adequate sanitation coverage, an environment necessary for healthy life, and meeting the 2015 Millennium Development Goals (MDGs) targets. The primary focus of sanitation is on the safe containment of excreta away from dwellings and workplaces by use of sanitary latrines and the creation of an open defecation-free environment. It emphasizes safe disposal of liquid and solid wastes and promotes good health and hygiene practices in the country. The basic principles established by the policy are the following: sanitation should be a fundamental human right, schemes should be based on simple cost-effective technologies, and institutional coordination for the installation and O&M of schemes is required. The policy envisaged that sanitation, environment, housing, water, and city and regional planning should be evaluated under an effective institutional and financial framework. It recommends that sanitation schemes should be financed through local resources and implemented by strengthened local and community

¹⁶ Pervaiz Amir, Ph.D and Zaigham Habib, Ph.D, *ACT Report: Estimating the impacts of climate change on sectoral water demand in Pakistan*, Ministry of Climate Change, November 2015.

World Wildlife Fund-Pakistan, *Climate Change Adaptations and Food Security in Pakistan: Determinants, Impacts, and Cost Effectiveness of Climate Change Adaptations in Pakistan*, a three-year project financed by International Development Research Centre (IDRC) 2012–15.

¹⁷ UN Habitat, Cities and Climate Change Initiative: A Bridge Report, *Islamabad-Pakistan Climate Change Vulnerability Assessment*, 2014.

Asian Development Bank, *Pre-Feasibility Study of Impacts of Climate Change on Sialkot and Sahiwal*.

institutions with the involvement of the Government, private sector, and NGOs. It recommends that installation and O&M of sanitation schemes should be institutionally synchronized. The policy states that needs of women and children should be covered as priority. PCP support activities for the sanitation sector are in line with the sanitation policy guidelines.

Punjab Growth Strategy 2018 (PGS)

168. The PGS provides the overall framework for the economic development of the province. The PGS highlights the role of cities as engines of economic growth with urban development as a key driver for “catalyzing Punjab’s GDP growth based on improvements in productivity of resources and better functioning of urban clusters.” It recognizes that cities have a key role in making Punjab competitive by attracting investment and creating higher level of jobs.

169. The PGS notes that the urban transition in Punjab has led to a number of chronic problems in cities, which hold them back from reaching their economic potential. It identifies the way forward through priority areas of reform and public investment, such as (a) improved governance of cities, including appropriate representation of citizen voice and preferences in management of cities; (b) facilitation of investments that create the demand for workers moving into cities, promoting commercial activity and industrialization/manufacturing; (c) strengthening workers’ ability to take advantage of opportunities in urban areas via efficient and adequate public transport; (d) improving livability in cities with a focus on water, sanitation, sewerage, recreational activities, security and law and order, and so on; and (e) increasing public revenue to finance these areas of interventions. A number of sector plans were concurrently developed by GoPunjab to enable the implementation of the PGS, including a PUSDP. At midterm, however, most are yet to be operationalized.

170. Objective 6 of the PGS commits to “achieving all Millennium Development Goals and targeted Sustainable Development Goals in Punjab by 2018.” The PGS realizes that one of the major challenges for the economic development of the province is to improve the progress on achieving the MDGs. The PGS acknowledges that more than 50 percent of disease burden in the province is waterborne. The PGS assessed that investments in MDGs offer higher returns in the form of improved public health, higher productivity of healthy labor, and reduced health expenditures of Government and households. Therefore, the PGS recommends the water supply and sanitation sector as a priority investment sector. The PGS also recommends the rationalizing of water supply and sanitation user fee and improving collection rate. The PGS recommends that these resources are essentially needed for proper maintenance of water supply and sanitation infrastructure. For effective solid waste management in cities, the PGS recommends providing equipment, training, and technical support to LGs and engaging the private sector through PPPs. PCP will also support selected cities to further improve their performance for achieving Sustainable Development Goals.

Punjab Urban Sector Development Plan 2014–2018

171. The PUSDP has been developed under the perspective of the PGS. Most of PCP support interventions will be to implement the components of cities development targeted in the PUSDP. The PUSDP adopts the principle that dense development is central to the economic development of cities. As stated elsewhere, dense development (high density and vertical) is one of the criteria for sustainable development owing to many environmental benefits. The PUSDP and PCP are in line with respect to addressing the issues of water supply, sanitation, solid waste management, and management of groundwater and surface water resource. The

PUSDP recognizes that most of the issues of cities, including provision of municipal and environmental services, are occurring due to systemic problems, lack of institutional capacities, and lack of financing. The PUSDP emphasizes that MCs in intermediate towns are stuck with low tariff rates, have low capacities for generating revenue from own resources for municipal services, and are heavily dependent on transfers from the PFC.

172. The vision of the PUSDP for water supply and sanitation sector is “Provision of sustainable and safe water and adequate sanitation services to the entire population and for the economic activities in the urban areas of Punjab.” The objectives of the PUSDP for the water supply and sanitation sectors are to achieve the MDGs, improve drinking water quality and sanitation services for environmental sustainability, give priority in resource allocation, reduce open defecation, rehabilitate dysfunctional schemes, and achieve regional equity. The PUSDP proposes that the draft Water Act should be approved to provide legal framework for the actions (not yet approved), implementation of Punjab Drinking Water Policy, approval and implementation of Punjab Sanitation Policy (PSP), revision of water rates to fully meet the expenses, capacity building of LGs, promotion of rainwater harvesting, reduction in over abstraction of groundwater, and establishment of provincial ‘Regulatory Body’.

173. **Solid waste.** In intermediate cities, solid waste collection and disposal is mainly the responsibility of MCs. The vision of the PUSDP for solid waste management is “Provide healthy and clean environment to the entire urban population of Punjab through improved solid waste management services.” The linked objectives for the implementation of vision are provision of solid waste services, adoption of solid waste technologies for safe disposal, compliance with PEPA 2012, capacity building of MCs, and capacitating of MCs with machinery and equipment.

174. In the intermediate cities, it is estimated that about 50 percent of the solid waste is organic material and the remaining is composed of plastic and rubber, metal, paper and cardboard, textile waste, glass, food waste, animal waste, leaves, grass, straws and fodder, bones, wood, stones, and fines to various extents. In Punjab cities, on average about 50 percent of solid waste is collected and the remaining 50 percent is left on the roads, streets, parks, and dumping sites. The collected solid waste is dumped in an unscientific manner and results in serious environmental issues (leachate to groundwater, odor, community health problems, and so on). Communities in the cities are directly exposed to environmental hazards of uncollected solid waste. Solid waste services substantially vary within cities, that is, areas of high- and middle-income residents are comparatively better served and the areas of the poor are the least served. It implies that the poor are more exposed to environmental hazards of solid waste. Scavengers, the poorest of the poor, are involved in solid waste scavenging and recycling activities under pathetic health and environmental conditions. Burning of solid waste is another big environmental problem in these cities. Under PEPA 2012, burning of solid waste is banned. Staff of MCs mostly burn the uncollected solid waste at collection points and dumping sites. Burning of solid waste at low temperature results in hazardous emissions. Most of these dumping sites are located in and around the areas of poor. Again, the poor are the silent victims of the health impacts of illegal burning of solid waste. The program will strengthen the MCs to stop burning of solid waste as one of the best practices. In this regard, MCs surveillance of collection points and dumping sites will be increased. In addition, Punjab EPA district offices will also be engaged to increase the monitoring of collection points and dumping sites for stopping the burning of solid waste. Infrastructure for safe disposal (such as sanitary landfill, composting, incineration, and so on) of solid waste is absent. Most of the municipalities do not charge any fee for solid waste services. Target cities are comparatively better-off with respect

to collection of solid waste. In the case of final disposal of solid waste, similar conditions are prevailing in the target cities.

175. The PUSDP summarizes that major challenges faced by MCs in solid waste collection and disposal are lack of solid waste infrastructure; limited institutional and financial capacities; nonavailability of reliable data; no regulations for collection, disposal, and managing scavengers; and low level of community awareness. The PUSDP aims to formulate and enforce Solid Waste Management Act, enhance solid waste collection and transfer efficiency, improve disposal system, establish landfill sites, implement an efficient financial system, rationalize use fee, engage the private sector through PPP financing modalities, introduce an incentive system for the employees, implement information-based M&E system, formalize the scavengers sector, establish the Divisional Regularity Authority, and engage the PMDFC as the TA organization. PCP support activities cover most of these aspects of solid waste management, except landfill sites.

Punjab Sanitation Policy 2015

176. The coverage of the PSP comprises legislation, waste management and sanitation, hospital waste, liquid waste management, industrial waste management, O&M cost recovery, M&E, and roles and responsibilities of stakeholders.

177. **Legislation.** The PSP necessitates that PLGA 2013, Cities Development Act 1976, CDA 1873 (amended 2006), PEPA 2012, Punjab Katchi Abadis Act 1992, the proposed Punjab Water Act, WASCO Act, and the Punjab Municipal Services Regulatory Authority Act should be effectively enforced.

178. **Waste management and sanitation.** The PSP emphasizes that PEPA should be strengthened to exercise its regulatory role effectively, engage the private sector, reduce environmental impacts, support downstream enterprises engaged in waste reuse and recycling, establish waste management companies, enforce and implement Hospital Waste Management Rules (2014), establish community-level wastewater treatment plants, test the idea of CWs, engage industry to enforce PEPA 2012 and National Environmental Quality Standards (NEQS), rationalize and enforce waste management tariffs and start a regime of user fee charges, and implement an effective M&E system.

179. **Roles and responsibilities of stakeholders' institutions.** Finally, the PSP describes in detail the roles and responsibilities of the standing committee of the provincial assembly and provincial government through the Provincial Sanitation Policy Implementation Committee. It allocates roles for the Housing Urban Development and Public Health Engineering Department, the Local Government and Community Development Department (LG&CDD), EPA, Health Department, Education Department, Auqaf Department, private sector, NGOs/community-based organizations (CBOs), communities, and the media. It allocates a special role to the Agriculture Department and Irrigation Department for managing the use and disposal of untreated waste in the irrigation system and its direct use for agriculture. The PSP recommends that the functions among stakeholder institutions should be rationalized to avoid duplication, overlaps, and contradictions.

Punjab Environmental Policy 2015

180. PEP emphasizes managing urban sprawl on prime agriculture land; abating the contamination of groundwater and subsurface water resources; and reducing facilities like

sanitation, sewerage, electricity, health, education, safe drinking water, paved streets, roads, parks, and transport. GoPunjab should prepare the ‘Punjab Urban Development Policy’ and ‘Punjab Urban Housing Schemes Policy’. The PEP argues that haphazard industrial and commercial growth are the main sources of environmental degradation of urban fabric of the province. The PEP recommends that major commercial and industrial activities like wholesale timber, grain, and vegetable markets, cattle hubs, and hazardous industries and industrial estates should be shifted outside the cities; bypass roads should be constructed; encroachments along the main and secondary roads should be removed; and parks and urban spaces should be developed.

Draft Punjab Water Policy 2016

181. After the 18th Constitutional Amendment, the province of Punjab has become the custodian of surface water and groundwater resources available in different regions of the province. The Punjab Irrigation Department has been entrusted to manage and develop the water resources of the province. Water and Power Development Authority is responsible for hydropower projects; the Indus river system management; and interprovincial water projects for irrigation, water storage, and hydropower.

182. The goal of the Water Policy is to “manage the provincial water resources, surface, groundwater and wastewater, so that they can sustain social, economic and environmental uses for the prosperity of people of Punjab.” The overall objective of Water Policy is to “provide clear policy directions to GoPunjab on the sustainable management and development of water from all sources of water (surface water, groundwater and wastewater), for all sub-sectors of water use (domestic, stock water, agriculture, industry, commercial and environment) and for all regions (Indus basin canal commands and outside the canal commands) at the basin level through equitable water allocations, management and development.”

183. The policy has adopted four basic guiding principles: water as a scarce and vulnerable resource, participation of all stakeholders, gender perspective, and water as a social and economic good. It addresses both the quantity and quality aspects of surface and groundwater resources and also deals with delivery of water services. The Water Policy has adopted four Policy Action Areas: water governance; water allocation; management of water quantity and water-related disasters; management of water quality; and management of water outside the canal commands - Pothwar plateau, Thal and Cholistan deserts, and Suleiman ranges and riverine areas. Brief on each Policy Action Area relevant to PCP is presented in the following paragraphs.

184. Water governance includes restructuring and strengthening of the Department of Irrigation according to its mandate after the 18th Constitutional Amendment, introducing a price system for each consumer of water, formulating and enforcing appropriate legislation for licensing of groundwater in the province to ensure sustainable use of groundwater, licensing of surface water in areas outside the canal commands to facilitate private sector for the development of water for multiple uses, and disposing treated wastewater according to water quality standards to ensure health of freshwater systems.

185. Water allocation includes assigning priority for allocation of water for various subsector of water use and for different regions; enforcing measures to reduce, reuse, and recycle water in all sectors; and promoting water-efficient technologies and best practices.

186. Management of water quantity and water-related disasters includes increasing stakeholder participation in the management and decision making, promoting best practices, installing water-measuring devices, efficiently using canal water and reducing abstraction of groundwater, and providing integrated management of droughts and floods.

187. Protection of water quality includes refining existing water quality standards (drinking, domestic, irrigation); developing water quality standards for specialized uses (stock, aquaculture, and poultry); developing water quality standards for treated wastewater (sewage, industrial, and agriculture effluents); formulating and enforcing regulations for water quality standards; monitoring of surface water quality; enforcing legislations to plug entry of untreated effluents into the river system; enforcing regulations for managing the health of aquifers in collaboration with Punjab EPA; enforcing a system of separate disposal of sewage, industrial effluents, and storm water to ensure cost-effective treatment and safe use of wastewater after tertiary treatment; and initiating mass awareness programs for civil society.

188. Water management in areas outside canal commands includes assessing water resources in all regions of Punjab; formulating Water Management Action Plans in all the regions; developing, testing, and adapting innovative approaches for harvesting of rain water, runoff, and fractional water (dew, fog, mist); water storage; innovative surface and subsurface storages of floodwater and runoff; and establishing institutional mechanisms for the management and sustainable development of water resources in various physiographic regions of the province.

Legislative Framework

189. The following legislations are relevant for PCP activities:

- Pakistan Environmental Protection Act 1997
- PEPA 2012
- PLGA 2013 and Amendment 2016
- Draft Integrated Water Resources Management and Regulation of Groundwater Act 2016
- CDA 1873 and Amendment Act 2016
- The Punjab Wildlife (Protection, Preservation, Conservation and Management) Act, 1974
- The Antiquities Act, 1975

Pakistan Environmental Protection Act 1997

190. PEPA 1997 is the basic legislative tool empowering the Government to frame regulations for the protection of the environment. It is a fairly comprehensive legislation and provides the basic legal framework for protection, conservation, rehabilitation, and improvement of the environment. The act is applicable to a wide range of issues and extends to air, water, soil, marine, and noise pollution, and to the handling of hazardous wastes. The key features of the law, insofar as it has a direct bearing on the proposed subprojects, relate to the requirement for an IEE and an EIA for development subprojects. Section 12 (1) requires that “No proponent of a sub-project shall commence construction or operation unless he has filed with the Federal Agency an Initial Environmental Examination (IEE) or, where the subproject is likely to cause an adverse environmental effect, an Environmental Impact Assessment (EIA), and has obtained from the Federal Agency approval in respect thereof.” After the 18th amendment in 2010, the Pak-EPA has delegated the power of review and approval of

environmental assessments to the provincial EPAs, in this case, the Punjab EPA. Geographical areas lying outside the provinces but within the administrative boundaries of Pakistan are covered by PEPA 1997.

Punjab Environmental Protection Act 2012

191. PEPA 2012 is the overriding environmental legislation in the province of Punjab. PEPA 2012, Section 30 states that the provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law in force for the time being.

192. PEPA 2012 is comprehensive with respect to its legal coverage for ensuring environmental compliance by all types of interventions in rural and urban areas and economic development sectors. Provisions of Section 11 establish that the law is universal and it is applied to all sources of pollution and threats to natural resources. The director of the EPA, during the consultation meeting, informed that the priority of Punjab EPA, as an environmental regulator for the province of Punjab, is environmental compliance by industry, with more emphasis on industry located in urban setups. On the other hand, regulatory focus of EPA on rehabilitation projects of water supply, sanitation, roads, and urban spaces, and small and medium enterprises (SMEs) is nominal.

193. PEPA 2012 has established the PEQS. These are discharge standards and are applicable at the point of discharges of emissions. PEQS are relevant for wastewater treatment plants and landfills activities. PEPA 2012 states that noncompliance with PEQS and not paying pollution charges will invoke implementation of punitive sections of the Environmental Protection Order and penalties to every noncomplying person, corporate body, Government agency, local authority, or local councils. Cases challenged by the parties will be settled by the Environmental Magistrates and Tribunals, and if required, the cases can also be appealed in the higher courts. Standards for the following types of effluent and emissions are specified in the PEQS and may be relevant to the specified projects:

- (a) Municipal and liquid industrial effluent parameters (32) for discharge to inland waters, sewage treatment facilities, and the sea
- (b) Industrial gaseous emissions (16) into the atmosphere
- (c) Motor and vehicle exhaust and noise (3)
- (d) Ambient air quality (9)
- (e) Drinking water quality (33)
- (f) Noise standards for residential, commercial, industrial, and silence zones

194. Ambient standards will be highly relevant to PCP activities. PEPA 2012, under Section 6, instructs the Punjab EPA to establish ambient quality standards for air, water, and land. Punjab EPA has yet to establish the ambient standards for land and water. The PforR Job and Competitiveness (J&C) project includes a component of strengthening Punjab EPA. J&C will support the establishment of Environmental Research Centre. Development of ambient standards for water and land will be covered under J&C.

195. PEPA 2012 under Section 11(2) for the levy of pollution charges states that, “The Provincial Government may levy a pollution charge on any person who contravenes or fails to comply with the provisions of subsection (1), to be calculated at such rate, and collected in accordance with such procedure as may be prescribed.” Further to this, Section 11(3) states that, “Any person who pays the pollution charge levied under sub-section (2) shall not be charged with an offence with respect to that contravention or failure.”

196. PEPA 2012 instructs the proponents of projects to IEE or EIA, according to the size and impacts of the subprojects of the Program. In the context of PCP, IEEs/EIAs will be required for new water supply and sanitation schemes, and wastewater treatment plants. Section 12 of PEPA 2012 establishes that, “no proponent of a project shall commence construction or operation unless he has filed with the Provincial Agency an IEE or where the project is likely to cause an adverse environmental effect, an EIA, and has obtained from the Provincial Agency approval in respect thereof.” Under PEPA 2012, public participation through public hearing is essential as part of IEE/EIA reports approval. ‘Pakistan Environmental Protection Agency Review of IEE and EIA Regulations, 2000’, prepared by Pak-EPA, stipulate the complete approval system for IEEs and EIAs.

197. **Punjab Environmental Protection Agency Review of IEE and EIA Regulations.** This document sets out the key policy and procedural requirements for conducting an IEE and EIA. It contains a brief policy statement on the purpose of environmental assessment and the goal of sustainable development and requires that environmental assessment be integrated with feasibility studies. It defines the jurisdiction of the federal and provincial EPAs and P&D Departments. The document lists the responsibilities of proponents and duties of responsible authorities and provides schedules of proposals for determining whether the project requires IEE or an EIA. It also provides for environmental screening of projects under Schedules I, II, and III and lays down the procedures for Environmental Approval and for filing the case with the concerned EPA to receive the NOC.

198. The Regulations also provide the necessary details on the preparation, submission, and review of IEEs and EIAs. The following is a brief step-by-step description of the approval process:

- (a) To determine whether a subproject is categorized as requiring an IEE or EIA, use the two schedules attached to the Regulations.
- (b) An EIA or IEE is conducted according to the requirements outlined in the Pak-EPA guidelines.
- (c) If the project is located in the provinces, then the EIA or IEE is submitted to the concerned provincial EPA; if it is located in Islamabad and federally administrated areas, then it is submitted to the Pak-EPA. The fee (depending on the cost of the subproject and type of report) is submitted along with the EIA or IEE document.
- (d) IEE/EIA is also accompanied by an application in the format prescribed in Schedule IV of the Regulations.
- (e) The EPA conducts a preliminary review of the report and replies within 10 days of the submission. It either (i) confirms completeness; (ii) asks for additional information, if needed; or (iii) returns the report and asks for additional studies, if necessary.
- (f) If the issue is confirmation of completeness, then the EPA is required to make every effort to complete IEE and EIA review process within 45 and 90 days, respectively.
- (g) The EPA accords its approval, subject to certain conditions:
 - (i) Before commencing construction of the subproject, the proponent is required to submit an undertaking accepting the conditions.
 - (ii) Before commencing operation of the subproject, the proponent is required to obtain from the EPA a written confirmation of compliance with the approval conditions and requirements of IEE.
- (h) An EMP is to be submitted with a request for obtaining confirmation of compliance.
 - (i) The EPAs are required to issue confirmation of compliance within 15 days of receipt of the request and complete documentation.
- (j) IEE/EIA approval is valid for three years from the date of operational phase NOC.

- (k) After completion of construction, a monitoring report is to be submitted to the EPA, followed by annual monitoring reports, during operations.
- (l) In the case of wastewater discharges in the canal system and use of wastewater for irrigation purposes, Section 11 of PEPA 2012 establishes that “no person shall discharge or emit or allow the discharge or emission of any effluent or waste in excess of Punjab Environmental Quality Standards” and “if the water is conforming PEQS, it can be used for irrigation purposes, otherwise not.”

The Punjab Local Government Act 2013 and Amendment 2016

199. In addition to what was covered under the social section, a summary of chapters and sections relevant to PCP and environment are presented in the following paragraphs.

200. Under the PLGA (Chapter VII), land use planning; implementation of building by-laws; management of environmental and health hazards; food adulteration; provision and maintenance of water supply schemes and public sources of drinking water; and mobilization of communities for the upgrade of local infrastructure (transportation, landscaping, and removal of encroachments) are the responsibilities of municipal corporations/committees.

201. Under Chapter VIII, the district council is responsible for the overall welfare of the population (health and safety); improvement and maintenance of district main transportation routes including removal of encroachments and other local infrastructure (such as open spaces, graveyards, public open spaces); assistance to relevant authorities in the provision of relief services in the case of natural calamities (fire, flood, hailstorm, earthquake, and epidemic); control over land use and spatial planning (including agriculture, industry, commerce, residential, and so on); and enforcement of municipal laws.

202. Under the Second Schedule, both district and union councils are responsible for the management of dangerous and offensive articles and trades such as oil industry and business, sugar mills and refineries, wastewater treatment plants, tanneries, and all the other industrial and trade operations.

203. Under the Fourth Schedule Part-I and Part-II of the Act, it is an offence and the LG can take the offender to court for discharging of chemicals in any drain, public watercourse, and public land that is likely to cause public health hazards; industry and commercial concerns disposing affluent in the water supply and sewerage system; adulteration of eatables and drinkables items; cultivation of agriculture produce or crop by irrigating with sewer water or any such liquid; and dumping of solid waste and refuse in a place other than a landfill or dumping site.

204. Under the Seventh Schedule Part-II-By-laws, LGs are instructed to make by-laws for SMEs (such as tanning, slaughter houses, and so on); land-use development and control; use of sewer water for farming and irrigation; and prevention of air, water, noise, and soil pollution.

205. Under the Eighth Schedule (General Powers of Local Governments - Drainage and Sewerage), LGs are responsible for constructing and maintaining public drains and instructing industrial and commercial concerns to treat waste or effluent. In case of noncompliance, the LG is authorized to construct such disposal and treatment system at the cost of the offender. Under the same schedule and section on Environmental Protection, the LG is mandated to prepare and implement pollution abatement schemes for the prevention of air, water, and land pollution. The section on Development Planning instructs the LG to establish the positive and

negative environment impacts for all strategic, master, and development plans. Under the section on Public Health and Sanitation, the LG is instructed to ensure that all the buildings and lands do not cause insanitary conditions for the communities. The LG is made responsible for the removal of refuse from all public spaces and construction and operation of sanitary landfills subject to the NOC from PEPA according to the provisions of PEPA 2012.

Draft Punjab Integrated Water Resources Management and Regulation of Groundwater Act, 2016

206. The main objectives of the Act are to “cater for integrated water resources management, and to provide effective regulation of groundwater to ensure present and future generations have access to reasonable quantity of water for their various needs.”

207. Chapter 2, Section 5 proposes the establishment of Punjab Integrated Water Resources Commission in accordance with the provisions of the Act within a period of three months after the commencement of the Act. It is proposed that the Commission should be constituted of five Secretaries (P&D, Irrigation, Agriculture, LG, and Environment); three experts (professionals’ appointment by the Government); and two Members of Provincial Assembly (one each from Treasury and the Opposition to be nominated by the Speaker). The Commission is given the powers to invite any other expert (without voting power) and establish issue-specific committees. The Chief Secretary of P&D shall be the chairman, and the Secretary of the Irrigation Department shall be the Secretary of the Commission.

208. Under Chapter 2, Section 4 (Right of Water), the Act empowers the Commission, and with the approval of the Government, fixes a basic allowance for agricultural use of water and may levy charges on use of water beyond basic allowance in critical areas.

209. Chapter 3, Section 24, establishes that no well shall be constructed or installed in critical areas without the permit granted under the Act by the LG&CDD in urban areas and by the Irrigation Department in other areas. This condition is also valid for the upgrading of existing wells. In the target cities under PCP, many households have installed shallow tube wells without any permission of MCs for meeting the water shortages from the municipal water supply system.

