Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 23-May-2019 | Report No: PIDISDSA27201
BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan</td>
<td>P163562</td>
<td>Khyber Pakhtunkhwa Integrated Tourism Development Project</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Project Financing</td>
<td>Economic Affairs Division</td>
<td>Communication and Works Department, Department of Tourism, Culture, Sports, Archeology &amp; Youth Affairs</td>
</tr>
</tbody>
</table>

Proposed Development Objective(s)

The project development objective is to improve tourism-enabling infrastructure, enhance tourism assets, and strengthen destination management for sustainable tourism development in Khyber Pakhtunkhwa.

Components

- Sector Enablement and Tourism Value Chains
- Infrastructure Planning and Development
- Project Management and Capacity Building
- Contingent Emergency Response Component

PROJECT FINANCING DATA (US$, Millions)

<table>
<thead>
<tr>
<th>Summary</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Project Cost</strong></td>
<td>77.00</td>
</tr>
<tr>
<td><strong>Total Financing</strong></td>
<td>77.00</td>
</tr>
<tr>
<td>of which IBRD/IDA</td>
<td>70.00</td>
</tr>
<tr>
<td><strong>Financing Gap</strong></td>
<td>0.00</td>
</tr>
</tbody>
</table>
The World Bank
Khyber Pakhtunkhwa Integrated Tourism Development Project (P163562)

DETAILS

World Bank Group Financing

| International Development Association (IDA) | 70.00 |
| IDA Credit | 70.00 |

Non-World Bank Group Financing

| Counterpart Funding | 7.00 |
| Borrower/Recipient | 7.00 |

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Pakistan, the sixth most populous country in the world, is at a crossroads.** The economy accelerated with GDP growth of 5.8 percent in FY18\(^1\) but is projected to slow down to 3.4 percent in FY19 as fiscal and external imbalances are addressed. Poverty declined from 64.3 percent in 2001 to 24.3 percent in 2015\(^2\), but inequality persists. The country ranks low on the 2018 Human Capital Index, at 134 out of 157 countries. Gender disparities continue, and female labor force participation (FLP) was only 20.1 percent in 2018\(^3\). Natural disasters and unreliable water and power supply constrain progress. After the onset of another boom and bust cycle, a new International Monetary Fund (IMF) program was negotiated in May 2019. Growth is expected to gradually recover as structural reforms take effect and macroeconomic conditions improve. Over the medium to long term, Pakistan needs to invest more and better in human capital, raise more revenue, simplify ease of doing business, expand regional trade and exports, and manage its natural endowments sustainably.

2. **Pakistan is a federation, with responsibilities shared between the federal and four provincial governments.** The 18\(^{th}\) amendment to the constitution of Pakistan (2010) expanded powers and devolved delivery of key services to the provinces. The federal government retains core or shared responsibility for

---

functions including tertiary education, tax and trade policy regulation, and transmission and distribution of power. The World Bank (WB) works with both federal and provincial governments and their entities.

3. Khyber Pakhtunkhwa (KP) province—Pakistan’s third-largest region, by population—has over the past eight years made progress in transitioning out of vulnerability and crises, leading to substantial poverty reduction. KP’s incidence of poverty fell from 73.8 percent in FY02 to 27 percent in FY14, the largest decrease in any province in Pakistan. However, parts of KP remain vulnerable to crises, and KP’s human development outcomes remain low, with 40 percent of the children below the age of five stunted, and 36 percent of children out of school. To address this challenge, KP has prioritized investment in human capital. In FY18, the Government of KP (GoKP) allocated 28 percent of its total budget to education, a larger share than any other province. KP is expanding its digital economy to create jobs for youth by building their skills and is investing in an enabling environment for digital entrepreneurs.