210. Reuse of wastewater is covered under Section 39 of Chapter 4. The Commission is mandated to issue guidelines to the concerned departments and other public entities to encourage the water users to recycle the wastewater and use it for prescribed purposes except human and animal consumption. Contrary to this, in most of the MCs, wastewater without any treatment is used by the farmers located downstream of the cities.

The Canal and Drainage Act 1873 and Amendment Act 2016

211. The CDA focuses on construction and maintenance of drainage channels and defines powers to prohibit obstruction or order their removal. It also covers issues related to canal navigation. It briefly addresses issues relating to environmental pollution. Section 70(5) of the CDA clearly states that no one is allowed to “corrupt or foul the water of any canal so as to render it less fit for the purposes for which it is ordinarily used.” In addition, Section 73 of the CDA gives power to arrest without warrant or to be taken before the magistrate a person who has willfully damaged or obstructed the canal or “rendered it less useful.” As mentioned earlier, 8 out of 16 target cities under PCP are discharging wastewater in seepage drains without any treatment in noncompliance with this Act.

Punjab Wildlife Protection, Conservation and Management Act 1974

212. The Act requires the protection of wildlife species declared as endangered/threatened and rare. It gives protection to these species by declaring their natural living environment as protected and reserved, which includes areas such as national parks, wildlife sanctuaries, and game reserves. The Penal Code discusses offences where public or private properties and/or human lives are affected due to intentional or accidental misconduct of an individual or body of people. The Code defines the penalties for violations concerning pollution of air, water bodies, and land. Noise pollution is covered in Section 268. In the context of this Program, indiscriminate discharges of untreated wastewater and solid waste disposal is causing serious threats to the natural resources downstream of cities.

The Antiquities Act 1975

213. This Act defines how to repeal and reenact the law relating to the preservation and protection of antiquities. The federal government may, by notification in the official Gazette, declare any antiquity to be a protected antiquity for the purposes of this Act. No person shall put up any neon signs or other kinds of advertisement, including bill posting, commercial signs, poles or pylons, electricity or telephone cables, and television aerials, on or near any protected immovable antiquity. No person shall, for any commercial purpose, make a cinematograph film of any protected antiquity or any part thereof except under, and in accordance with, a license granted by the Director. A contravention of any provision of this Act or the rules shall, where no punishment has been specification provided, be punishable with rigorous imprisonment for a term which may extend to six months or with a fine which may extend to PKR 5,000, or with both.

Environment and Social Management Framework - PMDFC

214. As stated earlier, under PEPA 2012 and according to the practice of Punjab EPA, there is no requirement of IEE/EIA for the rehabilitation of municipal infrastructure (water supply and sanitation schemes, roads, and urban spaces). It is assessed that during the implementation of municipal infrastructure schemes, local-level environmental impacts will occur. These impacts can be best mitigated by adopting the ESMF prepared and used by the PMDFC for previous projects. The PMDFC informed that it has officially adopted the ESMF as an environmental and social management tool for all the projects it implements. The ESMF provides an overall framework for the identification, assessment, and management of environmental and social concerns at the local project level. It enables the proponent of the project to adopt policies and procedures to ensure that the proposed projects should become environmental complying and socially acceptable.

215. The ESMF comprises two volumes: (a) Volume-I: Social and Environmental Assessment Framework and (b) Volume-II Environmental and Social Information Package. The ESMF categorizes the projects in three categories: (a) E-1 projects with significant environmental impacts and require Environmental Assessment Report, (b) E-2 projects with moderate environmental impacts and require the preparation of simple EMP, and (c) E-3 projects with no environmental impacts expected. The ESMF derives its constituent procedures based on the above-mentioned laws relevant to environment. Organizationally, the ESMF is implemented by the Manager of Environment working under General Manager (GM) (Engineering). The PMDFC has the flexibility to hire consultants as third party for the preparation of E-1 and E-2 assessments. The PMDFC is also mandated to train LGs' and MCs' staff for the implementation of the ESMF. Major projects covered under the ESMF are water

supply and sewerage, solid waste management, transportation (roads and streets), storm water drains, streetlighting, and other related municipal investments. The ESMF also fixes the tentative categories of environmental assessments for these projects.

SECTION 4: CAPACITY ASSESSMENT FOR MANAGING ENVIRONMENTAL AND SOCIAL EFFECTS

Introduction

216. This section summarizes the evaluation of the capacity of relevant institutions to implement the Program environmental and social management system. It focuses on the institutions linked directly and indirectly to the implementation of these systems. It briefly discusses the background of the institutions and their mandates, organization hierarchy, the present role of the institutions with respect to PCP, and the institutional capacities.

217. In an overall context, institutions exist to deal with environmental and social issues. However, their capacity should be increased with regard to human resources and/or financial capacity to operate the system as designed. To begin to address these capacity constraints and to close important implementation gaps, an incremental step-by-step, risk-based approach is recommended throughout the life of the proposed Program.

- a) LG&CDD
- b) MCs (for selected 16 intermediate cities)
- c) PMDFC
- d) Punjab P&D Department
- e) EPA
- f) Directorate of Land Reclamation-Punjab (DLR)
- g) Finance Department

Local Government and Community Development Department (LG&CDD)

218. The LG&CDD of GoPunjab was created to respond to the specific needs of the megacities and largely urban districts of Punjab for good governance. The LG&CDD has been assigned the responsibility to implement PLGA 2013. Moreover, the LG&CDD has an overseeing role to ensure that the LGs perform their functions within the provincial framework and adhere to the federal and provincial laws. The LG&CDD's mission is to assist and guide LGs in creating environment for autonomous and responsible decision making. This will improve service delivery in the social sectors and boost socioeconomic development of the local area. The major functions and responsibilities of the LG&CDD¹⁸ are the following:

- **Policy formulation.** Formulation of public policy and its promulgation, updating of laws and rules, and provision of guidelines for the working of LG Department. Besides, the LG&CDD issues policy guidelines on salient issues, in the best interest of citizens.
- **Coordination.** The Department coordinates with federal/provincial government departments and allied agencies as well as all the three tiers of LGs on the issues pertaining to the new LG system.
- **Administration.** The Department is responsible for the recruitments and administration of service personnel working in its attached departments.
- Some other functions of the LG&CDD include
 - Providing, managing, operating, maintaining, and improving the municipal infrastructure and services;

¹⁸ <https://lgcd.punjab.gov.pk/>

- Managing properties and assets vested in LGs;
 - Enforcing municipal laws and regulations;
 - Levying local taxes/fees to generate income;
 - Framing by-laws to regulate municipal services;
 - Taking cognizance of municipal offences and enforcement;
 - Exercising general powers and procedures as are enumerated in Eighth Schedule; and
 - Performing functions within the provincial framework.
- The municipal services provided by the LG&CD include
 - Network of water supply;
 - Network of sanitation and conservancy;
 - Removal and disposal of sullage, refuse, garbage, sewer or storm water, solid or liquid waste, drainage;
 - Expressway bridges, flyovers, public roads, streets, footpaths, traffic signals, pavements, and lighting;
 - Public parks, gardens, arboriculture, landscaping, billboards, hoardings, firefighting;
 - Land use control;
 - Zoning, master planning;
 - Classification declassification or reclassification of commercial or residential areas, markets;
 - Housing;
 - Urban or rural infrastructure;
 - Environment and construction;
 - Maintenance or development; and
 - Enforcement of any law or rule.

219. The LG&CDD completed PMSIP in 2013 and was involved with many related World Bank and other multilateral financing institutions. For PCP, the LG&CDD will have overall responsibility for Program reporting, M&E, regulation setting, and coordination with Program MCs. It will be assisted in the dispensation of its functions by the LG Board and the PMDFC. The LG Board will be responsible for human resource management, operating and maintaining the performance monitoring dashboards, implementing career learning plans and delivery partnerships for LG cadres, and ensuring new staffing standards are implemented in Program MCs. The PMDFC will be the main technical lead supporting the LG&CDD in dispensing its function, including social and environmental safeguards, in addition to support in other technical matters.

Punjab Municipal Development Fund Company

220. The PMDFC was established in 1998 by GoPunjab with the technical and financial assistance of the World Bank in view of a growing realization to have a separate agency for municipal development in the province. The PMDFC, registered under the Companies Ordinance 1984 as an independent entity, is a civil society organization working for the improvement of municipal services in Punjab province. The PMDFC, being a public sector company, brings forth the expertise and efficiency of the private sector while aligning itself with the development vision of the LGs as well as that of the provincial government. Its role as a technical arm of the LG&CDD over the past few years has been well-established.

221. The idea behind establishing the PMDFC was to maximize the potential of the cities of Punjab as engines of growth, with a prime objective to support the LGs of the province to improve the quality of municipal service delivery. The PMDFC has an overall mandate to

- Assist LG in building the capacities for better fiscal and service delivery management;
- Provide matching grants to LG for the construction, rehabilitation, and expansion of infrastructure and to act or provide consultants for M&E and advising for their institutional reforms;
- Monitor, evaluate, and ensure that funds are used properly, efficiently, and transparently;
- Provide an effective management and information system for regular and proper M&E over financial and TA to LGs from the fund; and
- Support, initiate, undertake, and promote research activities.

222. The PMDFC is a corporate body that may seek technical and financial resources from any bilateral and multilateral donor organization. The General Body and the Board of Directors, predominantly comprising the civil society, are the main steering and policy making authorities. P&D, Finance, and the LG&CDD have representation in the Board of Directors of the PMDFC. The PMDFC management is headed by a Managing Director and the organization has Institutional Development (ID), Engineering, Finance and Administration, Procurement and Environment, and Internal Audit sections, as shown in Figure 6. The organization is headed by a Managing Director who is supported by four GMs.

223. The PMDFC effectively contributes to project implementation, feasibility and design review, O&M framework, trainings, contract management review, procurement (goods/works/services) review, GIS mapping of infrastructure, development planning, introduction of various systems to ensure effective governance in municipal bodies, customized need-based trainings, development of training modules, and physical asset tracking of municipal services.

224. The PMDFC's top management and technical team demonstrated strong capacity for the environmental and social compliance. The PMDFC has gained valuable experience and developed expertise in designing, planning, coordinating, safeguards, and delivering a variety of ID interventions (in 105 LGs) and infrastructure investments (in 37 LGs) under PMSIP. The PMDFC's implementation performance in technical, fiduciary, and safeguard aspects of PMSIP was satisfactory in the Implementation Completion and Results Report (ICR). The PMDFC's environmental management system is described as 'robust' in the ICR.

225. The technical team has experience in applying requirements of PEPA 2012, and the World Bank safeguards policies. In the field, the PMDFC demonstrates strong presence and good coordination and working relationships with MCs. A representative of the LG&CDD also stated that the LG&CDD considers the PMDFC as their own company and they are satisfied with the performance of the PMDFC.

226. During PMSIP, all 37 subprojects that were subject to environmental permission processes from the Punjab EPA received approvals. During PMSIP, the PMDFC developed its own comprehensive ESMF to be adopted by all the projects to be financed under the grantee of the PMDFC. The ESMF was used to screen all development grants for their anticipated environmental and social impacts and included extensive public consultations with multiple

categories of stakeholders.¹⁹ It “exercised due diligence of Pakistan and Punjab environmental regulations, and implemented site specific mitigation measures identified and designed in environmental and social management plans.”

227. The PMDFC also managed the social safeguards aspects of subprojects in compliance with relevant World Bank policies during PMSIP. Resettlement Action Plans (RAPs) were implemented. The scale of consultations was significant, with more than a thousand meetings conducted during RAP implementation. Through creating a replicable model of resettlement and citizen engagement in urban cultural heritage conservation, the project has created a demonstration effect and built staff capacity to manage social issues in a complex setting.

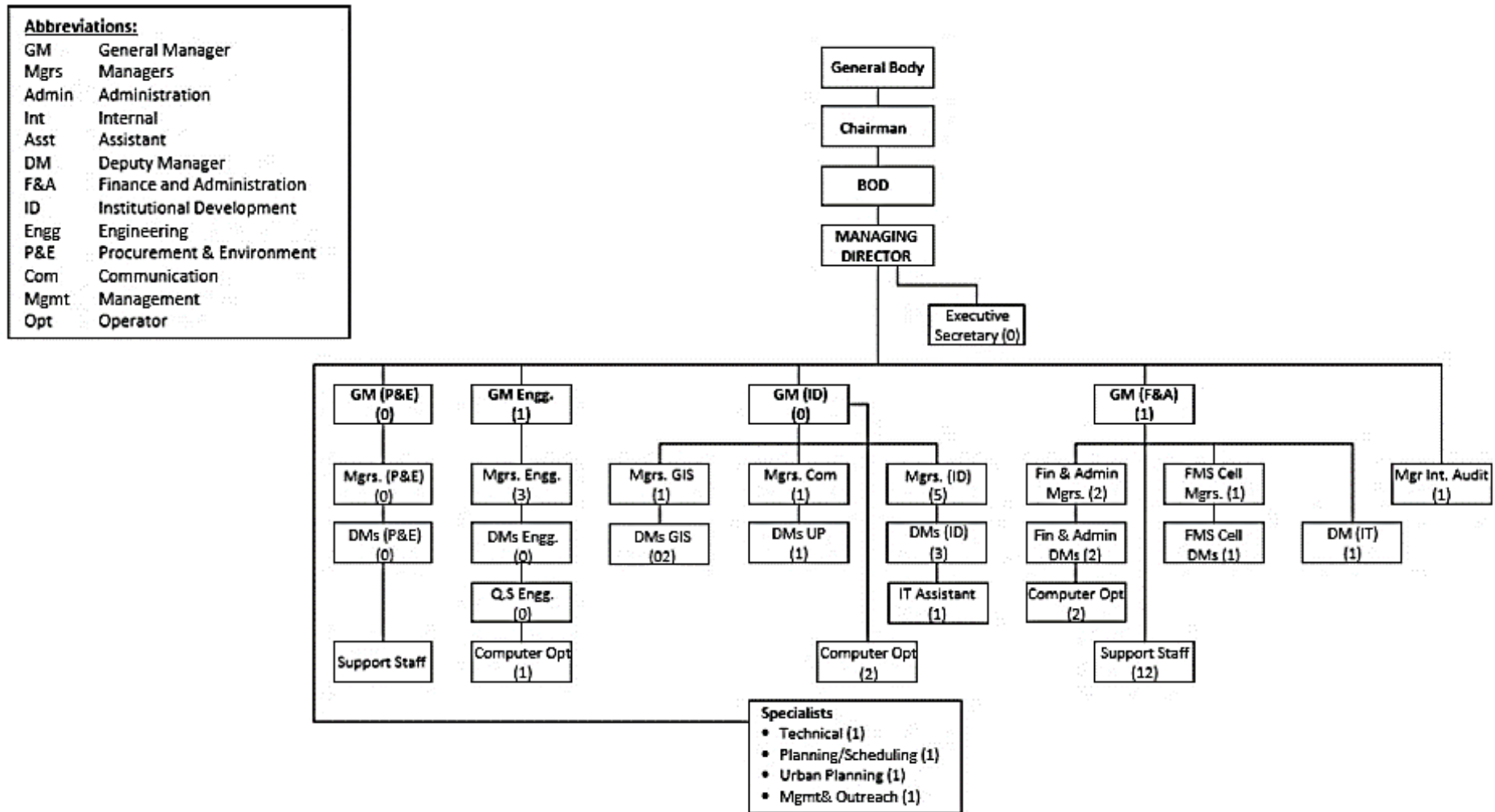
228. Moreover, the PMDFC exceeded normal requirements through activities such as training of TMAs’ environmental management staff and organizing public hearings for subprojects. The project also assisted in developing the capacity of the provincial Environmental Protection Department (EPD) in a number of areas, including development of checklists and conduct of public consultations (now routine) and development of Environmental and Social Impact Assessments (ESIAs) for Category A subprojects (for example, solid waste management and wastewater disposal).

229. For PCP, the PMDFC will be the lead technical agency and will support the LG&CDD. The PMDFC, in addition to other responsibilities, will be tasked to provide TA to the LG&CDD and Program MCs in matters related to the social and environmental management. The PMDFC is assessed as a capable institution to ensure effective environmental and social compliance during the execution of physical subprojects under the operation. However, at this stage, the PMDFC institutional setup is understaffed. Several key positions are vacant, as shown in Figure 6. It can also be seen that several important positions like managers and deputy managers are vacant, at present.

230. For PCP, the PMDFC will establish a central Program Management Team in Lahore, which will have overall responsibility for the above tasks. The PMDFC will also constitute three regional teams to provide support to five to six MCs each. These teams will provide continuous backstopping support to Program MCs throughout the Program in areas such as planning, procurement, safeguards, financial management, and M&E.

¹⁹ ICR of PMSIP.

Figure 6: Organogram of the PMDFC with Current Staffing



Program Municipal Committees

231. During implementation of PCP, each partner MC will be responsible for achievement of DLI Results at the MC level. The subproject selection and approval will be done at the city council level, after involvement of citizens in the process of identification and prioritization and the established appraisal committees with heads of departments, chaired by the MC Chairman. MCs will also ensure compliance with all financial management, procurement and environmental and social safeguards and regulations. If key parts of these areas are not complied with by a city, as stated in the Program’s minimum conditions (DLI 1), no Program funds will flow against DLIs to the city.

232. MCs will be responsible for compliance with all social and environmental-related laws, regulations, guidelines, and so on, including LAA 1894, PEPA 2012, labor laws, and other legal instruments. MCs need to coordinate with the EPA district offices for regulating environmental monitoring, securing EPA approvals for EIA/IEE, and compliance of PEQS.

233. Infrastructure investments/works will be directly procured and managed by the MCs themselves and not centrally, in line with the spirit of the PDO. TA and training will be provided by the PMDFC to relevant MC staff to build requisite skills and competencies in project planning, social and environmental safeguards, scheduling, monitoring, execution, and closing, as well as contract management and supervision. MCs visited by the safeguards team demonstrated the highest order of commitment and ownership of the projects.

234. The capacities and systems for TMAs built under PMSIP between 2006 and 2013 were eroded when the LG setup recently changed and most of the trained staff were transferred. Thus, the current capacity at the MC level is low in terms of positions filled, knowledge, and experience. Several MCs do not have personnel in key positions as summarized in table 10. MACs of program design clearly specify that MCs will need to have core locally appointed staff to operate the systems, in place or assigned. These positions will be filled mostly by posting in relevant staff and preference will be given to the staff trained during PMSIP. As 105 TMAs were included in PMSIP and this number is much higher than the 16 cities being focused in PCP, it is assessed that suitable staff will be readily available for posting to the 16 cities included in PCP.

Table 9. Status of MC Staffing

Position	Number Filled	Number Vacant	Percentage Filled
Chief Officer (CO)	15	1	94
Municipal Officer Regulation	7	9	44
Municipal Officer Infrastructure	12	4	75
Municipal Officer Planning	6	10	38
Municipal Officer Finance	10	6	63
Total	50	30	63

235. Social and environmental management are key functions of the MCs. Punjab LGs (Conduct of Business) Rules 2017 under rule 5 and schedule II clearly describe the mandate of each of the key positions in MCs. The mandate of ensuring the implementation of the environmental and social regulations lies directly with the CO. The CO has also been tasked to arrange sports, including for disabled persons. Similarly, the municipal services section is mandated to manage graveyards, ensure safety in children’s play areas, and conserve historical and cultural places. All of the municipal offices are also required to enforce all municipal laws, rules and by-laws related to their functions. For social and environmental management, most of the time, the CO is supported by the Municipal Officer infrastructure. Those MCs which

have staff with experience of implementing PMSIP interventions have a better understanding of issues related to social and environmental management.

236. The environmental and social management capabilities and capacities of all MCs are assessed as low (vacancies for technical staff are not filled; capabilities of existing staff are not up to the mark; best practices are not adopted for operating installations like disposal pumps, dumping sites, and maintenance of other infrastructure; and so on). Two major issues behind limited performance of MCs for municipal and environmental services are lack of capacity (rightly qualified and competent professionals are not interested in intermediate cities appointments) and low level of OSR. MCs are substantially dependent on the allocation from PFC. Capacity issues are mostly related to lack of qualified staff, capability of the existing staff, and absence of service standards and incentive system.

Environmental Protection Department/Agency

237. **EPA.** The mandate of Punjab EPA according to the PEPA 2012 is summarized as follows: implement rules and regulations prepared under PEPA 2012 and prepare additional legislation according to the needs of the province, prepare and implement provincial environmental standards, develop provincial systems for the implementation of pollution charges, conduct research and development for most viable environmental technologies, certify laboratories, engage LGs in the implementation of PEPA 2012, raise environmental awareness and incorporate environmental issues in educational curriculums, prepare provincial-level Environmental Disaster Management Plans (DMPs), collaborate and coordinate with stakeholders for the effective implementation of environmental policies and PEPA 2012, entertain inquiries and complaints raised by stakeholders, mobilize national and international financial resources for environmental projects, develop provincial-level fiscal programs and financial incentives for environmental compliance, fix pollution charges, conduct investigations against polluters, assist courts by generating field-level environmental data about polluters, establish environmental laboratories, implementation of IEE/EIA Rules and Regulations and Guidelines, manage hazardous waste under the Hazardous Substance Rules, and monitor vehicles for controlling air pollution.

238. EPA officials informed that they are in the process of developing new regulations (buildings, ambient standards, and so on) for making the legislative framework more comprehensive. At present, EPA has adopted and notified only 17 rules/regulations. These regulations were prepared by Pak-EPA, and Punjab EPA adopted them as it is. Punjab EPA is planning to establish a Directorate of Environmental Law, Policy, and Regulation. The Directorate will be mandated to review the existing legislative framework and develop new rules, regulations, and guidelines. Organogram of EPD/EPA is attached as figure 7.

239. EPA is headed by the Director General (DG). Four directors, that is, Director of Planning and Coordination (PC), Director of EIA, Director of Monitoring Investigation and Implementation (MI&I), and Director of Laboratories, are placed under the DG. Punjab EPA has already established District Environment Offices in all districts of the province. At the operational level, the delegation of functions and powers to respective sections in EPA are at a satisfactory level. Directors of respective sections maintain independence for executing their tasks. The coordination of EPA with other departments on environmental issues is good. EPA is represented in all the decision-making forums of the province. EPA has implemented many projects in the past. The quality of the projects implementation and impact on pollution reduction is moderate. Monitoring of wastewater treatment plants and landfill sites in the cities and elsewhere in the province is the mandate of EPA.

240. The MI&I Section is responsible for the industrial monitoring for environmental compliances. The MI&I Section at present comprises a director; four deputy directors (Environmental Engineering and Technology Transfer, Research and Investigation, Laboratory - Lahore, and Laboratory - Multan); and three research officers for air, water, and solid waste. Research officers are amply supported by chemists and research assistants and other support staff. The qualifications and competence of the MI&I Section staff are according to the requirements of the job. If correct approach for NEQS compliance is adopted, monitoring is strategically designed, and monitoring is conducted with the assistance of EPA District Offices, then the existing capacity is good enough for effective operations at the provincial level. There is a need to strategically design the operations of the section and capability building for the execution of the designed operational plan.

241. The EIA Section is responsible for the processing of IEE/EIA applications and monitoring of IEE/EIA implementation. The EIA Section receives a large number of EIA applications and environmental complaints. Considering the scope of work linked to IEE/EIA applications processing to project completion certificate established under Pak-EPA (Review of IEE/EIA) Regulations 2000 and IEE/EIA Guidelines, the existing team is assessed as small. There is only one director, one deputy director, three inspectors, and one subengineer. The section officials do not conduct field visits before and after the project implementation. The quality of public hearings organized by the EIA Section is assessed adequate. **Error! Reference source not found.**7 presents the schematic diagram of typical EIA process in practice by the EIA Section for the evaluation of EIA reports.

242. The Laboratory Section is properly staffed. The existing laboratory is partially functioning. The analytical capacity of EPA laboratory is limited. This section needs capability development for the effective management and implementation of the important mandate linked to its operations. The Laboratory Section needs to coordinate and certify other laboratories in research and academic institutes and the private sector in the province to increase the overall environmental testing capacity in the province. The Director of General EPA informed that EPA is planning to establish an independent Environmental Research and Analysis Center (ERAC). ERAC will focus on gathering environmental monitoring data on environmental parameters and enforcement of environmental standards and function as the central body for the analyses of environmental samples gathered by the division and district offices.

243. The PC Section is properly staffed. The PC Section is responsible for issuing EPOs. EPOs issued by this section could not deliver the desired results and ended up in the ET. In a large number of cases, the ET settled the cases against EPA due to trivial mistakes in the EPOs. The PC mandate comprises effective coordination with the provincial departments, Pak-EPA, and stakeholders. Its capabilities need to be improved through training on the subjects of planning, management, and coordination.

244. A complaint cell is established under the Complaint Section for addressing public complaints regarding environmental pollution. This section of EPA is responsible for maintaining a record of public complaints received by the Office of the DG, Punjab EPA, and subsequent actions taken to find solutions to these issues and processing all grievances regarding environment received at the online petition cell of the Chief Secretary, Punjab.

245. EPA has established district offices in each district of Punjab for district-level environmental management, monitoring, and coordination. District offices teams mostly consist of district officer of Environment, deputy director, and inspectors. Staff of EPA's

district offices are qualified environmental professionals. The capacity of district offices is good with respect to procedural compliances such as organizing public hearings, field inspection for the approval of IEE/EIA, and notifications for environmental cases to EPA and ETs. It is important to note that most of the activities of EPA district offices are focused in the district headquarters. Effectiveness of EPA district offices in small cities is weak. Officials of EPA district offices mostly visit the small cities under the instructions of EPA head office for field verifications required for the approval of IEE/EIA of new projects or if is a complaint from public and other stakeholders against the noncompliance of PEPA 2012 by any entity (industry, real estate development, commercial plazas, and so on). District offices' capacity for environmental technical monitoring and enforcement of PEPA 2012 is limited especially for intermediate and small cities. MCs have to coordinate with EPA district offices. It is suggested that the Program should also target the capacity building of EPA district offices through trainings to be organized for MCs.

246. EPA officials reported that EPA is predominantly focused on large polluters, handling of the complaints and linked court cases, processing of EIAs, and routine organizational works. They informed that there is no requirement of IEE/EIA for water supply, sanitation, roads, and urban spaces rehabilitation projects. IEE and EIA are not required for rehabilitation projects of water supply, sanitation, roads, and urban spaces. EIAs for wastewater treatment are required under PEPA 2012.

247. The Supreme Court of Pakistan has recently established Green Benches in the High Courts. Based on the complaints of civil society organizations, Green Benches are putting pressure on EPAs to ensure that all the public-sector projects should go through the process of EIA preparations and approvals. Some of the GoPunjab projects entered litigations in courts. A recent example is the Orange Train project. Execution of some sections of the project got delayed for not conducting a proper EIA. Several civil society organizations claim that many heritage sites (such as Chouburji and Shalimar Garden) are in danger due to the proximity of the project interventions. It is also claimed that the Orange Train project does not comply with the International Convention on Heritage Sites. Pakistan is a signatory of the International Convention on Heritage Sites. The Lahore High Court (LHC) stopped the execution of the project and instructed the Lahore Development Authority to conduct a proper EIA of the project. Recently, the Supreme Court of Pakistan cleared the project with conditions to environmental compliance. It is assessed that the EIA Section needs to strengthen its capacity.

248. GoPunjab is implementing the 'Capacity Building of EPA Punjab for Enforcement of Environment Standards in Punjab' project supported by the approved Pakistan Punjab Jobs and Competitiveness Program for Results (P155963), as part of its Program Action Plan (PAP). This project will underpin organizational restructuring of the Punjab EPA; establish an Environmental Monitoring Center; develop and deploy EPA's Environmental Information Management System to improve efficiency and transparency; and enhance its technical capacity through purchase of hardware, software, necessary laboratory equipment, and instruments.

249. The proposed Punjab Green Development Project (P165388) will be instrumental in the implementation of these measures. The World Bank has recently engaged with GoPunjab to develop the Punjab Green Development Program. Its objective is to support the environmental governance reform and selected green investment priorities in Punjab. The program will support, among other things, improved environmental governance in the province. This will be achieved by supporting reforms to improve the structure and build the capacity of provincial authorities in charge of environmental management, and to promote

coordination with key stakeholders on green development, including the private sector and financial institutions. This program is being prepared and will be approved by the World Bank during fiscal year 2018.

Figure 7: Organogram of Environmental Protection Department, Punjab

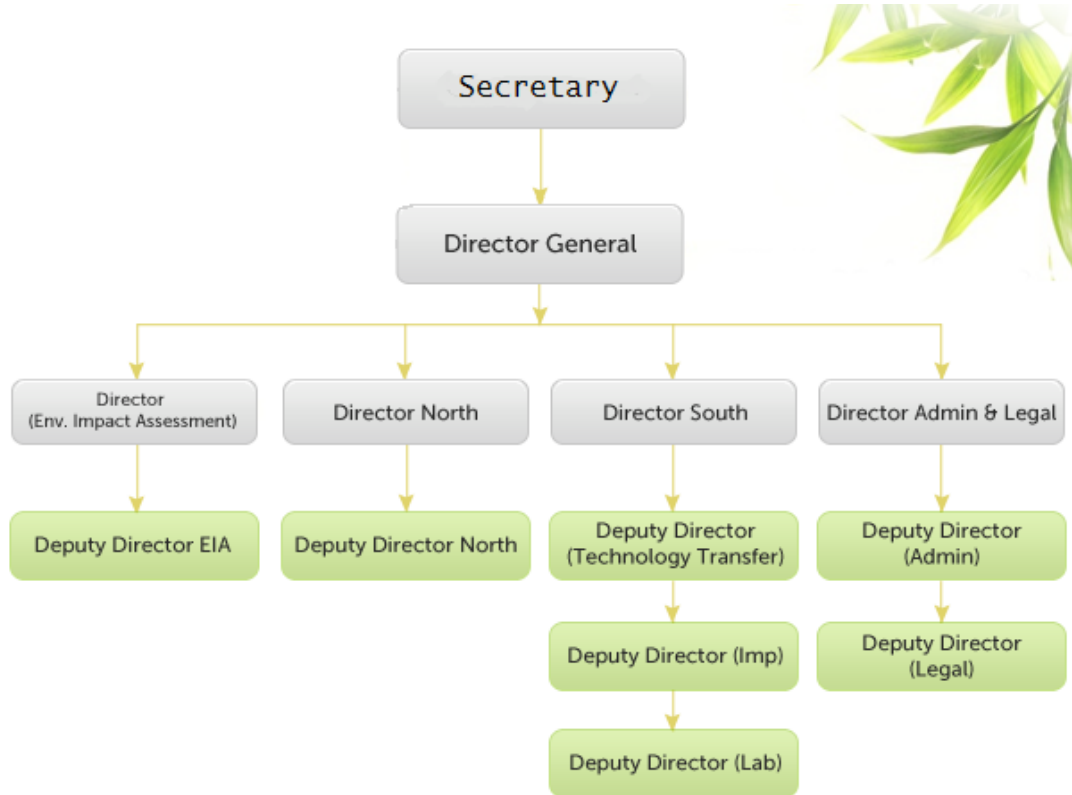
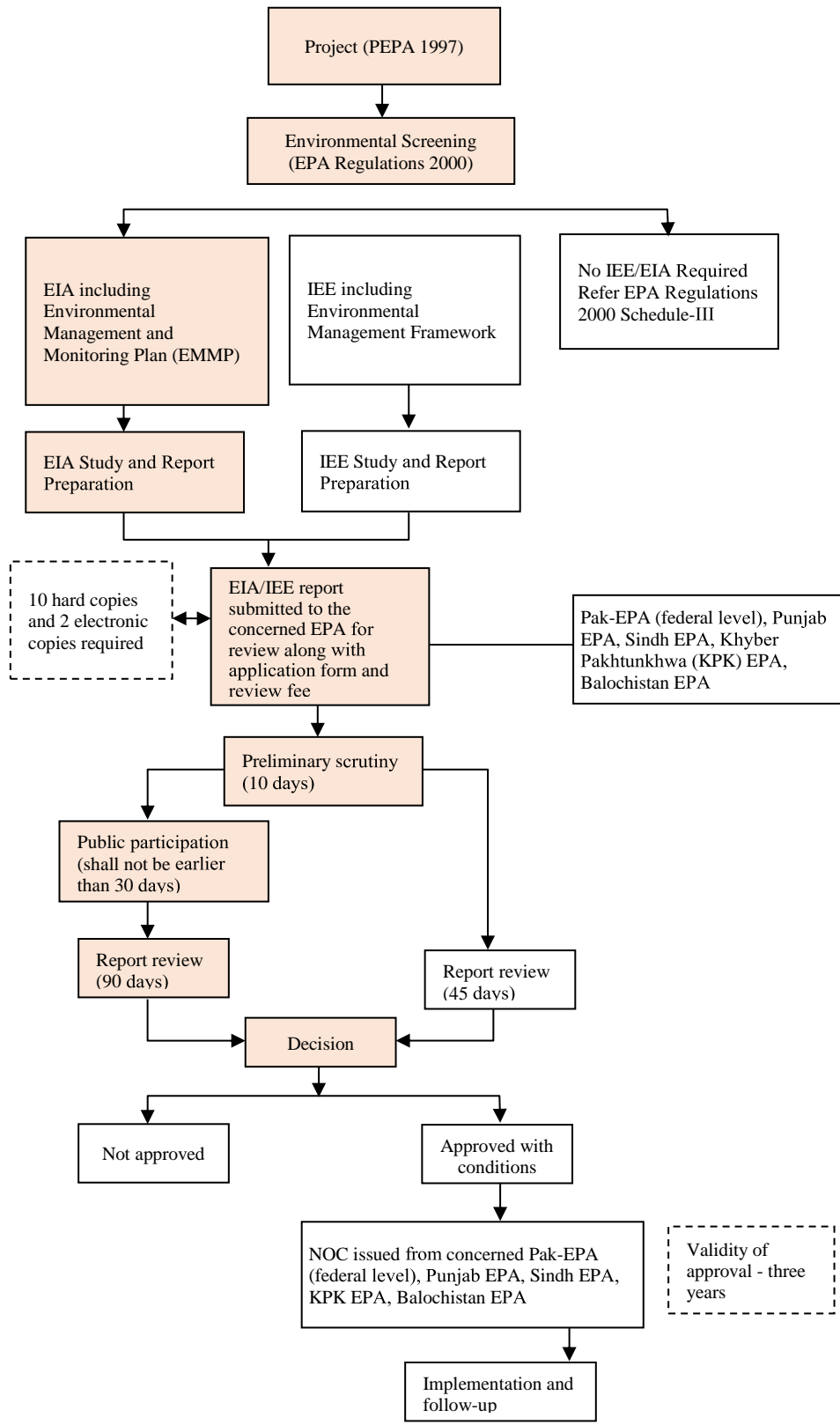


Figure 8: EIA Evaluation Process in Practice by the EIA Section



250. **ETs.** The federal government established four ETs, one in each provincial capital of the provinces under the authority established by Section 20 of PEPA 1997. GoPunjab maintained the continuation of ETs under PEPA 2012. Under PEPA 2012, ETs have comprehensive powers to take decisions on conflicting issues. Each ET consists of a chairman

(with a credential of a qualified High Court judge), one technical person with suitable professional qualifications and experiences in the environment field, and one person with qualifications and experiences in the discipline of law. For every sitting of the ET, the presence of the chairperson and at least one member shall be necessary. Major functions and powers allocated by PEPA 2012 to ETs are presented in PEPA 2012, attached as annex 3.

251. **Green Benches.** On April 7, 2012, LHC, under the instruction of the Supreme Court of Pakistan, established Green Benches at Lahore and Rawalpindi. Under this order, LHC judges, district and session judges (D&SJs), and senior civil judges will serve as Green Courts. These courts are mandated to hear all cases related to environmental issues. The Chief Justice of LHC has nominated Justice Syed Mansoor Ali Shah (he is at present the Chief Justice of LHC) to grace a single Green Bench at LHC's principal seat. A division bench comprising Justice Syed Mansoor Ali Shah and Justice Shuhaat Ali Khan has been constituted as the Green Bench for environmental cases. Further to this, the LHC Chief Justice has also instructed that the senior judges of Multan, Bahawalpur, and Rawalpindi benches are to hold court as single bench and two senior-most available judges to hold court as Division Green Bench. According to another notification, all the courts of senior civil judges and all the courts of civil judges and judicial magistrates at the subdivision level have been declared by the Chief Justice as Green Courts to hear all the cases under PEPA 2012 as well as under ordinary jurisdiction involving the issues of environment or relating to environment interest litigation. At the district level, D&SJs in Punjab have been declared as Green Courts to hear all the cases, appeals, and so on under PEPA 2012. The Chief Justice has ordered transfer of all the environmental-related cases to the Green Benches of the LHC and Green Courts at the district and tehsil level from the courts where they are pending at the moment for further proceedings. At present, many civil society organizations are approaching Green Benches against the GoPunjab projects instead of EIAs of the projects. In one of its decisions, the Green Bench instructed the EPA to hold the Punjab Environmental Protection Council meeting.²⁰

Board of Revenue, Punjab

252. The BoR is the successor of the Office of the Financial Commissioner. It was originally constituted under the provisions of West Pakistan Board of Revenue Act 1957, which on dissolution of one unit in 1970, became the BoR, Punjab.

253. The functions of the BoR are the following:

- It is the controlling authority in all matters connected with the administration of land, land taxation, and land revenue and preparation, updating, and maintenance of records.
- It is the highest Revenue Court and custodian of the rights in land of all the rights-holders.
- It exercises general superintendence and control over the revenue officers and revenue courts in the province and has suo-moto jurisdiction.

254. The BoR consists of the following main departments/functional units:

- Revenue Department
- Colonies Department
- Consolidation Department
- Relief Department

²⁰ Associated Press of Pakistan, April 7, 2012.

255. All revenue officers and Revenue Courts are subject to the general superintendence and control of the BoR. Three members of the BoR are ex officio secretaries to the Government. These secretaries are the secretary for the Revenue Department, secretary for the Colonies Department, and secretary for the Consolidation of Holdings Department. The relevant members in charge of these departments are assisted by BoR secretaries who are ex officio additional secretaries to the Government.

256. In addition to the three administrative departments mentioned above, other functional units under the BoR are the following:

- Administration Wing
- Research and Gazetteer Cell
- Directorate of Land Records (an attached department of the Revenue Department)
- Settlement and Rehabilitation Wing
- Punjab Land Commission (Statutory Agency)
- Chief Inspectorate of Stamps

257. The system in Pakistan for the recording of rights and interests in land was originally established for the fiscal purposes of the Government. The system is very old and has, with few modifications, maintained a record of rights and interests to assess land revenue and other levies.

Broad Classification of Functions of the Revenue Department with Reference to Service Delivery

258. The main function of the department related to the Program is the acquisition of private land including all compulsory land acquisition proceedings for public purposes conducted by functionaries of the Revenue Department. The other functions of the Revenue Department broadly cover the maintenance of records of rights, collection of agricultural income tax and water rate, facilitation of agricultural loans, registration of deeds, and resolution of record and tenancy-related disputes.

259. The Colonies Department deals mainly with the administration and management of state land, including disposal, through sale, lease, and exchange; transfer to provincial government departments free of cost for public purposes; and transfer to the federal government and autonomous bodies at market price plus 10 percent surcharge.

260. Similarly, the Consolidation Department

- Consolidates scattered holdings of landowners in compact blocks to make land use more productive and meaningful;
- Reduces the number of plots of land for the rights-holders of a revenue estate by consolidating scattered chunks of their land into minimum number of compact blocks;
- Prepares an updated record of rights-holders for use by the Revenue Department/rights-holders;
- Ejects illegal/unauthorized occupants of Government land; and
- Carves out new paths besides retaining old ones where necessary to improve communication between villages and also to earmark/reserve/provide tracts of land for general utility purpose/welfare such as graveyards, playgrounds, schools, health centers, and new waterways for better irrigation with a view to achieve a maximum increase of productivity/cultivation.

Department of Archeology

261. In October 2011, a new department was established, comprising youth affairs, sports, and archeology. The department was created with a vision of

- Helping build healthy and tolerant society through promotion of sports;
- Conserving/preserving the cultural heritage of Punjab and developing it to have a healthy share in the economic growth of Punjab and Pakistan; and
- Developing and promoting tourism in Pakistan to attract tourists to its historical and cultural heritage, provide entertainment and recreation facilities to the people, and spread benefits of tourism among the public for employment creation and poverty reduction with the aim of contributing to national economic growth.

262. The Archeology Department conducted a survey across Punjab from 1994 to 1996 to map possible sites of archaeological significance. According to this survey, Bahawalpur, Rawalpindi, and Multan districts have a high number of unprotected and unexcavated archaeological sites.

263. No procedures are available to share information on important or sensitive cultural heritage sites with construction companies/projects. However, under the law, chance finds should be reported to the Archeology Department within seven days. If ruins are discovered, then all construction work must be stopped. In this case, the Archeology Department conducts a site assessment and looks for signs of buildings or habitation.

264. The department has around 600 staff. The main office of the department is in Lahore with a satellite office located at Lahore Fort. Sub divisional offices are located in Jhelum and Bahawalpur. Sub regional offices are in Taxila and Multan and a site office is located at Harappa (Sahiwal).

Labor Department, Punjab

265. The Labor Department, Punjab was established with the mission of “Promoting the Welfare and Protecting the Rights of Labor Force and Workmen.” It is concerned with the following:

- Promoting healthy labor management and industrial relations for greater socioeconomic progress and development
- Protecting the rights of workmen and labor force
- Laying equal stress on their housing, health, safety, and protection to make them more committed to their work
- Preventing child and bonded labor, keeping in view national and international standards
- Exercising effective control over weights and measures

266. The Punjab Labor and Human Resource Department consists of the following wings:

- Secretariat
- Directorate General of Labor Welfare
- Punjab Employees Social Security Institution
- Punjab Workers Welfare Board
- Minimum Wages Board
- Labor Courts

267. Although a comprehensive set of labor laws exists, there is a dire need to improve enforcement, especially in the case of minimum wages, child labor, and registration of labor, social security, and control of bonded and contract labor. The Department has about 36 District Labor Officers in Punjab with designated roles and responsibilities. The Department requires strengthening with regard to human resources and logistics required by the professionals to improve compliance like provision of adequate transport facilities. The Department is presently conducting and computerizing the results of labor survey using android platform. The results of the labor survey are expected to be regularly updated on the website of the Labor Department.

Women's Development Department

268. The Women's Development Department (WDD) was established in April 2012, under Punjab Women Empowerment Package (PWEPP) 2012 announced on International Women's Day that year. This policy document comprises multiple reforms in legal, administrative, and institutional spheres while providing new initiatives to safeguard women's rights and is expected to transform the socioeconomic status of women by expanding opportunities available to them. The WDD is mandated to lead the province toward women's empowerment and gender equity, following the PWEPP. Specific functions and responsibilities have been assigned to the department through amendments to the Government of Punjab Rules of Business 2011.

269. According to the Government of Punjab Rules of Business 2011, the policy includes the following:

- **Safeguarding women's rights.** This includes provision of ways and means to effectively safeguard women's rights within the constitutional and legal framework to improve these guarantees not only in letter and spirit but also to introduce new legislative framework where and when required.
- **Expanding opportunities.** This involves expansion of opportunities to improve the socio-politico-economic status of women with a special focus on rural areas.

270. The functions of the Department under the Government of Punjab Rules of Business 2011 are the following:

- Legislation, policy formulation, and sectoral planning for women's development
- Transformation of the Government into an organization that actively practices and promotes gender equality and women's empowerment
- Implementation of administrative and institutional reforms and departmental restructuring for promoting gender equality
- Mainstreaming a gender equality perspective across public policies, laws, programs, and projects by departments and agencies of the Government with a focus on women's empowerment
- Promotion, coordination, and monitoring of execution of federal and provincial policies and commitments on gender reforms and women development
- Provision of technical support and expertise for gender mainstreaming in all departments of the Government and its agencies
- Expansion of investment in women's sociopolitical and economic development to achieve the goal of gender equity
- Collection of quantitative and qualitative data and research on the status of women in Punjab to highlight issues in appropriate forums
- Building of partnerships with line departments, civil society organizations, and NGOs to deliver on the rights and entitlement of women

- Pursuance of means and measures to increase participation of women in the political process and encouragement of effective representation of women in political and administrative spheres
- Collaboration with legal, judicial, law enforcement, and other relevant governmental agencies and NGOs to facilitate women's access to formal legal and justice system

271. The WDD is headed by a secretary, assisted by a deputy secretary who, in turn, is assisted by the section officers for program, budget and finance, and law. The WDD is actively working on several projects related to welfare of women, including the establishment of childcare centers through Punjab Day Care Fund. Other programs are related to working women's hostels, scooters for women, and so on. However, the WDD is understaffed and lacks capacity to actively oversee the implementation of projects.

Finance Department

272. The Finance Department is responsible for supervision and control of provincial finances; preparation of provincial budget; formulation of Financial Rules and Civil Services Rules relating to pay, perquisite, and pension of civil servants; and management of public debt and administration of Local Fund Audit Department and the Treasuries. Administrative departments are required to consult the Finance Department in all matters which directly or indirectly affect the finances of the province. All important functions of the Finance Department, including budgeting; are performed at the Secretariat. The major functions of the department are as follows:

- Management of public funds
- Framing of financial rules for guidance of departments
- Supervision of accounts of provincial departments
- Framing of Civil Service Rules applicable to all Government servants and interpretations thereof
- Floatation and administration of provincial loans
- Examination and advice on matters affecting directly or indirectly the finances of the province
- Administration of emoluments, pensions, and allowances
- Administration of public revenue
- Communication of financial sanctions
- Examination of all proposals for the increase or reduction of taxation
- Audit matters of provincial receipts and expenditure

273. Environment is not included in the mandate of the Finance Department. However, it will be useful to train and sensitize the staff of the Finance Department while undertaking capacity development trainings and activities.

SECTION 5: COMPARATIVE ANALYSIS OF BORROWER SYSTEMS AND BANK POLICY CORE PRINCIPLES

Introduction

274. This section provides an assessment of the extent to which the applicable systems are consistent with the core principles and key planning elements expressed in the World Bank policy on PforR (OP 9.0). It also provides a review of aspects where gaps exist between the two.

275. Generally, the applicable environmental and social management systems at the federal and provincial levels are considered appropriate and comprehensive with some gaps in relation to the principles of ESSA, in terms of planning, implementation, and supervision capacity, livelihood restoration, compensation of affected structures to non-title holders and inclusion of the voice and needs of vulnerable groups. Areas for strengthening and capacity building include environmental and social screening, cumulative impacts analysis, analysis of alternatives, generation of baseline information and monitoring/enforcement by weak regulatory agencies. The ESSA process has shown evidence related to the GoPunjab commitment to address most of these gaps. This evidence is reflected in the inclusion of specific measures of improvement both in the PforR as well as in the IPF TA. The scope of the legal and regulatory systems can address underlying environmental and social risks and the gaps detected on the capacity at the cities level, if they are addressed with the ESSA recommendations. Many of the measures to address such gaps have been integrated in the design of the Operation (MACs and performance standards).

276. The details of the comparative analysis are included in the following sections and a detailed matrix of findings and recommendations is attached in annex 3.

Core Principle 1

Environmental and social management procedures and processes are designed to (a) avoid, minimize, or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program's environmental and social effects.

1.1. Bank program procedures are backed by an adequate legal framework and regulatory authority to guide environmental and social impact assessments at the programmatic level

277. The applicable federal, provincial, and local environmental and social management systems in Pakistan and Punjab from a legal, regulatory, and institutional perspective are generally appropriate and comprehensive for the implementation of physical infrastructure projects. The current environmental and social legal system of Pakistan and Punjab supports the environmental and social assessments of projects under the mandatory requirement of conducting IEE/EIA of the proposed projects. The main act related to EIA in Punjab is PEPA 2012 which is a fairly comprehensive legislation and provides a legislative framework for protection, conservation, rehabilitation, and improvement of the environment. The existing environmental management systems do not cover the cumulative environmental impacts which might result during the operations (life cycle management of sludge from wastewater treatment plant, overhead water supply reservoirs, and equipment involved in the operation of municipal services) stage. The capability of regulatory institutions for environment and social monitoring is considered low, which results in low integration of environment and social assessment during implementation of projects.

278. The ESMF prepared and used by the PMDFC is an additional environment and social management tool for ensuring that environmental impacts are effectively mitigated.

1.2. Incorporate recognized elements of environmental and social assessment good practice, including the following:

1.2a Early screening of potential effects

279. A screening process is in place based on the provision in Schedule I and II of Review of IEE and EIA Regulations, 2000. The guidelines for preparation and review of the EIA report specify the scoping of important issues at an early stage. The ESMF has also adopted a screening system based on significance of social and environmental effects of projects.

280. Although the list of subprojects allows for screening of projects that can be key national works, there are no clear guidelines for screening with reference to the social aspects in national regulation and guidelines. PMDFC has developed and effectively implemented an ESMF for PMSIP. The ESMF includes a comprehensive social screening process during identification of sub-projects.

1.2b Consideration of strategic, technical, and site alternatives (including the ‘no action’ alternative)

281. The guidelines for the preparation and review of environmental reports under its section 2.6 mandates the analysis of different alternatives including the ‘no build option’. There is often a high degree of reluctance to critically evaluate alternatives from an environmental and social point of view or to carry out any significant modifications to project location or design at this stage. Although the site alternatives are required to be assessed before finalizing site selection, it has been observed that this analysis is mostly done in retrospect to justify the site already selected, without actual consideration of the environment and social aspects.

1.2c Explicit assessment of potential induced, cumulative, and transboundary impacts

282. Most IEEs/EIAs are conducted for site-specific spot analyses. Determination of cumulative environmental impacts is not covered by the scope of IEE/EIA. Data on ambient conditions such as status of air pollution and pollution levels of receiving water bodies are collected under IEE/EIA and impacts are determined for immediate surroundings. However, occurrence of cumulative impacts using air and water pollution dispersion modeling is not determined. Cumulative impacts determination is important for wastewater treatment plants.

1.2d Identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized

283. The guidelines for the preparation and review of environmental reports include the assessment of environment, social, health, and economic and fiscal impacts under sections 3.7 to 3.9. Procedures for assessment of environment and social impacts are in place for development projects; however, actual implementation is usually only partial. Recommendations are provided in the reports but their implementation is limited to projects financed by multilateral and bilateral institutions only. This predominantly happens due to capacity issues of MCs and District Offices of EPA. MCs capacity will be enhanced under PCP and Punjab EPA strengthening is planned under already under implementation World Bank financed Jobs and Competitiveness project. Punjab EPA is also in the process of developing Punjab Green Program with support of World Bank.

284. The PMDFC has prepared an ESMF for PMSIP which includes the Environmental and Social Assessment and Management Framework (ESMF). The ESMF provides a comprehensive approach for the assessment and management of environment and social impacts.

1.2e Clear articulation of institutional responsibilities and resources to support implementation of plans

285. Institutional responsibilities and resources for preparation, implementation monitoring, and inspection are clearly spelled out by relevant regulations (PEPA 1997 and PEPA 2012; Review of IEE/EIA Regulations, 2000; ESMF). The mandate for monitoring implementation of IEE/EIA lies with Punjab EPA. The mandates for land acquisition and physical and cultural resources have been vested with the BoR and Archaeology Department, respectively. The mandate for implementation of labor laws is delegated to the Labor Department. However, capacity issues hamper effective implementation in both departments.

1.2f Responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and through responsive grievance redress measures

286. Public consultation with relevant stakeholders, local authorities, and representatives of communities and organizations directly affected by projects is required (Guidelines for Public Consultation). Public consultation generally is better in a project financed by multilateral and bilateral institutions. Although the timing and techniques for consultations are clearly stated in guidelines, generally public consultation is carried out at two stages, that is, during the socioeconomic and inventory surveys at the baseline data collection stage of the EIA and at the public hearing for the processing of EIA reports.

287. The PMDFC has formulated a Public Consultation Framework for PMSIP. This framework specifies the public consultation methodologies and process for documenting the public consultation for PMSIP. However, the consultations done by the PMDFC during PMSIP were limited in scope as they were confined to the action planning process and infrastructure development.

288. In addition, the PMDFC has also developed the Outreach and Communication Strategy for PMSIP.

289. The complaint cell is active at Punjab EPA to address complaints by communities related to environmental and social aspects. GRMs are absent at Program and policy level, where the only recourse is through the courts. GRM is only implemented at the project level.

290. The PMDFC has established an effective CTS which is currently not functional after completion of PMSIP. CTS is a system established under institutional development activities for complaints registration, its tracking, and resolution. The primary objective of introducing CTS in the TMAs was to enhance TMAs' efficiency in addressing citizens' complaints by streamlining the complaint registration and tracking system where all complaints are recorded centrally.

291. Complaints cells were established under CTS and provided with a telephone line to facilitate complaint registration over the phone without a visit. Each recorded complaint had a unique number already printed on the complaint slip. The complaint slip had two parts, one

kept in the complaint cell for the record and the other given to the relevant TMA official responsible for complaint resolution.

292. The complainant also received the complaint number for follow-up, if required. Once the complaint was resolved by the relevant TMA staff, they returned their part of the complaint slip to the complaint cell with their remarks and the complaint cell in-charge updated the complaint register accordingly. The complainant could inquire about the status of the complaint at any time just by calling the complaint registration office and quoting the complaint number. Roles and responsibilities were clearly defined in the SOP of CTS.

293. PCP has been designed while clearly defining that the CTS will be upgraded to the GRM.

294. Provisions of appeals also exist in other laws and rules like PLGA 2013. PLGA 2013 also includes the provision of Musalihat Anjuman to resolve disputes.

Core Principle 2

Environmental and social management procedures and processes are designed to avoid, minimize, and mitigate against adverse effects on natural habitats and physical cultural resources resulting from the program.

2.1. Takes into account potential adverse impacts on physical cultural property and, as warranted, provides adequate measures to avoid, minimize, or mitigate such effects

295. This aspect is covered under the Pakistan Antiquities Act of 1975 which was adopted by Punjab in 1985. The Antiquities Act 1975 only focused on conservation of monuments, whereas the Punjab law also includes conservation of the area surrounding it.

296. Most governmental agencies are not aware of the Act and its application is often ignored during the planning process. A recent example of its use is the Orange Line Metro project currently being implemented in Lahore. The Orange Line was originally planned to be built near the historic Shalimar Gardens but the Archeology Department and Court of Law objected to this.

297. As noted earlier, no procedures on archeological screening of sites are available to share with construction companies/projects. However, under the law, chance finds should be reported to the Archeology Department within seven days. If ruins are discovered, then all construction work must be stopped. The department then conducts a site assessment.

2.2. Supports and promotes the conservation, maintenance, and rehabilitation of natural habitats; avoids the significant conversion or degradation of critical natural habitats, and if avoiding the significant conversion of natural habitats is not technically feasible, includes measures to mitigate or offset impacts or program activities

298. The protection of natural habitats and sensitive biodiversity areas is covered under IEE/EIA guidelines in line with the best international practices and protocols.

299. IEE/EIA covers the profiling of natural habitats, flora and fauna, national parks, important ecological areas, and impacts on downstream freshwater bodies. An impacts matrix of project components and activities during construction and operational phases of projects, including mitigation measures, is an essential part of IEE/EIA.

Core Principle 3

Program procedures ensure adequate measures to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the Program and (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials.

3.1. Promotes community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures, inspections, or remedial works incorporated as needed

300. This is addressed in the EMP, which is an essential part of the IEE/EIA. The IEE/EIA of a project covers safe design, construction, and O&M for the whole project, including infrastructure, layout, land acquisition, community safety, and so on. Independent assessments are required for new infrastructure projects (water supply and sanitation schemes, wastewater treatment plants, and landfill sites). Industry- and building-specific IEEs/EIAs cover community, individual, and worker safety in detail at each stage of project implementation. That said, implementation of EMPs is generally limited. This happens due to capacity issues of MCs and Punjab EPA. As mentioned above MCs capacity will be developed under PCP and Punjab EPA capacity will be developed under other World Bank financed projects.

3.2. Promotes the use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated through program construction or operations; promotes the use of integrated pest management practices to manage or reduce pests or disease vectors; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions

301. The federal government promulgated the Hazardous Substances Rules 2003. These rules instruct the proponent of a project to adopt good production practices, management, storage, transport, and disposal of hazardous materials generated through Program construction or operations and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions. There is no hazardous management facility in Pakistan. In the target cities, main source of hazardous waste is hospitals. PCP does not include hospital waste management in its scope.

3.3. Includes measures to avoid, minimize, or mitigate community, individual, and worker risks when program activities are located within areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or climate events

302. These aspects are fully covered by IEE/EIA, usually under a DMP, which is part of the environmental management included in IEE/EIA reports. However, implementation of the DMPs is mostly partial.

Core Principle 4

Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.

4.1. Avoids or minimizes land acquisition and related adverse impacts

303. The main legal tool used for land acquisition in Punjab is LAA 1894 and the Punjab Land Acquisition Rules, 1983. The Punjab Land Acquisition Rules, 1983, under its Rule 4, states, “On receipt of the application under Rule 3, the collector of the district shall examine its feasibility taking into consideration the genuineness of the public purpose involved, the minimum requirements of the acquiring agency, and suitability of the area proposed for requisition keeping in view its alternative uses if any.” However, the performance in this regard varies across cases and needs significant improvement.

4.2. Identifies and addresses economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may lack full legal rights to assets or resources they use or occupy

304. LAA 1894 has clear provisions and procedures for compensation in this regard when it comes to land titleholders under its Sections 23 and 24. It has been reported that compensation to the non-titleholders has been made through special provisions created for Metro Bus Projects in Lahore and Rawalpindi. The PMDFC has also prepared the ESMF for PMSIP which covers the land acquisition process and is assessed to be in line with the requirements of this core principle.

305. The ESMF prepared by the PMDFC for PMSIP covers the process of acquiring land through different possible mechanisms, including

- Private negotiations and
- Compulsory acquisition under the Act.

306. It was clarified during the missions that the PMDFC has refrained from compulsory acquisition and Section 17 was not allowed in cases where compulsory acquisition was to be done using LAA during PMSIP. The entitlement matrix included in the ESMF is in line with this core principle.

4.3. Provides compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access

307. According to LAA 1894, compensation is paid for all assets at market value instead of replacement cost. The market value is determined by the District Price Assessment Committee (DPAC). The process for the determination of market price relies on recent land sale transactions of similar nature in the nearby area. The market rates are also notified by the relevant deputy commissioner on an annual basis. The difference between replacement cost and market value is usually paid in the form of different allowances for projects financed by different international finance institutions.

4.4. Provides supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (for example, loss of crop production or employment)

308. Livelihood restoration is not emphasized in LAA 1894 or the Punjab Land Acquisition Rules, 1983, which is a major gap. The land acquisition process for Metro Bus Projects in Lahore and Rawalpindi included additional provisions for loss of business and project-affected people were provided a loss of business allowance, as shown in Box 2. This practice needs to

be adopted on a formal level. The ESMF for PMSIP includes the provision for livelihood restoration and improvements.

Box 2. Compensation for Loss of Business in Metro Bus Projects

There are some good examples where the compensation packages in the province of Punjab has covered the losses beyond the loss of land and structures. Metro Bus Projects are among these examples. The components of the compensation for Metro Bus Projects also included the Loss of Business Allowance in addition to the cost of land and structures. Special provisions were made in these projects to compensate the loss of business through following measures:

- Loss of business allowance shall be paid only with respect to shops/hotels where business is actually being conducted.
- The loss of business allowance shall be paid only to the person who is actually doing business at site. Where landowner is himself doing business, he shall be entitled to loss of business allowance. Where the tenant is doing business, he (tenant) shall be entitled to loss of business allowance.
- Loss of business allowance shall be equal to one-year rent of shops/hotels. For this purpose, the higher of the amount of actual rent of one year paid by the tenant or 12 percent of the cost of land assessed by the DPAC and approved by BoR (without compulsory acquisition charges) shall be paid. Where business is being conducted by the owner himself, he shall be entitled to an amount equal to 12 percent of the cost of land (without compulsory acquisition charges). The amount shall be subject to the following conditions:
 - No loss of business allowance shall be paid to banks and telecom companies and for any hoardings/sky signs.
 - Where shops are situated on a level other than ground, that is, in basement, on first floor and above, the loss of business allowance at the rate of higher of 6 percent of cost of land (without compulsory acquisition charges) or the actual rent being paid shall be paid.

4.5. Restores or replaces public infrastructure and community services that may be adversely affected

309. The public infrastructure and community services are normally relocated by the relevant department.

Core Principle 5

Due consideration is given to cultural appropriateness of, and equitable access to, program benefits, giving special attention to rights and interests of indigenous peoples and to the needs or concerns of vulnerable groups.

5.1. Undertakes free, prior, and informed consultations if indigenous peoples are potentially affected (positively or negatively) to determine whether there is broad community support for the program.

5.2. Ensures that indigenous peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter (indigenous knowledge) to include the consent of the indigenous peoples.

310. Indigenous peoples are not found in Punjab; therefore, this aspect is not applicable to the Program.

5.3. Gives attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or marginalized ethnic groups. If necessary, special measures are taken to promote equitable access to program benefits.

311. There is no clear reference to the vulnerable people in LAA 1894 and the Punjab Land Acquisition Rules, 1983. The labor laws related to the working conditions, sexual harassment, and child labor are in place but their implementation is limited.

312. The ESMF prepared and implemented for PMSIP includes provision for the vulnerable and marginalized groups. It specifies that the Social Assessment Report will ensure that issues of poverty, gender, and child labor are systematically addressed to ensure that the interests of marginalized and vulnerable groups are given appropriate attention and that, wherever possible, opportunities for enhancing their livelihoods are pursued. There are provisions for the marginalized and vulnerable groups in the entitlement matrix and land acquisition process specified in the ESMF.

313. During implementation of physical infrastructure schemes, women workers are vulnerable and may face issues related to lower wages, lack of safe transportation, lack of childcare and toilet facilities, and sexual harassment in the work place. Contract laborers, both men and women, face issues of lower wages, and harsh working conditions such as longer hours.

Core Principle 6

Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

6.1. Considers conflict risks, including distributional equity and cultural sensitivities

314. Local-level cultural and sensitivity issues are covered under requirements of environmental assessments especially in projects financed by the World Bank and other multilateral and bilateral institutions.

315. Although there is no overt social conflict anticipated due to PCP, it may cause social friction if selection of projects is not transparent, projects do not have an effective GRM with an easy access to information, and if the project completion details are not disseminated widely (on-site and through other means).

SECTION 6: STAKEHOLDER CONSULTATIONS

Introduction

316. Stakeholder consultations were an integral part of the ESSA process and were carried out keeping in view similar principles and objectives of other Bank operations. This section of the ESSA highlights the major findings and recommendations from the key stakeholders. It also provides details pertaining to the Bank-sponsored multi-stakeholder workshop in Punjab on February 06, 2018.

Summary of Stakeholder Workshop

317. The Bank-sponsored multi-stakeholder workshop in Lahore was held on February 06, 2018. Participants included a range of stakeholders from government, local government,

academia, private sector, and civil society. Participants appreciated and discussed the program design and findings of ESSA. Major points raised by the participants and the responses of the program team are summarized below:

- Participants emphasized that the program should target the safe water supply. The program team explained that the ESSA has already recommended the compliance with the Punjab Drinking Water Quality Standards.
- The participants discussed the extent of Bank support for solid waste management and wastewater conveyance system. It was explained by the program team that the list of interventions included in the ESSA specifies the elements of solid waste management which will be supported by the Program. The use of funds for investments in municipal infrastructure and services will need to adhere to criteria reflected in the Program design. There will be a systematic identification of needs and priorities during the implementation of PCP. If the wastewater conveyance system is identified as a priority in any MC, then its design and implementation will be supported. The program team explained that sanitary landfill construction is on the negative list of PCP as MCs do not have requisite technical capacities to design, operate, and maintain complex technical facilities such as these. MCs will however be supported to develop capacities to undertake Public-Private Partnerships for such initiatives.
- The participants discussed if the Program include the provision of shelter, operationalizing the existing wastewater treatment plants instead of constructing new wastewater treatment plants and to ensure the community participation during implementation. The team explained that the MC mandates include provision of municipal infrastructure and services, and do not include provision of shelter. The planning process will include community consultations for identification and prioritization of sub-projects, including for rehabilitation of existing assets. The confirmation of Results during the Annual Performance Assessment (APA) will include consultations with women and marginalized groups. Community participation is also an integral part of the IDAMP, EIA, IEE, RAP and other E&S management instruments and plans. Moreover, the Public Consultation Framework and Communications Strategy developed for PMSIP will be updated and adopted for PCP.
- Low capacity of MCs to operate and maintain schemes and to obtain No Objection Certificate (NOC) from EPA was discussed. Insufficient income sources, delayed completion of technical studies during project design and lack of coordination between different institutions were highlighted as key issues. The team explained that the capacity of MCs for the purpose will be strengthened in the first year through the IPF component. This will ensure that MCs are able to design, operate, and maintain the infrastructure projects as required. MCs will be assisted in preparing EIAs and IEEs and in obtaining requisite NOCs. Under PCP, MCs will be assisted in improving Own Source Revenues and controlling expenditures. Timely completion of technical studies is already envisaged under PCP and planning process under PCP to prioritize investments is designed to be participatory and consultative, to ensure that issues faced by the citizens are identified in a transparent manner.
- The stakeholder emphasized the conservation of water, inclusion of all vulnerable groups, collection of sex disaggregated data, operationalizing the committees to take up cases of women harassment, community participation and role of women in GRM. The team

explained that PCP will also support update of LG Service Standards under the TA component, and this will help in water conservation. Moreover, the issue of water conservation is already of priority in the ESSA. The definition of vulnerability already includes widows and Transgender has been added in the category of vulnerable in the ESSA. Sex disaggregated data will be collected during project planning and implementation. The formation and functioning of committees to address harassment cases is required under law and ESSA recommends strengthening enforcement of these laws. ESSA already views community participation beyond consultations. Third party audits will be conducted to ensure that these laws are being enforced as required. ESSA also requires GRC to have representation of women.

- The stakeholders emphasized the development of masterplans/spatial plans, ensure implementation of E&S measures, EPA to also take ownership of the social component of ESIA, control plastics in solid waste and implementation of Punjab Growth Strategy. The team elaborated that PCP will support development and implementation of evidence-based investment plans as a first step, which will have GIS-based city maps underpinning them. Over time, MCs could use these to project future growth of the city. MCs Chairmen will give their undertaking of adherence to PCP requirements by signing a Program Participation Agreement, including planning and implementation of E&S measures. Subsequent grant disbursements will be tied to MC performance against requisite criteria. Another Bank-funded PforR (Punjab Green Development) being prepared will focus on capacity building of EPA/EPD to ensure that they can fulfill their responsibilities effectively. Under PCP, MCs will be assisted to implement measures to reduce, reuse, and recycle plastics.

318. In the end, the participants were supportive of proposals presented by the program. They showed confidence that if the program is implemented as designed then the program will make substantial contributions in improvement of cities. The details of the issues discussed during these workshops are attached as Annex-2.

SECTION 7: RECOMMENDATIONS AND PROPOSED ACTIONS

Introduction

319. This section includes a summary of the key measures that need to be taken during implementation for social as well as environmental aspects. In a broader context, measures are recommended to help the proponents improve their system performance and recommendations and to address important gaps between the proponent's systems and the PforR core principles and key elements.

320. These recommendations and proposed actions are focused on institutional strengthening with regard to capacity and finance, development of SOPs and improved enforcement of the regulatory framework and guidelines, undertaking of technical studies, and development of sustainability frameworks. The recommendations and proposed actions are described in detail in the following paragraphs.

321. The ESSA and technical design teams have worked in close collaboration and thus, several recommendations of the ESSA have been incorporated in the project design, in both the IPF and PforR components. Additional ESSA recommendations are included in the PAP of the PforR. The recommendations are summarized in the following sections under two

categories, that is, (a) the recommendations which are mainstreamed as a part of the Program design and (b) additional recommendations which are included in the PAP.

ESSA Recommendations Mainstreamed in the Program Design

- a) **Mainstreaming environmental considerations in institutional strengthening.** Environmental management aspects are an integral part of capacity-building activities delivered as part of DLI 1 and DLI 2. Sustainable operations of urban environment services depend on institutional capacity and procedures for hiring competent third parties, mobilizing private sector under PPP arrangements for investment, willingness to pay of beneficiaries, removal of subsidies, effective OSR collection, and provincial allocations. These aspects need complete system development in collaboration with stakeholders. The IPF window will develop sustainability framework for each city and train the stakeholders accordingly. Capacity building includes provisions for PPP financing modalities, procedures for hiring third-party operator companies with ability to collect service charges from the beneficiaries, and third-party monitoring companies for environment and social compliance.
- b) **Capacity building for O&M.** The O&M manuals for municipal services developed under PMSIP will be updated for MCs under PCP. The updating will ensure that environmental and social management as well as other specific issues such as ambient air monitoring and energy efficiency standards for buildings are included and requisite training provided to MC officials.
- c) **Adoption of Environmental Management Instruments.** ESIAAs will be prepared for all investments. In cases of repair and replacement of existing infrastructure, IEE/EIA approvals are not required under PEPA 2012. In such cases, the Program will update and apply the ESMF already in use by the PMDFC. In the future, the use of this instrument could also help city governments develop their own regulatory frameworks at the local level. This could then be applied beyond the Bank supported program.
- d) **Efforts to reduce pollution.** While solid waste and sanitation problems are identified as key issues in the cities, measures to minimize generation of solid waste and wastewater will also be emphasized while considering solutions such as landfill and wastewater treatment facilities. Moreover, every secondary city may not require an independent landfill or treatment plant. These types of infrastructure are more complex and pose higher risks.
- e) **Institutional coordination.** To address issues of overlapping institutional operational system in partner cities, PCP implementation arrangements have been designed with clear mandates for each institution and interinstitutional coordination mechanisms. For example, the LG&CDD and MCs would have clear responsibilities and capacities to coordinate with Punjab EPA and its district offices for sustainable operations of environmental infrastructure, according to the PEQS requirements.
- f) **Integrated infrastructure solutions.** Considering the environmental profile of cities, lack of municipal services in the target cities, and the legal requirement of PEPA 2012 to implement complete infrastructure solutions, subprojects will be designed as complete solutions, regardless of the source of funding. For example, rehabilitation of existing sanitation network and/or its extension will be considered incomplete if the eligible wastewater treatment systems are not included in the subproject. One strength

of the existing system is that Punjab EPA under PEPA 2012 cannot approve IEE/EIA of incomplete projects. The Program funding will only be used of eligible investments.

- g) **Institutional strengthening and capacity building.** TA will target two main areas that will significantly strengthen the environmental and social management capacity at the local level. The ESSA has assessed that the institutional capacity of MCs is low and needs substantial strengthening. Successful implementation of activities designed to deliver DLI 1 will proportionately strengthen the environmental and social management capacity of participating MCs. Specifically, the proposal for appointment of permanent environmental and social management professionals along with training and TA from the PMDFC is expected to deliver the required capacity for environmental friendly municipal operations and environmental management of new infrastructure projects. In addition, environment and social requirements will be dovetailed in the project implementation system and instruments (for example, budgetary allocations for implementation of environment and social management; MC staff trained for environment and social management, public consultation, citizen engagement, transparency, and accountability, land and labor issues, and safeguard procedures; ESMF customizing and updating; and so on).

For environmental and social management, the MCs will be required to assign this function to one of the existing staff. The PMDFC will assign staff to perform the function as an interim measure while transferring basic skills to the assigned MC staff. The PMDFC staff dedicated to PCP implementation will include (i) senior specialists as well as contracted individuals based in Lahore and (ii) middle-level specialists who will be deployed in three regionally based teams, each supporting five to six MCs. All teams will include environment and social development specialists in addition to other experts. Creation of requisite social and environmental management capacity will be ensured through the Program Participation Agreement to be signed between each MC and the PMDFC.

The social and environmental management professionals appointed at the PMDFC and MCs will be mandated to coordinate and assist in (i) development of screening procedures and preparation of environmental and social assessments and ESMPs; (ii) preparation of socially inclusive investment decisions and IDAMPs, standards, and manuals; (iii) conducting surveys related to social and environmental aspects; (iv) land-related aspects; (v) managing labor- and gender-related issues and maintain an effective liaison with the Labor Department and WDD; (vi) ensuring consultation and supporting implementation of social management measures related to vulnerable and marginalized people; (vii) functioning of CTS/GRM; (viii) implementation of the public communication strategy and stakeholder consultation process; and (ix) engaging with the technical team to improve O&M of schemes.

- h) **Updating and enhancing the spectrum of the CTS.** PCP will assist in upgrading the CTS to an overall GRM for MCs during the IPF TA in the first year of program implementation. The CTS is functioning well and will remain operational during PCP, after it has been upgraded as the GRM. At present, the focus of the CTS is mainly on the complaints related to infrastructure projects. The coverage of complaints would be enhanced under the GRM to include transparency, accountability, exclusion of marginalized groups from development priorities, and labor issues. The GRM will be more gender-responsive, with clearly defined timelines for redress, like the CTS.

ESSA Recommendations to be Included in the PAP

322. The ESSA recommendations in addition to the ones included as a part of the PAP are summarized in the following paragraphs:

- a) **Updating of ESMF.** The PMDFC has gained valuable experience for developing and implementing an ESMF for PMSIP. The ESMF includes comprehensive SOPs for social screening of subprojects, acquisition of private land, and management of other social impacts.

The ESMF also clearly specifies paying particular attention to the protection of marginalized, disadvantaged, and vulnerable groups, including women and children, and promoting and providing, wherever possible, opportunities for such groups to access and benefit from investments. It also focuses on minimizing health and safety hazards and providing opportunities for enhancing public and environmental health.

ESMF also specifies that the Social Assessment Report will ensure that issues of poverty, gender and child labor are systematically addressed to ensure that the interests of marginalized and vulnerable groups are given appropriate attention and that, wherever possible, opportunities for enhancing their livelihoods are pursued.

The entitlement matrix included in the ESMF includes provisions according to the core principle related to land acquisition. The entitlement matrix covers different categories of losses. In addition to other necessary provisions, the ESMF also mandates that vulnerable squatters and non-titleholders will be entitled for cash compensation for affected portion structures at replacement value.

Taking advantage of an effective and tested instrument already available with the implementing agency, the PMDFC will update this instrument especially with regard to the applicable legal framework, institutional aspects and state of the art environmental and social management tools. During the update of the ESMF, PMDFC will further ensure that categories of impacts cover all types of losses and entitlements for land acquisition, compensation, payment to non-titleholders for affected structures, livelihood restoration, provisions for vulnerable groups and other provisions in conformity with the core principles related to the land acquisition and vulnerable groups.

This recommendation will be implemented during the first year of the Program, before the initiation of physical investments.

- b) **Environmental data generation and environmental monitoring.** Environmental data of partner cities is generally lacking, which is essential for effective environmental management. E-governance and automated systems will include environmental performance indicators for analysis and strategic use for environmental governance. In addition, the MCs will be strengthened with capacity, equipment technology, and effective coordination mechanisms with Punjab EPA. MCs with the support of PMDFC will conduct technical studies to determine the sustainability of underground water sources linked to water supply projects and will implement environmental monitoring systems associated to the operation of physical investments supported by the Program. The planning of these activities will be done during the first year of the Program and implemented along the cycle of the same.

- c) **Improvements in the LG&CDD and Finance Department environmental management.** The Operation will deliver specific capacity building and institutional strengthening to the LG&CDD and Finance Department to ensure an adequate supervision of environmental and social management of the Program. This will be operationalized through the designation of environmental and social focal points in each institution with capacity to supervise and report to the Bank on social and environmental related aspects. This recommendation will be implemented during the six months of the Operation implementation and will be maintained during the overall implementation period.
- d) **Development of SOPs for improved infrastructure planning and implementation.** The PMDFC will develop SOPs for
- (i) PCR, archeological screening, and chance find procedures covering PCR and archeological screening for subprojects, and maintain a liaison with the Archeology Department on the procedure for chance archeological finds; and
 - (ii) Health, Safety, and Environment (HSE) covering occupational, construction, and community aspects related to HSE. These SOPs will be implemented by MCs during Program implementation. The senior social management professional at the PMDFC will take the lead in this aspect and work in collaboration with social management professionals at the MC level and in the Labor Department and EPA. This recommendation will be undertaken during the first year of the Operation implementation, before the initiation of physical investments, and will be maintained during the overall implementation period.
- e) **Improved enforcement of labor- and gender-related laws.** The major issue related to the enforcement of labour laws is the limited capacity of the labour department to monitor and audit to ensure compliance. There are only 36 district labour officers and about 300 labour inspectors (including only 2 female inspectors). The capacity constraints of the labour department cause reduced frequency of audits and, consequently, result in reduced compliance of labour laws especially by construction contractors. The ILO and labour department are planning to collaborate to bridge this gap.

Labour laws are also applicable to the women workers, however, the participation of women in labour force remain low and they also face issues related to lower wages, extended working hours, harsh working environment etc.

While the capacity of the labour department remains weak, it becomes more important to improve the enforcement of the labour laws at the program/project level by:

- Labour and gender management frameworks will be prepared as a part of the ESMF during updating by PMDFC.
- Annual third-party audits will be conducted in MCs to assess and improve the level of compliance of the gender and labour laws.
- Specific clauses will be added in the contracts of the construction supervision firms to ensure the compliance with the gender and labour laws.

- f) **Stakeholder consultation.** The PMDFC and MCs will ensure that the stakeholder and public consultation processes are inclusive during each stage of investment planning and implementation, to ensure compliance with EPA guidelines for public consultation. The Public Consultation Framework prepared for PMSIP provides an excellent SOP and will be updated and adopted for PCP. Moreover, the scope of consultations will address important associated social needs related to accountability and transparency, tariff increase,

and inclusion of voice of the marginalized and vulnerable. The PMDFC will also develop a comprehensive Communication Strategy for PCP, based on the existing communications strategy for PMSIP. Moreover, a representative willingness-to-pay survey will be undertaken during preparation of the revenue enhancement plans and strategies.

This recommendation will be developed during the first year of the Operation implementation, before the initiation of physical investments, and will be maintained during the overall implementation period.

Table 11 presents the cost of ESSA recommendations.

Table 11: Cost of ESSA Recommendations

Activity	Implementing Agencies	Timeline for Completing Activity	Activity Cost (US\$ million)
Updating and enhancing the spectrum of the CTS.	PMDFC	To be completed during TA in first year of program implementation	Included as part of the program design
Updating of ESMF	PMDFC/MCs	To be completed in first year of the Program implementation before the initiation of physical investments	0.50
Environment data generation and environmental monitoring	PMDFC/MCs	To be completed in the second year of Program implementation before the physical implementation of water supply and sanitation schemes	0.75
Improvements in LG&CDD and Finance Department	PMDFC/LG&CDD and Finance Department	To be mainly completed in the first year, support activities will continue throughout the program	Included as part of the program design
Development of SOPs for improved infrastructure planning and implementation (related to PCRs and HSE)	PMDFC/MCs	To be completed in first year of the Program implementation before the initiation of physical investments.	0.15
Improved enforcement of labor- and gender-related laws (Third Party Audits)	PMDFC/MCs in collaboration with labour and WDD	Annually during program implementation	0.75
Stakeholder consultation 1. Updating the Public Consultation Framework prepared for PMSIP 2. Develop Communication Strategy	PMDFC/MCs	To be completed in first year of the Program implementation before the initiation of physical investments.	0.075
Willingness-to-pay survey for OSRs	PMDFC/MCs	During preparation of the revenue enhancement plans and strategies	0.25
Total			2.475

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Annex 2: Summary of Stakeholder Engagement and Consultations

Punjab Cities Program - Program for Results (P4R)

Environmental and Social Systems Assessment (ESSA)

Stakeholder Consultation Workshop Feedback

Tuesday February 06, 2018

Sr. No.	Comment By	Comment	Response
1.	PCRWR	The program will support water supply schemes. It should be ensured that water quality supplied through these schemes is potable.	The ESSA has recommended compliance with the Punjab Drinking Water Quality Standards. Therefore, the water supplied will be safe for drinking.
2.	Municipal Committee, Jaranwala	<ul style="list-style-type: none"> To what extent will the World Bank support the Solid Waste Management in MCs? How much support will the World Bank provide towards the conveyance system of wastewater to treatment plants? 	<ul style="list-style-type: none"> There will be a systematic identification of needs and priorities during the implementation of PCP. The interventions will be prioritized based on the collected data. If the wastewater conveyance system is identified as a priority in any MC, then its design and implementation will be supported. The list of interventions included in the ESSA specifies the elements of solid waste management which will be supported by the Punjab Cities Program. The use of funds for investments in municipal infrastructure and services will need to adhere to criteria reflected in Program design.
3.	Lahore Solid Waste Management Company	Why are sanitary landfill sites being excluded from the program? It is important to have a sanitary landfill site for final disposal of solid waste.	Sanitary landfill site is on the negative list of PCP as MCs do not have requisite technical capacities to design, operate, and maintain complex technical facilities such as these. MCs will however be supported to develop capacities to undertake Public-Private Partnerships for such initiatives.
4.	Punjab Urban Resource Center	<ul style="list-style-type: none"> The provision of shelter is not included in the program. The existing wastewater treatment plants which are not functional should be given priority instead of constructing new treatment plants. How will community participation and engagement be ensured during program implementation? 	<ul style="list-style-type: none"> MC mandates include provision of municipal infrastructure and services, and do not include provision of shelter. The planning process will include community consultations for identification and prioritization of sub-projects, including for rehabilitation of existing assets. The confirmation of Results during the Annual Performance Assessment (APA) will include consultations with women and marginalized groups. Community participation is also an integral part of the IDAMP, EIA, IEE,

Sr. No.	Comment By	Comment	Response
			RAP and other E&S management instruments and plans. Moreover, the Public Consultation Framework and Communications Strategy developed for PMSIP will be updated and adopted for PCP.
5.	CO Municipal Committee, Mureedke; CO Municipal Committee, Okara	<ul style="list-style-type: none"> • Lack of proper operation and maintenance is a major cause of failure of investment projects. Schemes are often designed by provincial agencies and handed over to the MCs for O&M. Sometimes the number of these schemes is so large that MCs do not have the capacity to operate and maintain them properly. • MCs have low capacity for O&M. The Program should have a mechanism to improve this. • It is beyond the capacities of MCs to get No Objection Certificates (NOCs) from EPAs. • The income sources of MCs are not sufficient to meet the O&M expenses. 	<ul style="list-style-type: none"> • MCs have primary responsibility for the development and O&M of investment projects. The capacity of MCs for the purpose will be strengthened in the first year through the IPF component. This will ensure that MCs are able to design, operate, and maintain the infrastructure projects as required. • MCs will be required to use Credit funds disbursed in the first year on O&M and rehabilitation only, to cover backlog of O&M. PCP will also require adequate allocation of O&M funding for investments made under the Program. • MCs will be assisted in preparing EIAs and IEEs and in obtaining requisite NOCs. • Under PCP, MCs will be assisted in improving Own Source Revenues and controlling expenditures. .
6.	Municipal Committee	The technical studies conducted for the schemes should be in sync with the project planning phase and completed in time to ensure the inclusion of their recommendations in the technical feasibility of the projects.	This is already envisaged in PCP design.
7.	Municipal Committee, Jaranwala	There is a lack of coordination between different agencies and institutions. Wastewater issues of Jaranwala city need immediate attention.	The planning process under PCP to prioritize investments is designed to be participatory and consultative, to ensure that issues faced by the citizens are identified in a transparent manner.
8.	Punjab Irrigation Department	<ul style="list-style-type: none"> • Punjab Water Policy and Punjab Groundwater Frameworks are being formulated. • PCP should also focus on the issue of water conservation in addition to waste water treatment. 	<ul style="list-style-type: none"> • A review of the draft policy documents has been included in the ESSA, including the recommendation regarding water conservation. • PCP will also support updation of LG Service Standards under the TA component, and this will help in water conservation. Moreover, the issue of water conservation is already of priority in the ESSA.
8.	Aurat Foundation	<ul style="list-style-type: none"> • The definition of “vulnerable” should include widows and transgender. 	<ul style="list-style-type: none"> • The definition of vulnerability already includes widows. Transgender has been added in the category of vulnerable in the ESSA. • Sex disaggregated data will be collected during project planning and implementation.

Sr. No.	Comment By	Comment	Response
		<ul style="list-style-type: none"> • Sex disaggregated data should be collected and presented during the planning and implementation of the infrastructure projects. • Committees to address cases of women’s harassment should be made operational in the relevant departments. • Community participation should be go beyond consultations. • Women should be included in Grievance Redress Committees. 	<ul style="list-style-type: none"> • The formation and functioning of committees to address harassment cases is required under law and ESSA recommends strengthening enforcement of these laws. • ESSA already views community participation beyond consultations. Third party audits will be conducted to ensure that these laws are being enforced as required. • ESSA also requires GRC to have representation of women.
9.	Punjab Irrigation Department	Request for clarification on the data presented in the ESSA: is it city specific?	City specific data has been collected for the ESSA during visits to a sample of MCs. This information was analyzed and is presented in the ESSA.
10.	NESPAK	<ul style="list-style-type: none"> • Masterplans are important to ensure planned growth of cities. The planning of PCP should be linked with these Masterplans. • Implementation of E&S management recommendations should be ensured during program implementation and a mechanism should be established to ensure accountability in case there are lapses in E&S implementation. • The RFPs issued for hiring of consultants should not include the condition that the Consultant should secure a NOC from the EPA. EIAs are assessment tools and the results of these assessments should determine if NOCs should be granted. • The EPA should take full ownership of the social component of the EIAs and monitor implementation in this regard. 	<ul style="list-style-type: none"> • PCP will support development and implementation of evidence-based investment plans as a first step, which will have GIS-based city maps underpinning them. Over time, MCs could use these to project future growth of the city. • MC Chairmen will give their undertaking of adherence to PCP requirements by signing a Program Participation Agreement, including planning and implementation of E&S measures. Subsequent grant disbursements will be tied to MC performance against requisite criteria. • MCs, not consultants, will be required to secure EPA NOCs. • Another Bank-funded PforR (Punjab Green Development) being prepared will focus on capacity building of EPA/EPD to ensure that they can fulfill their responsibilities effectively.
11.	Agriculture Department	Wastewater is being used for irrigation and agriculture which results in soil and crop contamination. Are there any provisions to control plastics content in solid waste?	Wastewater investments are eligible under PCP, subject to their meeting requisite criteria. Under PCP, MCs will be assisted to implement measures to reduce, reuse, and recycle plastics.

Sr. No.	Comment By	Comment	Response
12.	MC, Hafizabad	How will the Punjab Growth Strategy be implemented? Is there any focus on spatial planning in PCP?	Punjab Growth Strategy emphasizes the importance of cities. PCP will support selected city governments in better urban management and service delivery, and in turn improve their quality of life and opportunities for investment.

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"Academia"

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4	Syed Rashid Hussain	MC Bahawalpur	CO MC Bw		
5	M. Atif Raza	MC, Bahawalpur	Accountant		
6	Ch. Abdul Razzaq	MC Bahawalpur	MO (Inf)		
7	M. Arif	MC. Jaranval	Chief officer		
8	Rai Mustafa Babar	" "	Chairman		
9	Muhammad Mehbub	MC-Jaranval	MO (P) Add-cha		
10	ABID SHARIFA	MC - Jaranval	MOI		

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14	TAHIR MAHAJID	M.C VEHARI	MO (P)		
15	Rao Naeem Khalid	MC Vehari	Chief Officer		
16	Ch. Ashiq Arzoo	M. C Burewala	Chairman M.C Burewala		
17	Rao Muhammad Ali	M.C Burewala	Chief Officer M.C Burewala		
18	Gulzar Nusrat	MC Vehari	Chairman		
19	Ali Dildar	MC Burewala	MO-1		
20	M. SAJID NIAZ	MC Burewala	MO (P)		

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22	Dr. Majeed Ahmed	Agriculture Dept (Water Management wing)	Deputy Sect Director (Water) PMP		
23	Amir Hamis	Kennedys Council Fazalpur	HO, ESM		
24	IRFAN UL HAQ	NESPAC	GM/Head Environ. & Resilience		
25	Shahid Habib	Immigration Dept	DD		
26	BANNOOR ALI	PSO to MC Chairman Kanals	PSO to Chairman		
27	Sh. Shabir	M.C. Multan			
28	M. Ashiq Ch.	Techid Group	PMD PC		
29	Rana Liaquat MC	M.C. Kanals	M.C. (ES)		
30	Naleem Abbas	PCSIR	S.O		

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2	JAVAD IGBAL	Municipal Committee Kot Adu	Municipal Officer		
3	MUHAMMAD ZAFAR ABBAS	MUNICIPAL COMMITTEE ZHANG	Municipal Officer (Infrastructure)		
4	MUHAMMAD ASLAM BHATTI	MUNICIPAL COMMITTEE KAMALIA	MUNICIPAL OFFICER (Infrastructure) & P		
5	MASOOD MAJEED	M.C Chairman Khair Mahal	M.C KVL Chairman		
6	NUSRAH QURESHI	LCMC	GM (P/P)		
7	MUHAMMAD ISLAM	M.C Gojra	CHAIRMAN		
8	Zahid Fareed Yasar	M.C Gojra	CHIEF OFFICER		
9	CH-Shabbir Hussain	M.C Gojra	M-O-I		
10	M. Aslam	M.C. Zhang	M.O.P.		

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13	Adeel Parvaz	"	Senior Manager ops.		
14	Zahid Mushtaq	LWMC	Senior Manager 3 dist. ops.		
15	Bilal Hussain	MC Hotezabal	Sub-Engg (I)		
16	Afaj Ayesha	Navigation Dept.	Ass. Director Environment		
17	Muhammad Asim	MC Okara	MO (I)		
18	M. Iqbal Khan	PM/RE.	GM (E)		
19	Syed Kamran Ali	MC Dasra	MO (Planning)		
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6	Ch. Abdul Razzaq	MO (Infra) M.C. Bahawal Nagar	MO (Infra)		
7	Nazifa Butt	WWF Pakistan	Manager Law Assessment		
8	Muhammad Bilal	MC Hafizabad	Municipal Officer Planning		
9	Jalal Ahmad Khan	PM DRC	Team Lead Urban Planning		
10	SHOABIS IFTIKHAR	MMSP-C			

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12	KHURRAM FARID	INSTITUTE OF PLANNERS	Secretary GENERAL		
13	Anwar Beg	M.C. Shang	Chief officer		
14	Sh Nawaz Akram	M.C. Shang	Chairman		
15	DR. TARIQ MALIK	T.M. CONSULTANTS SHAR SAKZ	PRESIDENT		
16	Muhammad Munir	Muhammad M. Munir			
17	M. Amur Nabeer	PMDFC	MD		
18	Saima Fajeer	PMDFC	A. Environment		
19	NAUMAN AKHTAR	PMDFC	Manager (ISA)		
20	Tasleem Darya	CO M.C. Okara			

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22	Haseem Javed	H.D.C. Vehari			
23	Syed Tughrul Abbas	M.C. Mandke	M.C. Mandke		
24	Qazi Abid Qayyum	M.C. Mandke	Chief Officer		
25	Farooq Ahmed	Punjab Immigration	DD Commissioner		
26	Muhammad Afzal	LG Board	Director Admin		
27	Rooh Ullah - Rehman	CO M.C. Kamoke	CO M.C. Kamoke		
28	M. Aslam Ghuman	C.O. Kamoke	C.O.		
29	Rasheed Mahmood	Punjab Urban Resource Centre	Director		
30	Dr. Talib Bhatti	PC-SIR Lahore	PSO		

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32	MURTAZA Ahmad JAYA	M.O. Punjab	M.O (Asst)		
33	Muhammad Nadeem	Airport Foundation	Resident		
34	Samira Javed	AF	MEE Officer		
35	ILSAH ULLAH	C.O. M.C.T			
36	SHAHID HUSSAIN BARR	CHAIRMAN M.C. KOT ADDU	Chairman		
37	Yousaf Jomal	M.C. Kot Addu	A. Accountant for M.C. (F)		
38	Humaira (Cen)	PMDFC	Manager		
39	(Khawaja Aftab) Razvi	Chairman (District)	Chairman		
40	Mian Nadeem	C.O. (District)	C.O.		

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Annex 3: Environmental and Social Risk Matrix

Environmental and Social Assessment and Action Plan Summary

Core Principle 1: Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program’s environmental and social effects.			
Key Elements	System Requirements	Key Findings	Recommendations
<p>1.1 Bank Program procedures are backed by an adequate legal framework and regulatory authority to guide environmental and social impact assessments at the programmatic level</p>	<p>The current legal system of Pakistan supports the Environment and Social Assessments of projects as a component of the EIA. The main act related to the Environmental and Social Assessment in Punjab is Punjab EPA 2012 which is a fairly comprehensive legislation and provides legislative framework for protection, conservation, rehabilitation, and improvement of the environment.</p> <p>The ‘environment’ has been defined in the Act as: (a) air, water, and land; (b) all layers of the atmosphere; (c) all organic and inorganic matter and living organisms; (d) the ecosystem and ecological relationships; (e) buildings, structures, roads, facilities, and works; (f) all social and economic conditions affecting community life; and (g) the interrelationships between any of the factors specified in sub clauses (a) to (f).</p> <p>The salient features of the law are:</p> <ul style="list-style-type: none"> • No proponent of a project shall commence construction or operation unless he has filed with the provincial agency designated by the provincial EPAs an EIA, and has obtained an approval; • Establishment and Formation of the Punjab Environmental Protection Council; • Prohibition of certain discharges or emissions; • Provincial Environmental Quality Standards for 	<p>The capability of regulatory institutions for environment and social monitoring is low which results in low integration of environment and social assessment at the implementation stage of projects.</p> <p>The PMDFC ESMF requires update according to the requirements of Program activities; for example, to effectively address the land acquisition issues.</p>	<p>TA will target two main areas that will significantly strengthen the environmental and social management capacity at the local level. The ESSA concluded that the institutional capacity of MCs is low and needs substantial strengthening. Successful implementation of activities designed to deliver DLI 1 will proportionately strengthen the environmental and social management capacity of participating MCs. Specifically, the proposal for appointment of permanent environmental and social management professionals along with training and TA from the PMDFC is expected to deliver the required capacity for environmentally friendly municipal operations and environmental management of new and existing infrastructure. In addition, environmental and social requirements will be dovetailed in the project implementation system and instruments (for example, budgetary allocations for implementation of environment and social management; MC staff trained for environment and social management, public consultation, citizen engagement, transparency and accountability, land and labor issues, and safeguard procedures; the ESMF customized and updated; and so on).</p>

Core Principle 1: Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program’s environmental and social effects.

Key Elements	System Requirements	Key Findings	Recommendations
	<p>wastewater, air emissions, and noise; and</p> <ul style="list-style-type: none"> • Empowering the provincial government to issue notices and to enforce them for the protection of the environment. <p>Other legal instruments related to the environment and social assessment are as listed below:</p> <ul style="list-style-type: none"> • Pak-EPA Review of IEE and EIA Regulations, 2000; • EIA procedures by EPA including: <ul style="list-style-type: none"> ○ Guidelines for preparation and review of environmental reports; ○ Guidelines for public consultation; and ○ Sectoral guidelines for industrial estates • The PMDFC, the focal company for the Program, has adopted a comprehensive social and environmental management tool - ESMF. The ESMF has a comprehensive screening system and conditions for social and environmental management at activity level. The ESMF will be adopted for those activities of the Program for which IEE/EIA will not be required under PEPA 2012, for example, rehabilitation of water supply, sanitation, and roads schemes. 		<p>The MCs will be required to assign environment and social management function to one of the existing staff. The PMDFC will assign staff to perform the function as an interim measure, whilst transferring basic skills to the assigned MC staff. The PMDFC staff dedicated to PCP implementation will include (a) senior specialists as well as contracted individuals based in Lahore and (b) middle-level specialists that will be deployed in three regionally-based teams, each supporting five to six MCs. All teams will include Environment and Social Development Specialists in addition to other experts. Creation of requisite social and environmental management capacity will be ensured through the Program Participation Agreement to be signed between each MC and the PMDFC.</p> <p>The social and environmental management professionals appointed at the PMDFC and MCs will be mandated to coordinate and assist in (a) development of screening procedures and preparation of environmental and social assessments and ESMPs, (b) preparation of socially inclusive investment decisions and IDAMPs, standards, and manuals; (c) conducting surveys related to social and environmental aspects; (d) land-related aspects; (e) managing labor- and gender-related issues and maintaining an effective liaison with the Labor Department and WDD; (f) ensuring consultation and supporting implementation of social</p>

Core Principle 1: Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program’s environmental and social effects.			
Key Elements	System Requirements	Key Findings	Recommendations
			management measures related to vulnerable and marginalized people; (g) functioning of CTS/GRM; (h) implementation of the public communication strategy and stakeholder consultation process; and (i) engaging with the technical team to improve O&M of schemes.
1.2. Incorporate recognized elements of environmental and social assessment good practice, including: 1.2a Early screening of potential effects	<p>A screening process is in place based on the provision in Schedule I and II of Review of IEE and EIA Regulations, 2000. Schedule I lists the projects requiring IEE and Schedule II lists the projects requiring the EIA based on thresholds specified in terms of type of project, cost, capacity, locations, and so on.</p> <p>The guidelines for preparation and review of EIA report specifies the scoping of important issues at an early stage. The guidelines specify scoping as “a vital early step, which identifies the issues that are likely to be important during the environmental assessment, and eliminates those that are not.” The identification of important issue includes the social and economic aspects according to definition of the environment.</p> <p>A screening process is also in place in the ESMF in the form of E-1, E-2, and E-3 levels assessments according to significance of social and environmental impacts.</p>	<p>Although the list of subprojects allows for screening of projects that can be key national works, there are no clear guidelines for screening with reference to the social aspects in national regulation and guidelines.</p> <p>PMDC has developed an ESMF for PMSIP project. The ESMF includes the comprehensive social screening process during identification of subprojects.</p>	<p>The Program should include a simple social screening criteria for the projects. All projects will need to be screened at an early stage of project preparation.</p> <p>It is recommended that the PMDFC should review and adopt ESMF of PMSIP which includes a comprehensive social screening process during identification of sub-projects.</p>
1.2b Consideration of strategic, technical, and site alternatives (including the ‘no action’ alternative)	The guidelines for preparation and review of environmental reports under its section 2.6 mandates the analysis of different alternatives including the ‘no build option’.	There is often a high degree of reluctance to critically evaluate alternatives from an environment and social point of view or carry out any significant modifications to	The implementation of the assessment of alternatives with respect to the environmental and social aspects needs to be strengthened. For PCP, this aspect will be improved once the ESMF is updated by the PMDFC and

Core Principle 1: Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program's environmental and social effects.			
Key Elements	System Requirements	Key Findings	Recommendations
	Among different alternatives, locational alternatives often include an assessment of the present land use, social setting of the area, people to be displaced, number of structures affected, and distance of the projects from project population boundary.	<p>project location or design at this stage.</p> <p>Although the site alternatives are required to be assessed before finalizing the site selection, it has been observed that this analysis is mostly done in retrospect to justify the site already selected without actual consideration of the environment and social aspects.</p>	adopted by MCs and with the capacity of the MCs enhanced.
1.2c Explicit assessment of potential induced, cumulative, and trans-boundary impacts	<p>Most of IEE/EIA are conducted under spot analyses. Determination of cumulative environmental impacts is not covered by the scope of IEE/EIA.</p> <p>International transboundary impacts are not relevant to the project.</p>	Data on ambient conditions such as status of air pollution and pollution levels of receiving bodies are collected under IEE/EIA and impacts are determined for immediate surroundings. However, occurrence of cumulative impacts under air and water pollution dispersion modeling are not done.	Provisions of cumulative impacts of air and water pollution should be made part of IEE/EIA scope
1.2d Identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized	<p>The guidelines for the preparation and review of environmental reports include the assessment of environment, social, health, and economic and fiscal impacts under sections 3.7 to 3.9.</p> <p>The assessment mandates focus on the demographic, cultural and sociocultural impacts under the section related to social impacts. Other sections related to the health-, economic-, and fiscal-related impacts.</p>	<p>Procedures for the assessment of environment and social impacts are in place for the development projects; however, its actual implementation is not done.</p> <p>Mostly the recommendations are provided in environmental assessment report but their implementation is limited to the projects financed by the multilateral and bilateral institutions only.</p>	<p>The implementation should be strengthened by enhancing institutional capacities of the relevant institutions as already described above.</p> <p>The ESMF should be updated and adopted by the PMDFC for assessment and management of the social impacts.</p>

Core Principle 1: Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program's environmental and social effects.			
Key Elements	System Requirements	Key Findings	Recommendations
		PMDFC has prepared an ESMF which includes the Environmental and Social Assessment and Management Framework (ESAMF). ESAMF provides a comprehensive approach for the assessment and management of social impacts.	
1.2e Clear articulation of institutional responsibilities and resources to support implementation of plans	Institutional responsibilities and resources for preparation, implementation monitoring, and inspection are clearly spelled out by relevant regulations (PEPA 2012, Review of IEE/EIA Regulations, 2000). The mandate for monitoring the implementation of IEE/EIA lies with Punjab EPA.	IEE/EIA Section of EPA only does the review of IEE/EIA and accordingly issues the NOC. Punjab EPA's capability for post NOC monitoring is limited.	Capacity strengthening of EPA and its district offices, MCs, Local Government Department, Local Government Board, and Finance Department needs to be done.
1.2f Responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and through responsive grievance redress measures	Public consultation with relevant stakeholders, local authorities, and representatives of communities and organizations directly affected by projects is required (guidelines for public consultation). Aspects of the public consultation are better in projects financed by banks, and other multilateral and bilateral institutions. A complaint cell is active at Punjab EPA to address complaints by communities related to environmental and social aspects. Under PLGA 2013, <i>Musalihat Anjuman</i> has been formulated for Grievance Redress. GRM is absent at the program and policy level except the legal course through courts. GRM is only implemented at the project level.	Although the timings and techniques of consultations are clearly stated in the guidelines, generally public consultation is carried out at two stages, that is, during the socioeconomic and inventory surveys at the baseline data collection stage of the EIA and during public hearing during the processing of EIA reports. In consultations conducted during GoPunjab projects, the objectives of consultation are not met because in most cases these are conducted under pressure from the higher level of Government.	The PMDFC and MCs will ensure that the stakeholder and public consultation processes are inclusive during each stage of investment planning and implementation, to ensure compliance with EPA guidelines for public consultation. The Public Consultation Framework prepared for PMSIP provides an excellent SOP, and will be updated and adopted for PCP. Moreover, the scope of consultations will address important associated social needs related to accountability and transparency, tariff increase, and inclusion of voice of the marginalized and vulnerable. The PMDFC will also develop a comprehensive Communication Strategy for PCP, based on the existing communications strategy for

Core Principle 1: Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program’s environmental and social effects.

Key Elements	System Requirements	Key Findings	Recommendations
		<p>Meanwhile, affected people are aware of their rights to complaints and the legal course to follow and get compensations for the damage caused by construction. It is also a motivation to push contractors to comply with obligations.</p> <p>The PMDFC has formulated a Public Consultation Framework for PMSIP. This framework specifies the public consultation methodologies and process. The consultations done by the PMDFC during PMSIP were limited in scope as they were confined to the action planning process and infrastructure development.</p> <p>In addition, the PMDFC has also developed an Outreach and Communication Strategy for PMSIP with the following main objectives:</p> <ul style="list-style-type: none"> • Awareness raising about project activities, related to institutional development and municipal infrastructure development work, among stakeholders in general and specifically GoPunjab and TMAs • Promotion of the project and company 	<p>PMSIP. Moreover, a representative willingness-to-pay survey will be undertaken during preparation of the revenue enhancement plans and strategies.</p> <p>PCP will assist in upgrading the CTS to an overall GRM for MCs. The CTS is functioning well and will remain operational during PCP, after it has been upgraded as the GRM. At present, the focus of the CTS is mainly on the complaints related to infrastructure projects. The coverage of complaints would be enhanced under the GRM to include transparency, accountability, exclusion of marginalized groups from development priorities, and labor issues. The GRM will be more gender responsive, with clearly defined timelines for redress, like the CTS.</p>

Core Principle 1: Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program’s environmental and social effects.

Key Elements	System Requirements	Key Findings	Recommendations
		<ul style="list-style-type: none"> • Public relations through various types of interpersonal and print media communication <p>The strategy prepared for PMSIP defines target audience and stakeholders, the process, methodology, tools, implementation of strategy, access to information, and M&E.</p> <p>This communication strategy was successfully implemented during PMSIP.</p> <p>The PMDFC also developed and operationalized a CTS under institutional development activities for complaints registration, its tracking and resolution.</p> <p>The primary objective of introducing CTS in the TMAs was to enhance TMAs’ efficiency in addressing citizens’ complaints by streamlining the complaint registration and tracking system where all complaints are recorded centrally.</p> <p>The complaint cell is also provided with a telephone line to facilitate complaint registration over the phone without visiting the office.</p>	

Core Principle 1: Environmental and social management procedures and processes are designed to: (a) avoid, minimize or mitigate against adverse impacts; (b) promote environmental and social sustainability in program design; and (c) promote informed decision making relating to a program’s environmental and social effects.

Key Elements	System Requirements	Key Findings	Recommendations
		<p>The process is very well-defined. Each recorded complaint has a unique number already printed on the complaint slip. The complaint slip has two parts, one kept in the complaint cell for the record and the other given to the relevant TMA official responsible for the complaint resolution.</p> <p>The complainant also receives the complaint number for the follow up, if required. Once the complaint is resolved by the relevant TMA staff, he returns his part of the complaint slip to the complaint cell with his remarks and the complaint cell in charge updates the complaint register accordingly. The complainant may inquire the status of his complaint at any time just by calling the complaint registration office with reference to his complaint number.</p> <p>Roles and responsibilities are clearly defined in CTS SOP.</p>	

Core Principle 2: Environmental and social management procedures and processes are designed to avoid, minimize and mitigate against adverse effects on natural habitats and physical cultural resources resulting from program.

Key Elements	System Requirements	Key Findings	Recommendations
Includes appropriate measures for early identification and screening	The scope of IEE/EIA covers the profiling of natural habitats, flora and fauna, national parks, important ecological areas, and impacts on	Most governmental agencies are not aware of the Antiquities Act and ignore it during the planning	EPA needs to be strengthened for post NOC monitoring. Local Government Department, Local Government Board, MCs, and Finance

Core Principle 2: Environmental and social management procedures and processes are designed to avoid, minimize and mitigate against adverse effects on natural habitats and physical cultural resources resulting from program.			
Key Elements	System Requirements	Key Findings	Recommendations
of potentially important biodiversity and cultural resource areas.	<p>downstream freshwater bodies. Impacts matrix of project components and activities during construction and operational phases of the projects is an essential part of IEE/EIA. Accordingly, EIA requires that the project should include mitigations to avoid such impacts. EIAs conducted for projects implemented by the PMDFC under PMSIP World Bank-funded project cover these aspects in detail.</p> <p>The main legislation on conservation of archeological heritage is the Pakistan Antiquities Act of 1975. This Act was adopted by Punjab in 1985. The Antiquities Act 1975 only focused on conservation of a monument whereas the Punjab Law also includes conservation of the area surrounding the monument. The site screening guidelines with respect to the historical sites are also provided in the sectoral guidelines for industrial estates issued by EPA as a part of EIA Procedures.</p>	<p>process. A recent example is provided by the Orange Line Metro project currently being implemented. The metro was planned originally to be built in close proximity to the Shalimar Gardens but the Archeology Department and court of law objected to this.</p> <p>No SOPs are available to share with construction companies/projects. However, under law, chance finds should be reported to the Archeology Department within seven days. If ruins are discovered, then all construction work must be stopped. In this case, Archeology Department conducts a site assessment and looks for signs of buildings or habitation.</p>	<p>Department need to be trained about environmental law and issues.</p> <p>Inventory of archeologically significant sites needs to be prepared for the Province of Punjab by Archeological Department and share with all the Line Departments of GoPunjab.</p> <p>SOPs will be developed for PCP related to PCR and archeological screening for sub-projects, and maintaining a liaison with the Archeology Department on the procedure for chance archeological finds.</p>
Supports and promotes the conservation, maintenance, and rehabilitation of natural habitats, avoids the significant conversion or degradation of critical natural habitats, and if avoiding the significant conversion of natural habitats is not technically feasible, includes measures to mitigate or offset impacts or program activities.	This aspect is covered under IEE/EIA guidelines in line with the best international practices and protocols.	In EIAs of most of the large projects in the Northern Areas of Pakistan, this aspect is taken care of. This aspect is especially important for the wastewater treatment and new road construction. Program will focus its implementation within cities built up areas, therefore, the significance of this aspect is low.	The project ensures that this aspect is taken care of according to PEPA 2012 and its guidelines.

Core Principle 2: Environmental and social management procedures and processes are designed to avoid, minimize and mitigate against adverse effects on natural habitats and physical cultural resources resulting from program.			
Key Elements	System Requirements	Key Findings	Recommendations
<p>Considers potential adverse impacts on physical cultural property and, as warranted, provides adequate measures to avoid, minimize, or mitigate such effects.</p>	<p>The main legislation on conservation of archeological heritage is the Pakistan Antiquities Act of 1975. This act was adopted by Punjab in 1985. The Antiquities Act 1975 only focused on conservation of a monument whereas the Punjab law also includes conservation of the area surrounding the monument.</p>	<p>LG Department and the PMDFC are aware of the act. Knowledge of MCs and Finance Department is limited.</p> <p>Archeology Department conducted a survey across Punjab from 1994 to 1996 to map out possible spots of archeological significance. According to this survey, Bahawalpur, Rawalpindi, and Multan districts have a high number of unprotected and unexcavated archeological sites.</p> <p>Application of antiquities laws during project planning need improvement as sometimes its provisions are ignored. A recent example is provided by the Orange Line Metro project currently being implemented. The metro was planned originally to be built in close proximity to the Shalimar Gardens but the Archeology Department and court of law objected to this.</p> <p>No SOPs are available to share with construction companies/projects. However, under law, chance finds should be reported to the Archeology Department within seven days. If ruins are discovered, then all construction work must be stopped.</p>	<p>Any proposed site for wastewater treatment plant and road construction should be screened for possible impact on sites of archeological significance. Without proper screening, damage can be caused during construction. For example, Lakhenjodaro in Sukkur is located inside an industrial estate. It was discovered when the IE had been designated and plots were being cleared for industry. After the discovery, the area of archeological significance (two plots) were left undeveloped and the area was surveyed and recorded by the Kahirpur University.</p> <p>Increase awareness about the Antiquities Act of 1975 among stakeholders and improve its implementation.</p> <p>Develop and implement SOPs related to the project screening with respect to its impacts on PCR. Use archeological considerations for siting wastewater treatment plants and roads. Conduct site survey at selected site and implement procedure for chance finds.</p> <p>Develop and implement partnership with Department of Archeology for screening of extension. Implement SOPs for chance finds procedures.</p> <p>Inventory of archeologically significant sites needs to be prepared for the Province of Punjab by the Archeological Department and shared with all the line departments of the government of Punjab.</p>

Core Principle 2: Environmental and social management procedures and processes are designed to avoid, minimize and mitigate against adverse effects on natural habitats and physical cultural resources resulting from program.			
Key Elements	System Requirements	Key Findings	Recommendations
		In this case, Archeology Department conducts a site assessment and looks for signs of buildings or habitation.	

Core Principle 3: Program procedures ensure adequate measures to protect public and worker safety against the potential risks associated with: (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; and (b) exposure to toxic chemicals, hazardous wastes and otherwise dangerous materials.			
Key Elements	System Requirements	Key Findings	Recommendations
Promotes community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures, inspections, or remedial works incorporated as needed.	This aspect is addressed in the EMP. an essential part of IEE/EIA. IEE/EIA for new schemes design, construction, and O&M for the whole project including infrastructure, layout, land acquisition, community safety, and so on. Independent IEE/EIA are required for each wastewater treatment plant.	Implementation of EMPs for projects predominantly limited.	<p>Punjab EPA capability for post NOC monitoring of IEE/EIA implementation needs to be enhanced.</p> <p>Capabilities of the PMDFC and MCs for local-level monitoring need to be enhanced as already recommended in above sections. Training of the PMDFC and MCs for the implementation of SOPs needs to be given.</p> <p>HSE procedures covering occupational, construction and community aspects will be developed, notified, and implemented. These SOPs will be implemented by MCs during Program implementation. The senior social management professional at the PMDFC will take the lead in this aspect and work in collaboration with social management professionals at MC level, and in the Labor Department and EPA. Training of the PMDFC and MCs is needed for effective implementation of these SOPs will be done.</p>
Promotes the use of recognized good practice in the production, management, storage, transport, and	Federal government promulgated the Hazardous Substances Rules 2003. These rules instruct the proponent of the projects to adopt good production practices, management, storage, transport, and	Punjab EPA is planning to review the rules according to the conditions in Punjab. Implementation of these rules is	This Program has made provisions to increase the capability of LG Department, the PMDFC, MCs, and Punjab EPA on the subject.

Core Principle 3: Program procedures ensure adequate measures to protect public and worker safety against the potential risks associated with: (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; and (b) exposure to toxic chemicals, hazardous wastes and otherwise dangerous materials.			
Key Elements	System Requirements	Key Findings	Recommendations
disposal of hazardous materials generated through program construction or operations; promotes the use of integrated pest management practices to manage or reduce pests or disease vectors; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions.	disposal of hazardous materials generated through program construction or operations; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions. After the 18th Constitutional Amendment, implementation of these rules has been delegated to Punjab EPA.	limited. EIAs by the PMDFC for earlier projects under PMSIP cover these issues.	
Includes measures to avoid, minimize, or mitigate community, individual, and worker risks when program activities are located within areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or climate events.	These aspects of the proposed projects are fully covered by the scope of IEE/EIA. In most of IEE/EIAs these aspects are covered under DMP which is part of the environmental management of IEE/EIA reports.	The PMDFC has knowledge of DMPs and prepared DMPs for the earlier projects. MCs' understanding is limited and MCs have no experience of preparing DMPs.	Capacity building of LG Department, the PMDFC, and MCs is included in the Program. Punjab EPAs enhanced capability for post monitoring of EIA implementation will also support in improving the opportunities for DMP implementation.

Core Principle 4: Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.			
Key Elements	System Requirements	Key Findings	Recommendations
Avoids or minimizes land acquisition and related adverse impacts	The main legal tool used for land acquisition in Punjab is LAA 1894 and Punjab Land Acquisition Rules of 1983.	This is followed up through the Punjab Land Acquisition Rules. However, the performance in this regard varies across the Program	

Core Principle 4: Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.			
Key Elements	System Requirements	Key Findings	Recommendations
	The Punjab Land Acquisition Rules of 1983 under its Rule 4 states “On receipt of the application under Rule 3, the collector of the district shall examine its feasibility taking into consideration the genuineness of the public purpose involved, the minimum requirements of the acquiring agency, and suitability of the area proposed for requisition keeping in view its alternative uses if any.”	and needs significant improvement.	
Identifies and addresses economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may lack full legal rights to assets or resources they use or occupy	<p>LAA 1894 has clear provisions and procedures in this regard when it comes to land and titleholders. However, it does not cover people without titles. For compensation determination, the following are the main considerations:</p> <ul style="list-style-type: none"> • Market value of land at the date of publication of notification under Section 4 • Damage sustained, by reason of the taking of any standing crops or trees at the time of the collector’s taking possession thereof • Damage (if any) sustained, at the time of taking possession of the land, by reason of severing such land from his other land • Damage (if any) sustained, at the time of taking possession of the land, by reason of the acquisition injuriously affecting his other property or his earnings • If in consequence of the acquisition of the land, the person interested is compelled to change his residence or place of business, the reasonable expenses (if any) incidental to such change • The damage sustained by diminution of the profits of the land between the time of the publication of the declaration under Section 6 and the time of taking possession of the land • 15% over and above the cost of the land determined by the collector as charges for 	<p>No compensation to non-titleholders (tenants with no legal document, squatters) for affected structures. However, special provisions were made in case of Metro Bus Projects for payment to nontitle holders. Loss of livelihood is not compensated. However, compensation to the non-titleholders and for the loss of livelihood has been made though special provisions created for Metro Bus Projects in Lahore and Rawalpindi. The ESMF prepared by the PMDFC for PMSIP covers the process of acquiring land through different possible mechanisms including:</p> <ul style="list-style-type: none"> • Private negotiations and • Compulsory acquisition under the Act <p>It was discussed during the missions that PMDFC has refrained from compulsory acquisition and section 17 was not</p>	<p>PMDFC has gained valuable experience for developing and implementing an ESMF for PMSIP. The ESMF includes comprehensive SOPs for social screening of subprojects, acquisition of private land, and management of other social impacts. Taking advantage of an effective and tested instrument already available with the implementing agency, the PMDFC will update and adopt this instrument especially for land acquisition, compensation, livelihood restoration, and assessment and management of other social impacts.</p> <p>There is also a precedence for such procedures developed and implemented under recent projects such as the Lahore and Pindi Metro Bus projects. These practices will be incorporated while updating the ESMF. The PMDFC will spearhead the updating of ESMF with the help of MCs and assist in the application of procedures. The key partners in this activity will be the BoRs.</p>

Core Principle 4: Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.			
Key Elements	System Requirements	Key Findings	Recommendations
	<p>acquisition. For land acquisition for companies, 25% is paid over and above the cost of the land determined</p> <ul style="list-style-type: none"> It has been reported that compensation to the non-titleholders has been made through special provisions created for Metro Bus Projects in Lahore and Rawalpindi. 	<p>allowed in case if compulsory acquisition was to be done using LAA during PMSIP.</p> <p>Entitlement matrix as a part of Resettlement Policy Framework included in ESMF is in line with requirements of this principle.</p>	
Provides compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access	<p>According to LAA 1894, compensation is paid for all assets at market value instead of replacement cost.</p> <p>The market value is determined by the DPAC. The process for the determination of market price relies on recent land sale transactions of similar nature in the nearby area. The market rates are also notified by the relevant deputy commissioner on an annual basis.</p>	<p>The compensation should be based on replacement cost. The price determination procedures need to be reviewed to ensure fair market price determination.</p> <p>ESMF for PMSIP mandates the payment of compensation at replacement value.</p>	As above
Provides supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (e.g., loss of crop production or employment)	The livelihood restoration is not emphasized in the LAA 1894 and Punjab Land Acquisition Rules of 1894.	<p>The compensation for loss of livelihood is not being allowed in LAA 1894. However, some recent good examples have been set up in some projects by making payment for the loss of business allowance.</p> <p>Land acquisition provision for Metro Bus Projects puts in the following provisions for loss of business allowance:</p> <ul style="list-style-type: none"> Loss of business allowance shall be paid only in respect of shops/hotels where business is actually being conducted. The loss of business allowance shall be paid only to the 	As above

Core Principle 4: Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.

Key Elements	System Requirements	Key Findings	Recommendations
		<p>person who is actually doing business at the site. Where a landowner is himself doing business, he shall be entitled to loss of business allowance. Where a tenant is doing business, he (tenant) shall be entitled to loss of business allowance.</p> <ul style="list-style-type: none"> • Loss of business allowance shall be equal to one year rent of shops/hotels. For this purpose, higher of the amount of actual rent of one year paid by tenant or 12% of the cost of land assessed by the DPAC and approved by the BoR (without compulsory acquisition charges), shall be paid. Where business is being conducted by the owner himself, he shall be entitled to an amount equal to 12% of the cost of land (without compulsory acquisition charges). The amount shall be subject to the following conditions. • No loss of business allowance shall be paid to banks and telecom companies and for any hoardings/sky signs. • Where shops are situated on a level other than ground, that is, in basement, on first floor 	

Core Principle 4: Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.			
Key Elements	System Requirements	Key Findings	Recommendations
		and above, the loss of business allowance at the rate of higher of 6% of cost of land (without compulsory acquisition charges) or the actual rent being paid shall be paid. ESMF for PMSIP includes the provision for livelihood restoration and improvements.	
Restores or replaces public infrastructure and community services that may be adversely affected.	The public infrastructure and community services are normally relocated by the relevant department.		As above

Core Principle 5: Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.			
Key Elements	System Requirements	Key Findings	Recommendations
Undertakes free, prior, and informed consultations if indigenous peoples are potentially affected (positively or negatively) to determine whether there is broad community support for the Program.	The World Bank has provided a clear definition of indigenous peoples. According to this definition, indigenous peoples are only found in Kalash. As Kalash is not in Punjab, therefore, this aspect is not applicable to the Program.	n.a.	n.a.
Ensures that indigenous peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter (indigenous knowledge) to include the	As above.	n.a.	n.a.

Core Principle 5: Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.			
Key Elements	System Requirements	Key Findings	Recommendations
consent of the indigenous peoples.			
<p>Gives attention to groups vulnerable to hardship or disadvantage, including, as relevant, the poor, the disabled, women and children, the elderly, or marginalized ethnic groups. If necessary, special measures are taken to promote equitable access to program benefits.</p>	<p>There is no clear reference to the vulnerable people in LAA 1894 and Punjab Land Acquisition Rules, 1983.</p> <p>The labor laws related to the working conditions, sexual harassment, and child labor are in place but their implementation is limited.</p> <p>ESMF for PMSIP includes provision for the vulnerable and marginalized groups. It specifies that the Social Assessment Report will ensure that issues of poverty, gender, and child labor are systematically addressed to ensure that the interests of marginalized and vulnerable groups are given appropriate attention and that, wherever possible, opportunities for enhancing their livelihoods are pursued.</p> <p>There are provisions for the marginalized and vulnerable groups in the entitlement matrix and land acquisition process specified in the ESMF for PMSIP.</p>	<p>The needs of marginalized and vulnerable groups are sometime overlooked during the planning phase. Laborers, particularly women workers, are especially vulnerable during implementation of physical infrastructure schemes and face issues related to reduced wages, lack of safe transportation, lack of childcare and toilet facilities, and sexual harassment in the workplace. Contract laborers, both men and women, face issues of lower wages and harsh working conditions. The trend of engaging child labor at low wages to reduce costs is also a major social risk. Working in harsh weather conditions for long hours and at unsafe locations makes the latter group particularly susceptible. Exhaustive legal provisions on labor have been enacted in Pakistan and adopted by GoPunjab on, for example, working conditions and payment, including minimum wage, social security registration, safety at work, child labor, bonded labor, contract labor, female workers, and others. However, implementation of these provisions remains weak.</p>	<p>During development of Public Consultation Framework and Communication Strategy, it will be ensured that the needs of vulnerable and marginalized groups are taken care of.</p> <p>The Social Safeguards Specialists at the PMDFC and LG&CDD will play a vital role in ensuring that considerations related to marginalized and vulnerable groups are incorporated during preparation of the development plans.</p> <p>The social management professionals at the PMDFC and MCs will work in close collaboration Department of Labor on issues related to labor, including working conditions and vulnerable categories of workers such as women.</p> <p>The PMDFC and MCs in collaboration with Labor Department and WDDs will ensure that the laws related to labor and working conditions, particularly for women, are adequately enforced and take initiatives to encourage women's participation in the workforce.</p> <p>A robust citizens-based willingness to pay (taxes) and accept (reciprocal services as a return) survey should be done as a part of OSR Improvement Actions Plans.</p>

Core Principle 6: Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.			
Key Elements	System Requirements	Key Findings	Recommendations
Considers conflict risks, including distributional equity and cultural sensitivities	Local-level cultural and sensitivity issues are covered under requirements of environmental assessments especially in projects financed by the World Bank and other multilateral and bilateral institutions.	Although there is no overt social risk of the Program, it may cause social friction if selection of projects is not transparent, projects do not have an effective GRM with an easy access to information, and issues if the project completion details are not disseminated widely (on-site and through other means). Social issues may arise if improper attention is given to the needs of marginalized and vulnerable groups.	Transparency, well-defined role of general public and continuous citizens' engagement may help reduce this risk as discussed above. Upgrading the CTS to an overall GRM and making it more effective by broadening its coverage as described above will help to reduce this risk. Social safeguards specialists at the PMDFC and MCs will play a pivotal role in this.

Annex 4: Notification to Declare Special Premises in Kot Addu and Wazirabad



GOVERNMENT OF THE PUNJAB
INFORMATION, CULTURE & YOUTH AFFAIRS
DEPARTMENT

Dated Lahore, the 21st March, 2007.

NOTIFICATION

No. SO.CUL(INF)5-5/90 (Vol-I). In continuation of Government of the Punjab, Local Government & Rural Development Department's Notification No. S-III-19-7/85-Vol-I dated 17-04-1989, the Governor of the Punjab is pleased to declare the following premises as "Special Premises" under the Punjab Special Premises (Preservation) Ordinance 1985.

1. Tomb of Nawab Wakil Khan, Tehsil & District Kasur.
2. Two Historical Sites (Rocks) at (i) Alif Mahalla (ii) Chungi No 1, Tehsil Chiniot, District Jhang.
3. Ancient Mosque at Eminabad, Eminabad (Wando Road), Tehsil & District Gujranwala.
4. Mausoleum of Syed Daud Gardezi, Adam Wahan, Tehsil & District Lodhian.
5. Old mosque at Mauza Khichi, Tehsil Tala Gang, District Chakwal.
6. Mausoleum of Syed Qamber Shah, Chak No. 122/E.B, Tehsil Arif Wala, District Pakpattan.
7. Sher Shah Booli, Nizam Abad (Wazirabad-Dhokkal Road), Tehsil Wazir Abad, District Gujranwala.
8. Sher Shah Mosque, Nizam Abad (Wazirabad-Dhokkal Road), Tehsil Wazir Abad, District Gujranwala.
9. Sultanate Period Tomb at Thathi Gurmiani, Tehsil Kot Addu, District Muzaffargarh.

(TAIMUR AZMAT OSMAN)
SECRETARY
IC & YA DEPARTMENT

Dated Lahore, the
22nd March, 2007.

NO. & DATE EVENT:-

Copy is forwarded for information and necessary action to:-

1. The Chief Secretary, Punjab.
2. The Chairman, Planning & Development, Punjab, Lahore.
3. The Secretary & Chief Administrator, Aisaf, Lahore.
4. The Finance Secretary, Government of the Punjab, Finance Department.
5. The Additional Secretary, Information Culture & Youth Affairs Department.
6. The Director General Archaeology, Punjab.
7. The Deputy Secretary (Planning), Information Culture & Youth Affairs.
8. The Deputy Director (Survey), Punjab Archaeology.
9. The PSO to Secretary, Information Culture & Youth Affairs Department.


(MUHAMMAD ABRAR ALAM)

Annex 5: Detailed Description of PLGA 2013

1. This Act provides the legal justification and rationale for all LGs across Punjab, rural and urban. It provides limitations and delimitations, definitions of setups (rural versus urban), constitution, composition, elections, and powers of the LGs.
2. The current project will make use of the legal covenants and articles of this Act, particularly focusing on the ULGs to strengthen and improve service delivery in selected cities in Punjab.
3. The Punjab Local Government Bill 2013, having been passed by the Provincial Assembly of the Punjab on August 21, 2013, was assented to by the Governor of the Punjab on August 23, 2013. It extends to the whole of the Punjab except the Cantonment areas or any other area excluded by the Government by notification.
4. For the purposes of this Act, the Government shall, by notification, demarcate and declare a local area consisting of:
 - Lahore District as the Metropolitan Corporation;
 - Rural area in a district, other than Lahore District, as District Council;
 - Urban area in a district, other than the area of an MC, as Municipal Corporation; and
 - Urban area in a district, other than the area of a Municipal Corporation, as MC.
5. The Government may, by notification, after inviting public objections and suggestions, alter the limits of a local area and declare that any area shall cease to be a District Council, MC, or Municipal Corporation.
6. Subject to the Act, any two or more adjoining LGs within a district may, after inviting public objections through a resolution passed by two-third majority of the total membership of each of the LGs, make a proposal to the Government for a change in their respective boundaries.

Local Governments and Delimitation

7. The Government shall, by notification, determine the number of Union Councils in the Metropolitan Corporation, a Municipal Corporation, and a District Council and wards for an MC in accordance with the First Schedule.
8. After the demarcation of the LGs under section 6 and determination of the number of Union Councils and wards, the Election Commission shall delimit the Union Councils and wards.
9. The Election Commission shall delimit and notify the Union Councils and wards on the basis of the principles laid down in Sections 9 and 10 and, as nearly as possible, under the Delimitation of Constituencies Act, 1974 (XXXIV of 1974) or any other Act of Parliament.

Constitution of Local Governments

10. Subject to subsection (2) of the Act, the local governments constituted under this Act shall be Metropolitan Corporation for Lahore District and a Municipal Corporation for such urban area as the Government may notify:

- An MC for such urban area as the Government may notify;
- A District Council for the rural area of a district other than Lahore as the Government may notify;
- Union Councils; and
- District Education Authority and District Health Authority for a district, including Lahore.

Composition of Local Governments

11. An LG, other than an authority, shall consist of such number of directly or indirectly elected members, mayor, deputy mayor or deputy mayors, chairman, vice-chairman, as is mentioned in First Schedule.

Urban Local Governments

12. The Metropolitan Corporation shall consist of the Chairmen of all Union Councils in the district and shall include the following members indirectly elected on the reserved seats:

- Twenty-five women members
- Five worker members
- Three technocrat members
- Two youth members
- Ten non-Muslim members

13. A Municipal Corporation shall consist of the Chairmen of all Union Councils in the area of Municipal Corporation and shall include the following members indirectly elected on the reserved seats by the Chairmen of the urban Union Councils:

- Such number of women members, not exceeding 15, as the Government may notify on the basis of the number of Union Councils in the Municipal Corporation
- Two worker members
- Two technocrat members
- One youth member
- Such non-Muslim members, not exceeding five, as the Government may notify for each Municipal Corporation

14. An MC shall consist of the directly elected members from the wards of the MC mentioned in First Schedule and shall include the following members indirectly elected on the reserved seats:

- Such number of women members, not exceeding five, as the Government may notify on the basis of the number of wards in the MC
- Such worker members, not exceeding two, as the Government may notify on the basis of the number of wards in the MC
- One youth member
- Such non-Muslim members, not exceeding three, as the Government may notify for each MC

15. The members of an MC shall, on the date specified by the Election Commission, elect, as joint candidates, from among the members of the MC, the chairman and the vice-chairman of the MC by majority of the members present and voting.

16. The members of the Metropolitan Corporation or a Municipal Corporation shall, on the date specified by the Election Commission, elect, as joint candidates, from among the members of the Metropolitan Corporation or the Municipal Corporation, the mayor and the deputy mayor or deputy mayors mentioned in the First Schedule

Metropolitan and Municipal Corporations

17. The Metropolitan Corporation and a Municipal Corporation shall each be a body corporate having perpetual succession and a common seal, with power to acquire and hold property and enter into any contract and may sue and be sued in its name.

18. The Metropolitan Corporation and a Municipal Corporation shall

- Approve spatial plans, master plans, zoning, land-use plans, including classification and reclassification of land, environment control, urban design, urban renewal, and ecological balances;
- Implement rules and by-laws governing land use, housing, markets, zoning, environment, roads, traffic, tax, infrastructure, and public utilities;
- Approve proposals for public transport and mass transit systems, construction of expressways, flyovers, bridges, roads, underpasses, and intertown streets;
- Approve development schemes for beautification of urban areas;
- Develop integrated system of water reservoirs, water sources, treatment plants, drainage, liquid and solid waste disposal, sanitation, and other municipal services;
- Execute and manage development plans;
- Exercise control over land use, land subdivision, land development, and zoning by public and private sectors for any purpose, including for agriculture, industry, commerce markets, shopping, and other employment centers; residential, recreation, parks, entertainment, passenger and transport freight and transit stations; enforce all municipal laws, rules, and by-laws governing its functioning;
- Prevent and remove encroachments;
- Regulate affixing of signboards and advertisements except where this function is being performed by the Parks and Horticulture Authority;
- Provide, manage, operate, maintain, and improve the municipal infrastructure and services, including
 - Water supply and control and development of water sources;
 - Sewage and sewage treatment and disposal;
 - Storm water drainage;
 - Sanitation and solid waste collection and sanitary disposal of solid, liquid, industrial, and hospital wastes, treatment, and disposal including landfill site and recycling plants;
 - Roads and streets;
 - Traffic planning, engineering, and management including traffic signaling systems, signs on roads, street markings, parking places, transport stations, stops, stands, and terminals;
 - Street lighting;
 - Firefighting;
 - Parks, playgrounds, open spaces, graveyards, and arboriculture;

- Slaughterhouses; and
- Environmental control, including control of air, water, and soil pollution in accordance with federal and provincial laws and standards.
- Undertake urban design and urban renewal programs;
- Develop and maintain museums, art galleries, libraries, community, and cultural centers;
- Conserve historical and cultural assets;
- Undertake landscape, monuments, and municipal ornamentation;
- Establish and maintain regional markets and commercial centers;
- Prepare budget, revised budget, and annual and long-term municipal development programs;
- Maintain a comprehensive database and information system and provide public access to it on nominal charges;
- Approve taxes and fees;
- Regulate dangerous and offensive articles and trades mentioned in the Second Schedule;
- Collect approved taxes, fees, rates, rents, tolls, charges, fines, and penalties;
- Organize sports, cultural, recreational events, fairs and shows, cattle fairs, and cattle markets and regulate sale of animals;
- Regulate markets and services and issue licenses, permits, and grant permissions and impose penalties for violation thereof as and where applicable;
- Manage properties, assets, and funds vested in the LG;
- Develop and manage schemes, including site development;
- Authorize an officer or officers to issue notice to a person committing any municipal offence and initiate legal proceedings for continuance of commission of such offence or for failure to comply with the directions contained in such notice;
- Prosecute, sue, and follow up on criminal, civil, and recovery proceedings against violators of municipal laws in the courts of competent jurisdiction;
- Promote technological parks, cottage, small-, and medium-size enterprises;
- Maintain municipal records and archives;
- Assist in provision of relief in the event of any fire, flood, hailstorm, earthquake, epidemic, or other natural calamity and assist relevant authorities in relief activities;
- Provide relief for the widows, orphans, poor, persons in distress, children, and persons with disabilities;
- Prepare financial statements and present them for internal and external audit in the manner as may be prescribed; and
- Perform such other functions as may be prescribed.

19. The Metropolitan Corporation and a Municipal Corporation may entrust any of its functions to a person, an authority, agency, or company through a contractual arrangement, on such terms and conditions as may be prescribed.

20. A mayor shall be the executive head of the Metropolitan or Municipal Corporation. The deputy mayor shall perform the functions of the mayor when the mayor is unable to perform his functions on account of absence or for any other reason.

21. In case of more than one deputy mayor, the senior-most deputy mayor, by age, shall perform the functions of the mayor when the mayor is unable to perform his functions on account of absence or for any other reason.

22. The CO shall coordinate and facilitate the performance of functions assigned to the Metropolitan Corporation and Municipal Corporation under the supervision of the mayor.

Panchayat and Musalihat Anjuman

23. **Amicable settlement of disputes.** A Village Council shall constitute a Panchayat and a City Council shall constitute a Musalihat Anjuman for amicable settlement of disputes in the prescribed manner.

Local Government Taxation

24. **Taxes to be levied.** Subject to this Act, an LG may, by notification in the official Gazette, levy any tax, fee, rate, rent, toll, charge, or surcharge specified in the Third Schedule.

- The Government shall vet the tax proposal before the approval of the tax by the LG to ensure that the proposal is reasonable and in accordance with law.
- The Government shall vet the tax proposal within 30 days from the date of receipt of the proposal, failing which it shall be deemed to have been vetted by the Government.
- An LG shall not levy a tax without previous publication of the tax proposal and inviting and hearing public objections.
- An LG may, subject to provision of subsection, increase, reduce, suspend, abolish, or exempt any tax.

25. **Rating areas and property tax.** Notwithstanding anything contained in the Punjab Urban Immovable Property Tax Act 1958 (V of 1958), a Metropolitan Corporation, Municipal Corporation, MC, or a rural Union Council with urban characteristics may determine higher rate of property tax within its area in accordance with the provisions of section 115.

26. Where a Metropolitan Corporation, a Municipal Corporation, or an MC or a rural union council with urban characteristic has not determined the rate of property tax within its area, the property tax shall be levied in accordance with the provisions of the Punjab Urban Immovable Property Tax Act, 1958 (V of 1958).

27. In matters for which no provision or no adequate provision relating to the property tax has been made under this Act, the provisions of the Punjab Urban Immovable Property Tax Act, 1958 (V of 1958) shall apply.

28. **Collection of taxes.** A tax or fee levied under this Act shall be collected in the prescribed manner. The Government may prescribe the mode of collection of a tax or a fee levied under this Act and, for the purpose, may combine tax or fee of two or more LGs with a stipulation for division of proceeds of the tax or fee.

29. If a person fails to pay any tax or fee or any other money payable to an LG, the LG and, if so requested by the LG, the Government shall recover the tax, fee, or other money as arrears of land revenue.

30. The Government may, for reasons to be recorded in writing and by notification, exempt the levy of any tax or fee of an LG for a specified period of not more than 15 days on any special occasion or to alleviate the specific hardship suffered by people at large or a section of people.

Local Government Property

31. **Ownership of immovable property.** Subject to any reservations made or any conditions imposed by the Government, the property specified below shall vest in the respective LG if it is

- Vested in the LG through succession as provided in section 3;
- Transferred to the LG by the Government or any other authority, organization, or an individual;
- Constructed or acquired by the LG with its title; and
- A road, street, or any other immovable property developed by the LG for public purposes with express or implied consent of the owner.

32. Until otherwise directed by the Government, the properties of the Government in possession of the LGs established under Punjab Local Government Ordinance, 2001 (XIII of 2001) shall pass on to their successors.

33. The successor LGs shall, subject to policy of the Government or contractual obligations, make by-laws for the use, development, and management of the LG properties.

34. The Government shall not, except with the prior consent of the LG, transfer an immovable property vested in the LG.

Annex 6: Brief Review of Important Local Government Rules

Sl. No.	Rule	Applicability, Workability, and Features
1.	Punjab Local Governments (Works) Rules, 2017	<ul style="list-style-type: none"> • These rules repeal the Punjab Tehsil/Town Municipal Administration (Works) Rules, 2003. • The rules are structured into 20 sections and apply to the LGs except the District Education Authorities, District Health Authorities, and Union Councils. • The works under these rules are classified as original, maintenance, deposit, major, minor, and petty works. • LGs are required to develop schemes and the approvals of these schemes will be accorded by the development committees of the LG based on cost thresholds provided in the rules. • The rules specify the process for preparation of the ADP, the executing agencies, tendering process, and enforcement of contracts. • Workplace safety and O&M requirements are also briefly listed in the rules and disciplinary actions are specified in case of noncompliance. Rules specify that these provisions will be part of every contract.
2	Punjab Local Governments (Contract) Rules 2017	<ul style="list-style-type: none"> • These rules specify the procedure and responsibility of authorities for making and enforcement of contracts and agreements. • The arbitration procedure for the resolution of disputes between the contractor and LG is also specified in these rules.
3	Walled City (Declaration for Heritage Properties) Rules 2017	<ul style="list-style-type: none"> • These rules are conferred under the Walled City of Lahore Act, 2012. • The rules are structured into 9 sections and apply to the LGs except District Educational Authorities and District Health Authorities. • The rules specify the characteristics for declaration of a heritage property. • The rules also specify the procedure for the request and hearing of any objection regarding the declaration of heritage property. • It has been described that the final decision of declaration will be notified and registered as directed in the rules.
4	Punjab Local Governments (Appeal) Rules 2017	<ul style="list-style-type: none"> • These rules repeal the Punjab Local Government (Appeal) Rules, 2002. • The rules are structured into 8 sections and apply to the LGs except District Educational Authorities and District Health Authorities. • These rules do not apply to the terms and conditions of service of employees of LGs. • These rules specify the procedure for filing an appeal to the Appellate Authority. • The Government may transfer the appeals to any officer equivalent to Appellate Authority who follows the same procedure as described in the rules. • The decision of any pending appeals shall be taken by the New Appellate Authority specified in the rules.
5	Punjab Union Councils (Conduct of Business) Rules 2017	<ul style="list-style-type: none"> • These rules repeal the Punjab Union Administration Rules of Business, 2002 and are structured into 23 sections. • These rules apply to the Union Councils and describe the executive authority and organization of Union Council as well as the regulations to conduct business. • The work under these rules are distributed among the Secretaries of Community Development, Municipal Services, and Union Committee.

Sl. No.	Rule	Applicability, Workability, and Features
		<ul style="list-style-type: none"> • The rules specify all aspects of business including submission of cases, receipt processing, meetings, by-laws, disciplinary action, finances, and so on. • The inspection of Union Council can be conducted by the chairman and Punjab LG and all information must be disseminated to the Government according to these rules. • These rules require the Government to provide all facilities for the conduct of business.
6	Punjab Finance Commission (Terms & Conditions of Professional Members) Rules, 2016	<ul style="list-style-type: none"> • The rules are structured into 7 sections and apply to the professional members of Punjab Finance Commission. • The members are appointed based on postgraduate degree and an experience of 10 years for a term of 5 years. • The Government may remove a professional member, by following a definite procedure, in case of any violation. • The Government provides the necessary resources and equipment to the professional members and also fixes their remuneration.
7	Punjab District Authorities (Composition) Rules 2016	<ul style="list-style-type: none"> • These rules are structured into 6 sections and apply to the District Education Authorities and District Health Authorities. • The non-technocrat and technocrat members will be elected according to their proportion in the population of the district. • The number of members for metropolitan and municipal corporation as well as for MCs in a district have been specified with respect to their proportion in population. • The LG shall elect the members of Education and Health Authorities from its own members by casting votes. • The term of elected members shall be according to the PLGA, 2013 unless anyone resigns.
8	Punjab Local Governments (Auction of Collection Rights) Rules 2016	<ul style="list-style-type: none"> • The rules repeal the Punjab Local Government (Auctioning of Collection Rights) Rules, 2003. • The rules are structured into 30 sections and apply to the LGs except District Educational Authorities and District Health Authorities. • The rules specify the auctioning rights to collection procedure and committee formation for this. • The procedures for contract awarding, bidding procedures procedure for the deposit of dues, maintenance of records, and so on are explained in these rules. • The rules specify the terms, conditions of contract, eligibility of contractor, and his responsibilities. • Rules also direct the procedure for rebates, cancellation of contracts, sureties, and guarantees.
9	Punjab Local Governments (Resignation) Rules, 2016	<ul style="list-style-type: none"> • The officials or members of the LG may resign at any time by submitting their resignation in writing to the CO or secretary of the LG. • The CO of the LG forwards the application to the Election Commission with the approval of the House of the LG. • The resignation becomes effective from the date it is accepted..
10	Sardar Kaura Khan (Management, Supervision and Protection of Land) Rules 2016	<ul style="list-style-type: none"> • These rules repeal the Sardar Kaura Khan (Management, Supervision and Protection of Land) Rules, 2015. • The rules are structured into 14 sections and apply to the LGs except the District Educational Authorities and District Health Authorities. • The rules direct the formation of a management committee and its responsibilities for supervision and protection of land. • Land Superintendent is responsible for the maintenance, verification, and stocktaking of land under these rules. • The rules specify the procedure for the auction and lease of land. • Bank account and expenditure must be maintained by the committee and their internal audit must be conducted, according to these rules.

Sl. No.	Rule	Applicability, Workability, and Features
11	Punjab District Health Authorities (Conduct of Business) Rules 2016	<ul style="list-style-type: none"> • The rules are structured into 25 sections and apply to the District Health Authorities. • The rules specify authority management, their functions as well as appointment of chairman, vice-chairman, and its functions. • The appointment of the chief executive officer (CEO) and his functions are also specified under these rules. • The criteria for forming standards, modules, reform programs, accountability of authority, and so on are also directed under these rules.
12	Punjab Districts Authorities (Accounts) Rules 2017	<ul style="list-style-type: none"> • The rules repeal the Punjab Local Government (Accounts) Rules, 2008. • The rules are structured into nine sections and 52 subsections, dealing with all aspects of accounts management at the District Authorities level. • Various sections include O&M of bank account, modes of payments, salaries and pensions, and responsibilities of various functionaries. • Responsibilities of accounts management along with detailed terms of references (TORs) are provided for the chairman, CEO, budget and accounts officer, collecting officer, drawing and disbursement officer, and accounts officer of the authorities. • Mechanisms for bookkeeping, recording expenditures and receipts, internal audit, and audit by the AGP are also explained. • In summary, the rules serve as the Accounting Manual for all District Authorities.
13	Punjab Districts Authorities (Delegation of Financial Powers) Rules 2017	<ul style="list-style-type: none"> • The rules describe the delegation of power to various officer categories for approving and sanctioning financial expenditures. • These include powers to <ul style="list-style-type: none"> ○ Abolish positions; ○ Sanction expenditures against budget estimates; ○ Reimburse medical expenses; ○ Admirative approval of works/development schemes; ○ Provide repairs, maintenance, selling of surplus assets, auctions, cash rewards, refunds; and ○ Write off losses on account of negligence, fraud, or otherwise. • Powers are delegated mostly to the CEO of the Authority; District Development Committee; and officers of Categories I, II, and III.
14	Punjab Districts Authorities (Budget) Rules 2017	<ul style="list-style-type: none"> • Having 16 sections dealing with aspects of budget making, appropriation, and estimation, the rules define the responsibilities of various functionaries as in case of the Accounts Rules. • The rules define the process of budgeting expenses, and functionaries to be involved. In addition to the professionals mentioned above in Accounts Rules, responsibilities of heads of offices and institutions and planning officer have been specified. • Section 9 mentions Integrated Multiyear Planning and Budgeting, which introduces performance-based budgeting to District Authorities. Vision for such performance-based budgetary framework will be provided by the chairperson, which will be in line with the policy objectives and priorities set by the provincial and federal governments.

Sl. No.	Rule	Applicability, Workability, and Features
		<ul style="list-style-type: none"> • The District Authority will then establish a Performance Framework consisting of key performance indicators (KPIs) to attain progress against the policy objectives. The indicators are to be SMART, framed against key processes and outputs to monitor qualitative and quantitative aspects of the performance. • Distinct indicators shall be introduced in the output-based budget to gauge progress in case of initiatives related to women, girls, and marginalized groups. • In Part 10 on Budget Presentation and Approval, there is a provision on Citizens Budget. Under this clause, the CEO will be responsible to develop citizens' budget in local languages in a transparent manner and shall make it public through a mix of communication media. Also, the citizens' budget should be a nontechnical compilation of the budget understandable by laymen.
15	Punjab Union Councils (Accounts) Rules 2017	<ul style="list-style-type: none"> • The rules are structured into nine sections and 40 subsections, dealing with all aspects of accounts management at the Union Council level. • Various sections include O&M of bank account, modes of payments, salaries and pensions, and responsibilities of various functionaries. • Responsibilities of accounts management along with detailed TORs are provided for the chairman and Union secretary. The chairman remains the sanctioning authority and principal accounts officer, while the Union secretary takes care of all operational, accounts, and preaudit requirements. • Mechanisms for bookkeeping, recording expenditures and receipts, internal audit, and audit by the AGP are also explained. • In summary, the rules serve as the Accounting Manual for all Union Councils.
16	Punjab Local Governments(Accounts) Rules 2017	<ul style="list-style-type: none"> • The rules repeal the Punjab Local Government (Accounts) Rules, 2008. • Local government, for the purposes of these rules, is defined as the Metropolitan Corporation, Municipal Corporations, MCs, and District Councils established under PLGA 2013. • The rules are structured into nine sections and 50 subsections, dealing with all aspects of accounts management at the District Authorities level. • Various sections include O&M of bank account, modes of payments, salaries and pensions, and responsibilities of various functionaries. • Responsibilities of accounts management along with detailed TORs are provided for the mayor/chairman, CO, Head of Finance Office (Metropolitan/Municipal/District Officer - Finance), Head of Offices (Planning, Finance, Regulations, and so on), collecting officer, drawing and disbursement officer, and accounts officer of the LG. • Mechanisms for bookkeeping, recording expenditures and receipts, internal audit, and audit by the AGP are also explained. • In summary, the rules serve as the Accounting Manual for all LGs.
17	Punjab Local Governments (Budget) Rules 2017	<ul style="list-style-type: none"> • Having 15 sections dealing with aspects of budget making, appropriation, and estimation, the rules define the responsibilities of various functionaries as in case of the Accounts Rules. • The rules repeal the Punjab District Government and Tehsil Municipal Administration (Budget) Rules, 2003. • Local government, for the purposes of these rules, is defined as the Metropolitan Corporation, Municipal Corporations, MCs, and District Councils established under PLGA 2013.

Sl. No.	Rule	Applicability, Workability, and Features
		<ul style="list-style-type: none"> • Responsibilities of budget preparation, expenditures and receipts management along with detailed TORs are provided for the mayor/chairman, CO, Head of Finance Office (Metropolitan/Municipal/District Officer - Finance), Head of Offices (Planning, Finance, Regulations, and so on), collecting officer, and drawing and disbursement officer of the LG. The rules define the process of budgeting expenses, the process of estimation, reference to ADP, and functionaries to be involved. • Section 2 on Responsibilities in Relation to Budget specifies that the mayor/chairman shall <ul style="list-style-type: none"> ○ Provide vision for long-term development, identify needs of the local areas, and evaluate and set development priorities of the LG; ○ Interact with stakeholders to assess their needs and obtain their inputs on overall development outlay; ○ Ensure stakeholders are defined as elected representatives, general public, women organizations, private sector, NGOs, CBOs, and minorities; and ○ Specifically ensure that the needs of the marginalized groups are reflected and gender issues are adequately addressed in the budget ensuring gender mainstreaming. • Part 13 is on performance targets, to improve the efficiency and effectiveness of service delivery; hence, the mayor/chairman shall indicate performance targets along with the costs. Performance indicators maybe provided for inputs, outputs, and outcome and shall be clear, precise, relevant, and verifiable. • Unlike Budget Rules for District Authorities, no indicators related to women, girls, and marginalized groups have been proposed nor disclosure to public has been suggested.
18	Punjab Local Governments (Conduct of Business) Rules 2017	<ul style="list-style-type: none"> • The rules repeal the Punjab District Governments Rules of Business, 2001, and the Punjab Tehsil/Town Municipal Administration Rules of Business, 2002. • The rules define the executive authority being the mayor or chairman of an LG. • Local government, for the purposes of these rules, is defined as the Metropolitan Corporation, Municipal Corporations, MCs, and District Councils established under PLGA 2013. • The mayor/chairman shall <ul style="list-style-type: none"> ○ Provide vision for long-term development and leadership; ○ Give directions for efficient functioning and fruitful service delivery by the LG; ○ Identify and develop the criteria for the implementation of strategies, programs, and services; and ○ Prescribe the KPIs. • Schedules I, II, and III describe the rules for execution of business and distribution of functions for Metropolitan and Municipal Corporations, MCs, and District Councils, respectively. The schedules provide TORs for each functionary. • Section on Consultations refers only to consultations within offices of the LG. • An Executive Committee will be formed in each LG with the CO being the convener and all other municipal officers being its members. The Committee shall deal with matters of administrative, financial, and public policy, conflict within offices, and shall convene once a month. • The rules also define the processes for human resource and financial management, including transfers, postings transfers, evaluations, and disciplinary actions. • Part D on Inspection and Appraisal defines the periodicity of inspection by the mayor/chairman, responsibility of the CO, and process for inspections by Punjab LGC.

Sl. No.	Rule	Applicability, Workability, and Features
		<ul style="list-style-type: none"> • In Part E on Miscellaneous Provisions: <ul style="list-style-type: none"> ○ Mayor/chairman is required to present performance report to the House twice a year; ○ A website has to be developed by the LG to facilitate public disclosure and access to information relating to service delivery; and ○ A computerized complaint cell for efficient tracking and resolution of grievances of residents within the ambits of an LG has to be established.
19	Punjab Local Governments (Fiscal Transfers) Rules 2017	<ul style="list-style-type: none"> • The rules define Punjab Finance Commission as the primary body that shall make recommendations to GoPunjab on a formula for resource distribution based on vertical distribution (between Government and LG out of the proceeds of the Provincial Consolidated Fund, to be called Punjab Finance Commission Award), horizontal distribution (of provincial allocable amount as share of LGs), and finally on the distribution of General Sales Tax received by the Government. • The PFC may consult a person or body and may consider best practices and relevant factors such as population, backwardness, requirements, and performance of an LG. • Provincial Allocable Amount and shares of LG will be determined by the PFC award and shall remain in force for five years. • PFC shall determine the requirements for certification of fiscal transfers, may obtain data from the Government, an LG, or any relevant agency, to decide the award, provincial allocable amount, and so on. • The powers of PFC, for purposes of asking for information relating to fiscal transfer formula and transfer of funds, shall be the same as those vested in a civil court under the Code of Civil Procedure, 1908, (V of 1908). • PFC secretariat will keep a close liaison with the LG account offices to get accounts reports, funds received, OSR revenues, and so on. • PFC secretariat is allowed to allow access and communicate information on matters relating to fiscal transfers to an LG.
20	Punjab Union Council (Budget) Rules, 2017	<ul style="list-style-type: none"> • The rules have 39 articles dealing with aspects of budget making, appropriation, and estimation, and the rules define the responsibilities of various functionaries as in case of the UC Accounts Rules. • The rules repeal the Punjab Union Administration (Budget) Rules, 2003. • Responsibilities of budget preparation, expenditures and receipts management along with detailed TORs are provided for the Union chairman, principal accounting officer (chairman of UC), and Union secretary of the Union Council. The process of budgeting expenses, the process of estimation, receipts, references to ADP, and reappropriation will be the responsibility of the Union secretary. • Article 3 on Chairman Responsibilities in relation to budget specifies that the chairman shall <ul style="list-style-type: none"> ○ Provide vision for Union-wise development, identify needs of the local areas, and evaluate and set development priorities of the Union Council; ○ Interact with stakeholders to assess their needs and obtain their inputs on overall development outlay; ○ Ensure stakeholders are defined as elected representatives, general public, women organizations, private sector, NGOs, CBOs, and minorities; and ○ Specifically ensure that the needs of the disadvantaged groups are reflected in the budget and gender issues are adequately addressed in the budget ensuring gender mainstreaming.

Sl. No.	Rule	Applicability, Workability, and Features
		<ul style="list-style-type: none"> • Unlike Budget Rules for District Authorities, no KPIs or indicators related to women, girls, and marginalized groups have been proposed nor disclosure to public has been suggested.
21	Punjab Local Governments (Taxation) Rules 2016	<ul style="list-style-type: none"> • Punjab Local Governments (Taxation) Rules, 2001, stand repealed. • According to the rules, taxation proposals will be based on the analysis done by the Finance Officer (FO) after reviewing the financial positions of an LG. • If the financial analysis demands a change in tax structure, the FO will, in consultation with Heads of Offices, propose a proposal keeping in mind that the rate of tax shall not change in a given financial year and that a separate taxation proposal will be submitted for each tax. • The proposals will provide the rationale, class of persons or category of property proposed to be taxed, the rate of tax, and the expected income from the tax. • Proposal will be submitted by the FO through the CO for the mayor/chairman's approval; proposals for UC taxes shall be submitted by the Union secretary to the chairman. • The mayor/chairman may approve the proposals with or without modifications and place it before the House for approval before public notice. • Taxation proposals need to be made public through a public notice, to be published in at least two national newspapers, one in Urdu and one in English. • The notice should describe the features of the tax, class of persons or description of property or both (basically of the affected), additional income likely to be raised, and loss of income likely to be caused by the abolition/rate reduction of tax. • Public hearings are allowed to discuss taxes.
22	Punjab Local Governments (Tax on Transfer of Immovable Property) Rules 2016	<ul style="list-style-type: none"> • The rules allow an LG to levy tax on the transfer of immovable property. The rate of tax shall be fixed and notified by the Government based on certain percentage of the price of the property and/or its value assessed by the DC office. • The rules describe the procedures for assessment and collection of taxes, liability to pay taxes, and recovery of arrears. • Exemptions to tax are also provided in the rules. • An aggrieved person can also file an appeal under section 143 of PLGA 2013 to the mayor or chairman within 30 days of such order.

Annex 7: Brief Review of Important Notifications

Sl. No.	Notification	Relevance to PLGA 2013
1	Notification - Number of indirectly elected members on reserved seats-I, 2015	GoPunjab determined and notified the number of indirectly elected members on the reserved seats, that is, women, peasants/workers, and non-Muslims, of District Council and MCs in Districts Rajanpur, Muzaffargarh, Layyah, DG Khan, Rahim Yar Khan, Bahawalnagar, Bahawalpur, Vehari, Lodhran, Khanewal, Multan, Pakpattan, Okara, Sahiwal, Chiniot, Toba Tek Singh, Jhang, and Faisalabad.
2	Notification - Number of indirectly elected members on reserved seats-II, 2015	GoPunjab determined and notified the number of indirectly elected members on the reserved seats, that is, women, peasants/workers, and non-Muslims, of District Council and MCs in Districts Mianwali, Bhakkar, Khushab, Sargodha, Narowal, Mandi Bahauddin, Hafizabad, Gujrat, Sialkot, Gujranwala, Jhelum, Chakwal, Attock, Rawalpindi, Nankana Sahib, Sheikhupura, and Kasur.
3	Notification - Demarcation and declaration of Local Governments-I, 2015	GoPunjab demarcated and declared LGs in Districts Rawalpindi, Attock, Jhelum, Chakwal, Gujranwala, Gujrat, Sialkot, Mandi Bahauddin, Narowal, Hafizabad, Faisalabad, Jhang, Toba Tek Singh, Chiniot, Sargodha, Khushab, Bhakkar, and Mianwali, including the number of Union Councils in Municipal Corporations and Districts Council, and the number of wards in MCs, along with their territorial limits.
4	Notification - Demarcation and declaration of Local Governments-II, 2015	GoPunjab demarcated and declared LGs in Districts Lahore, Sheikhupura, Kasur, Nankana Sahib, Sahiwal, Okara, Pakpattan, Multan, Khanewal, Lodhran, Vehari, Bahawalpur, Bahawalnagar, Rahim Yar Khan, Dera Ghazi Khan, Muzaffargarh, Layyah, and Rajanpur, including the number of Union Councils in Municipal Corporations and Districts Council, and the number of wards in MCs, along with their territorial limits.
5	Notification - Punjab Land Use (Classification, Reclassification and Redevelopment) Rules, 2009, Amended 2015	The following amendments were notified: <ul style="list-style-type: none"> To define renewable energy project as a project based on solar, wind, hydro, or geothermal (refer to Rule 2). An LG shall not allow a person to use a property in a residential area for a commercial renewable energy project (refer to Rule 6 [c]). In case of non-availability of an approved peri-urban structure plan, a non-commercial and a commercial renewable energy project can be considered permissible land use (refer to Rule 12[b]). The competent authority shall ensure that permitted land use in a public sector institutional area is in accordance with any special or general law and allow any non-commercial renewable energy installation or project as a permitted use in a public sector institutional area (refer to Rule 16[a]). LG shall not levy conversion fee on the plot on which a commercial renewable energy project is approved (refer to Rule 60[2a]).
6	The Sub-Divisional Vigilance Committee, at Tehsil Level, 2015	GoPunjab constituted the Sub-Divisional Vigilance Committee at the Tehsil level, convened by the assistant commissioner, consisting of seven members from police, intelligence, and CTD. The Committee is responsible for the overall vigilance from District to Local level and ensures that the Local Vigilance Committees are performing their vigilance efficiently.
7	Notification - Public Information Officer LG&CD department, 2014	GoPunjab designated public information officers in pursuance to the provision of Section 7, Subsection 1 of the Punjab Transparency and Right to Information Ordinance, 2013.

Sl. No.	Notification	Relevance to PLGA 2013
8	District Vigilance Committee in each District, 2015	GoPunjab constituted a District Vigilance Committee at the District level, convened by the district coordination officer, consisting of seven members, from police, intelligence, and special branch. The Committee is responsible for constituting Local Committees at the Union level, arranging trainings for members of Local Committees, overseeing nomination and resignation of members, and overseeing the overall performance of Local Vigilance Committees.
9	Amendments in the Punjab Local Government (Taxation) Rules, 2001, Amended 2015	The Amendment defines the Assessing Authority as defined under Punjab UIPT among other explanatory definitions. The notification expands the base of property tax, allowing TMA to levy property tax under Punjab UIPT on an existing or new residential or commercial area. The Tehsil or Town Nazim shall request the Assessing Authority to survey the adjacent area, while the Assessing Authority will ensure that the adjacent area consists of at least 500 constructed property units and has an integrated system of roads, water supply, and so on. The Assessing Authority may recommend the levy of property tax in areas which comprise at least 1,000 property units having an integrated system of roads, water supply, and so on. The Tehsil and Town Nazim shall notify such areas for taxation.
10	Notification - Govt. of the Punjab determines and notifies the number of Deputy Mayors in Metropolitan Corporation and Municipal Corporations, 2016	Through this notification, GoPunjab determined and notified 24 deputy mayors across 12 Metropolitan and Municipal Corporations of Punjab.
11	Notification - Punjab District Authorities (Composition) Rules, 2015	GoPunjab notified the District Education Authority and District Health Authority through this notification. The notification defines the authorities, the chairmen, and vice-chairmen (to be appointed by the Government); composition of the authorities including types of membership (general or technocrat); number of members across Metropolitan and Municipal Corporation; procedure for election of members; and terms of members of authorities.
12	Notification - Govt. of the Punjab determines and notifies the number of Vice Chairmen in District Councils, 2016	Through this notification, GoPunjab determined and notified 65 vice-chairmen across 35 District Councils of Punjab.
13	Notification - Organograms/Posts for Metropolitan Corporation, Municipal Corporation, Municipal Committees, District Councils and Union Council declared/notified under PLGA 2013 as transition arrangement, 2016	The notification provides seven posts for Metropolitan Corporation of Lahore, seven posts for Municipal Corporations (Category I), six posts for Municipal Corporations (Category II), six posts for MCs of all District Headquarters, five for MCs of all Tehsil Headquarters, and five for MCs of all Non-Tehsil Headquarters. Further, it provides five such posts for District Councils (Category I and II), five positions for Union Councils (Metropolitan and Municipal Corporation), and four positions for Union Councils (Rural). All Metropolitan and Municipal Corporations, MCs, and District Councils will have one CO from BPS-16 to BPS-20 and multiple officers for finance, infrastructure, services, planning, and regulation.
14	Notification - Govt. of the Punjab hereby determines and notifies the number of indirectly elected members on the reserved	GoPunjab notifies the number of indirectly elected members and reserved seats, such as women, workers/peasants, youth, technocrats, and non-Muslims, across 36 districts and 9 divisions of Punjab.

Sl. No.	Notification	Relevance to PLGA 2013
	seats of the District Council and Municipal Committees, 2016	
15	Notification - Amendment in The Punjab Tehsil/Town Municipal Administration (Works) Rules, 2003, Amended 2016	<p>The amendment inserts a chapter on Occupational Safety and Hazards into the overall TMA Works Rules. The amendment defines workplace safety, O&M, terms and conditions of contracts, and specifications for sewer safety equipment.</p> <p>The amendment defines the responsibilities of the contractor, LG engineer, and LG to ensure occupational safety and hazard guidelines. Moreover, it directs the use of Workmen's Compensation Act 1923 to be applicable to the contracts.</p>
16	Stop Gap Arrangement Regarding Appointing Authorities in Respect of the Employees of the Local Governments Established Under PLGA, 2013, Directive 2017	In the wake of repeal of PLGO 2001, appointing authorities for local council servants became incompatible with PLGA 2013. This directive identifies heads of LGs and COs according to provisions of PLGA 2013, allowing them to issue orders regarding Leave Prior to Retirement/pension, suspension, disciplinary action, punishment, and extension in the contract period of contractees recruited under the Law as a stopgap arrangement till the notification of requisite rules, amendments, and relevant laws.
17	Stop Gap/Interim Arrangements Prior to Notification of Punjab Local Governments (Works) Rules, Under PLGA, 2013, Directive 2017	The notification provides temporary arrangements to assist functional local governments under PLGA 2013 in the absence of Local Governments (Works) Rules under PLGA 2013, so that ADPs and projects could be implemented. The notification directs that the provisions of TMA Works Rules 2003 may be utilized so far as they are not inconsistent with PLGA 2013.
18	Notification: Composition of the District Planning and Design Committee, 2017	GoPunjab notifies the new composition of the District Planning and Design Committee in the backdrop of PLGA 2013, Punjab Civil Administration Act 2017, and under Rule 56 of Punjab Land Use (Classification, Re-Classification and Re-Development) Rules 2009. The Committee would be headed by the deputy commissioner (commissioner in case of Metropolitan and Municipal Corporations), with the concerned Municipal Officer Planning of the Metropolitan and Municipal Corporations or MC of District Headquarter as Secretary. There are at least 11 members of the Committee representing various Government services.
19	Transfer of Assets and the Human Resource of Defunct CO Units to the Union Councils Having Urban Characteristics Notified Under Section 72(2) of PLGA, 2013, Directive 2017	The notification directs that the expenses related to requisite posts deployed in defunct Community Organizations Units maybe reflected in the SOE of the concerned District Councils to ensure continuous supply of municipal services through the said staff within areas of Union Councils with urban characteristics. Administration and management of human resources and assets will be done by the District Council, with advice from the chairman of UC having urban characteristics. There will be no post of CO and ancillary staff at the UC level having urban characteristics. District Council will be responsible for maintenance of all water supply, sanitation and sewerage schemes functioning in any UC within its territorial areas including all O&M expenditures.
20	Orders: Officers (BS-17) DOCO of the Punjab are hereby adjusted against the vacant posts of ADLG, Project Director (BS-17) etc., Order 2017	The notification repatriated officers of BS-17 serving as district officers of community organizations (DOCOs) to various positions across Punjab either as assistant directors of the LG or Project Managers (PMs). The officers posted as ADLG/PM will look after the work of Union Councils as the positions of DOCO have been abolished under PLGA 2013.

Sl. No.	Notification	Relevance to PLGA 2013
21	Notification: SOR(LG)36-2/2005 Repeal of the Punjab Local Government Ordinance 2001, Order 2017	Governor of Punjab, through this notification, dissolved all LGs established under PLGO 2001.
22	Notification: SOR(LG)39-20/2013 Punjab Local Government ACT 2013 come into force with immediate effect, 2017	In accordance with subsection (3) of section 1 of PLGA 2013, the Governor of Punjab notified section 154 of the said Act to be in immediate effect.
23	Honorarium Notification for Local Government Elected Heads and Members under PLGA, 2013, Order 2017	The said notification defined the amounts of honorarium to be paid to mayors, deputy mayors, chairmen, vice-chairmen, and members of Metropolitan and Municipal Corporations, MCs, District Councils, and Union Councils. It suggests daily and monthly allowances and upper limits, defines the budgetary heads where these honoraria will be charged, and makes the expense as part of the nondevelopment budget of the respective LG.

Annex 8: Details of Land Acquisition Act 1894

1. The Act is broadly grouped into 8 parts comprising 55 sections. The main relevant sections of LAA 1894 are described in the following paragraphs.
2. **Section 4 (Publication of Preliminary Notification and Powers of Officers Thereupon).** This section describes the process to be adopted for preliminary notification and states that whenever it appears to the provincial government that the land in any locality is needed or is likely to be needed for any public purpose, a notification shall be published in the official gazette. It would allow the collector to arrange for a survey of the land and submit a report to the commissioner not later than 60 days after the notification. Material/cutoff date for compensation and determination of market value shall be based on the date of notification. Before entry of any person in the property, the occupier shall be given at least seven days' notice in writing of his intention to do so.
3. **Section 5 and 5A (Notification that Particular Land is Needed for a Public Purpose for a Company and Hearing of Objections).** This section states that where land is to be acquired for a public purpose, if the commissioner, and where land is to be acquired, for a company, the provincial government, is satisfied after considering the result of the survey, if any, made under subsection (2) of Section 4, or if no survey is necessary, at any time, that any particular land included in a locality notified under subsection (1) of Section 4 is needed for a public purpose or a company, as the case may be notification to that effect shall be published to the official gazette, stating the district or other territorial division in which the land is situated, the purpose for which it is needed, its approximate area and situation, and where a plan has been made of the land, the place where such plan may be inspected, and the collector shall cause public notice to be given of the land to be acquired.
4. Any person interested in any land which has been notified under Section 5 as being needed for a public purpose or for a company may, within 30 days after the issue of the notification, object to the acquisition of the land or of any land in the locality, as the case may be. Every objection as described above shall be made to the collector in writing, and the collector shall give the objector an opportunity of being heard either in person or by the pleader and shall, after hearing all such objections and after making such further inquiry, if any, as he thinks necessary, submit the case for the decision of the provincial government, together with the record of the proceedings held by him and a report containing his recommendations on the objections. The decision of the commissioner or the objections shall be final.
5. When land is needed for a company, the collector shall, after making such enquiries as he deems necessary, also make his recommendations to the commissioner with regard to the area that in his opinion is reasonable for the purpose. For the purpose of this section, a person shall be deemed to be interested in land that would be entitled to claim an interest in compensation if the land were acquired under this act.
6. **Section 6 (Declaration of Intended Acquisition).** According to Section 6, the Declaration of Intended Acquisition is published in the official gazette duly signed by the secretary to the government or some officer duly authorized to certify its orders, with location details, approved area, and availability of the plan within six months of the publication of notification under Section 5.

7. **Section 7 (After Declaration Collector to Take Order for Acquisition).** Section 7 states that when the declaration is made under Section 6, the provincial/state government shall direct the collector to take an order for acquisition of land.

8. **Section 8 (Land to be Marked Out, Measured and Planned).** Section 8 directs that the collector shall then cause the land to be marked out and measured and plan to be prepared if not completed under Section 4.

9. **Section 9 (Notice to Persons Interested).** This section deals with the notices to persons interested and states that the collector shall serve public notice to be displayed at convenient places on or near the land to be acquired, for possession of land and claims to be made to him. Notice should have particulars of land, date, and time for hearing/receiving objections/claims, which may be required in writing and signed by the party. Notice should also be served to occupier and to non-residents on their last known address.

10. **Section 10 (Power to Require and Enforce the Making of Statements as to Names and Interests).** This section states that the collector may also require any such person to make or deliver to him, at a time and place mentioned (such time not being earlier than 15 days after the date of requisition), a statement so far as may be practicable, the name of every other person possessing any interest in the land or any part thereof as coproprietor, subpropriator, mortgagee, tenant, or otherwise and of the nature of such interest, and of the rents and profits (if any) received or recoverable on account thereof for three years next preceding date of the statement. Every person required to make or deliver a statement under this section or Section 9 shall be deemed to be legally bound to do so within the meaning of Sections 175 and 176 of the India Penal Code.

11. **Section 11 (Enquiry and Award).** This section is related to the enquiry and award and specifies that on the fixed day, the collector shall proceed to any enquiry, regarding land area, compensation, and apportionment of compensation. Award should be made by the collector himself.

12. **Section 12 and 12A (Award of Collector When to be Final and Correction of Mistake).** Section 12 states that award shall be filed in the collector's office and shall, except as herein after provided, be final and conclusive evidence, as between the collector and the persons interested, whether they have respectively appeared before the collector or not, of the true area and value of the land, and the apportionment of the compensation among the persons interested. The collector shall give immediate notice of his award to such of the persons interested as are not present personally or by their representatives when the award is made.

13. Under Section 12A, any clerical or arithmetical mistake in the award arising therein from any accidental slip or omission may, at any time, be corrected by the collector either of his own motion or on the application of any of the parties.

14. **Section 13 (Adjournment of Enquiry).** According to Section 13, the collector may, for any cause he thinks fit, from time to time, adjourn the enquiry to a day to be fixed by him.

15. **Section 14 (Power to Summon and Enforce Attendance of Witnesses and Production of Documents).** According to Section 14, for the purpose of enquiries under this act the collector shall have the power to summon and enforce the attendance of witnesses, including the parties interested or any of them, and to compel the production of documents by

the same means, and (so far as may be) in the same manner as is provided in the case of a civil court under the Code of Civil Procedure.

16. **Section 15 (Matters to be Considered and Neglected).** This section states that in determining the amount of compensation, the collector shall be guided by the provisions contained in Sections 23 and 24.

17. **Section 16 (Power to Take Possession).** In accordance with Section 16, when the collector has made an award under Section 11, he may take possession of the land, which shall thereupon vest absolutely in the government, free from all encumbrances.

18. **Section 17 (Special Powers in Case of Urgency).** This section deals with the special powers in case of urgency and states that in case of urgency, whenever provincial/state government directs the collector, though no such award has been made, on the expiration of 15 days from the publication of the notice mentioned in Section 9, Subsection (1), take possession of any waste or arable land needed for public purposes or for a company. Such land shall thereupon vest absolutely in the Government, free from all encumbrances. The collector, at the time of taking possession, shall offer compensation for standing crops and trees to persons interested (affected persons).

19. **Section 18–28A (Reference to Court and Procedure Thereon).** Part 3 of LAA comprises Section 18 to 28A as briefly described in the following paragraphs.

20. **Section 18 (Reference to Court).** Section 18 states that any person who has not accepted the award may, by written application to the collector, require that the matter be referred by the collector for the determination of court within six weeks from the date of the collector's award.

21. **Section 19 (Collector's Statement to the Court).** This section deals with the collector's statement to the court and states that in making the reference, the collector shall state for the information of the court, in writing regarding full land detail, names of the persons interested, amount for damages, and grounds of determining the compensation in case if there was objection to the compensation amount. There shall be attached a schedule giving the particulars of the notices served upon, and of the statements in writing made or delivered by, the parties interested respectively.

22. **Section 20 (Service of Notice).** Section 20 states that the court shall thereupon serve a notice specifying the day on which the court will proceed to determine the objection, and directing their appearance before the court on that day. The notice shall be served to the applicant, persons interested, and the collector if the notice relates to land or amount of the compensation.

23. **Section 21 (Restriction on Scope of Proceedings).** According to Section 21, the scope of the inquiry in every such proceeding shall be restricted to a consideration of the interests of the persons affected by the objection.

24. **Section 22 (Proceedings to be in Open Court).** This section declares that every such proceeding shall take place in open court, and all persons entitled to practice in any civil court in the provinces shall be entitled to appear, plead, and act (as the case may be) in such proceedings.

25. **Section 23 (Matters to be Considered in Determining Compensation).** Section 23 testifies that in determining the amount of compensation to be paid for land acquired under this act, the collector shall consider

- Market value of land at the date of publication of notification under Section 4;
- Damage sustained, by reason of the taking of any standing crops or trees at the time of the collector's taking possession thereof;
- Damage (if any) sustained, at the time of taking possession of the land, by reason of severing such land from his other land;
- Damage (if any) sustained, at the time of taking possession of the land, by reason of the acquisition seriously affecting his other property or his earnings;
- If in consequence of the acquisition of the land, the person interested is compelled to change his residence or place of business, the reasonable expenses (if any) incidental to such change;
- The damage sustained by diminution of the profits of the land between the time of the publication of the declaration under Section 6 and the time of taking possession of the land; and
- Fifteen percent over and above the cost of the land determined by the collector as charges for acquisition. For land acquisition for companies, 25 percent is paid over and above the cost of the land determined.

26. **Section 24 (Matters to be Neglected in Determining Compensation).** In accordance with Section 24, the following matters shall not be considered in determining compensation:

- The degree of urgency, which has led to the acquisition
- Any disinclination of the person interested to part with land acquired
- Any damage sustained by him which, if caused by a private person, would not render such person liable to a suit
- Any damage, which is likely to be caused to the land acquired after the date of publication under Section 6, by or in consequence of the use to which it will be put
- Any increase to the value of the land acquired likely to accrue from the use to which it will be put when acquired
- Any increase to the value of the other land of the person interested likely to accrue from the use to which the land will be put
- Any outlay or improvements made without the sanction of the collector after the date of the publication of the notification under Section 4

27. **Section 25 (Rules as to Amount of Compensation).** This section relates to the rules for establishing the amount of compensation in the situations when the applicant has made a claim to compensation, when the applicant has refused to make such claim or has omitted without sufficient reason and, when the applicant has omitted for a sufficient reason (to be allowed by the judge) to make such claim.

28. **Section 26 (Form of Awards).** This section states that every award shall be in writing signed by the judge and shall specify the amount awarded. The award shall be deemed to be a decree and the statement of the grounds of every such award a judgment within the meaning of concerned sections.

29. **Section 27 (Costs).** This section declares that every award shall state the amount of costs incurred in the proceedings under this part and by what persons and in what proportions

they are to be paid. The costs shall ordinarily be paid by the collector, unless the court directs him for deduction from the applicants cost.

30. **Section 28 (Collector may be Directed to Pay Interest on Excess Compensation).** If the sum which, in the opinion of the court, the collector ought to have awarded as compensation is in excess of the sum which the collector did award as compensation, the court may direct that collector shall pay interest on such excess at the rate of 8 percent per year from the date on which he took possession of the land to the date of payment of such excess into the court.

31. **Sections 29 and 30 (Apportionment of Compensation).** This part of the Act comprises Section 29 and 30 related to particulars of apportionment to be specified and dispute as to apportionment.

32. **Sections 31 to 34 (Payment).** This part consists of Sections 31 to 34 relating to payment of compensation or deposit of same in court, investment of money deposited with respect to lands belonging to people incompetent to alienate, investment of money deposited in other cases, and payment of interest.

33. **Sections 35 to 37 (Temporary Occupation of Land).** Sections 35 to 37 relate to the powers conferred to the collector under the act for temporary occupation of waste or arable land and payment of compensation.

34. **Sections 38 to 44 (Acquisition of Land for Companies).** This part of the Act comprises Sections 38 to 44 pertaining to authorization of the company to enter and survey, industrial concerns to be deemed company for certain purposes, previous consent of provincial government, and execution of agreement necessary, previous enquiry, agreement with provincial government, publication of agreement, Sections 39 to 42 not to apply where Government bound by agreement to provide land for companies, and how agreement with Railway Company be proved.

35. **Sections 45 to 55 (Miscellaneous).** This part of the act consists of Sections 45 to 55 relating to various situations.