4. The integration of the former Federally Administered Tribal Areas (FATA) with KP creates new challenges and opportunities for the province. The challenge for KP will be to expand its development expenditures to cover the needs of both KP and FATA. Given that FATA is one of the poorest regions of Pakistan and is expected to retain its tax-exempt status for the next five years, this merger will affect KP’s fiscal situation and increase the need for development financing. The Khyber Pakhtunkhwa Tribal Districts Transition Framework, estimated to cost US$1.38 billion over three years (2018-2020), has a funding gap of US$726 million—nearly three-quarters of its financing requirement.

5. Since 2010, the World Bank has been engaging in KP and FATA through a multidoor trust fund (MDTF). Initial activities supported the implementation of the 2010 Post-Crisis Needs Assessment. As noted in the Performance and Learning Review of the Pakistan Country Partnership Strategy (2014-2019), the Bank is now scaling up interventions through International Development Association (IDA) building on lessons learned from the MDTF-financed operations. The proposed IDA program for KP includes strengthening of institutions for revenue mobilization, agriculture, hydropower, tourism, digital economy, and urban management. Collectively, these interventions are expected to improve overall development outcomes in the province as it returns to normalcy.

6. KP is the country’s tourism treasure chest and is fast becoming a destination of choice for domestic tourists. It is well endowed with natural resources and shaped by the Hindukush and Himalaya mountains that offer stunning alpine landscapes, iconic wildlife, lush forests, and numerous glacial lakes. It boasts sites of historical and religious significance that cover over 2,000 years of history, with Buddhist, Muslim, and Christian evidence of global importance—including 6,000 sites of Gandhara heritage, some of which have been excavated and restored by the Directorate of Archaeology and Museums (KP) and are now accessible to visitors. The province used to welcome 50,000 international visitors per year before an almost decade-long conflict that finally ended in 2017. However, beginning in 2015, the numbers of domestic arrivals have led to a mushrooming of tourism ventures and activities that, if managed sustainably, can drive economic growth across many rural sections of the province.

7. The advent of technology has also transformed the travel and tourism landscape in KP as the visitors are using digital tools to access the sites virtually and to make travel and stay arrangements. The
peer-to-peer (P2P) accommodation economy⁴ is already active in Swat and Galliyat, and home-sharing tourism⁵ is now accessible through AirBnB and booking.com.

8. The 2019 KP Sustainable Development Strategy aims to provide a strategic direction to the development of KP’s governance, social and economic sectors. Economic revitalization, job creation, and tourism development are at the center of its development roadmap⁶. It has asked the WB for support in achieving these objectives, including through the KP Integrated Tourism Development Project (KITE).

Sectoral and Institutional Context

9. Travel and tourism (T&T), one of the world’s largest economic sectors, creates jobs, drives exports, and generates prosperity across the world. In a 2018 analysis of the global economic impact of T&T, the sector is shown to account for 10.4 percent of global GDP and 313 million jobs (10 percent of total employment).⁷ The sector’s direct growth of 4.6 percent outpaced the global economy for the seventh successive year. Pakistan has identified sustainable tourism as a key component for achieving Sustainable Development Goals (SDGs) 8, 12, and 14,⁸ as well as its 2030 Agenda for Sustainable Development.

10. With the right regulatory conditions and government support, nearly 100 million new jobs—including jobs for women—could be created globally in T&T over the next decade.⁹ The tourism industry could create opportunities for women’s participation in the workforce and women’s entrepreneurship, as the sector is already above parity in FLP in some regions.¹⁰ According to a 2013 International Labour Organization analysis, women make up more than 60 percent of all workers in tourism.¹¹

11. Strong growth in this sector demands effective management to ensure that the potential socioeconomic benefits are realized, and that destinations are ready for visitors and account for the needs of all stakeholders. Without adequate safeguards and strategic management of the destinations, tourism could lead to environmental degradation, social disruption, and damage to sites of cultural and historical significance.

12. Tourism is relatively new to Pakistan, which is home to globally significant natural and cultural resources. The direct contribution of T&T to Pakistan’s GDP was US$8.8 billion (2.9% of GDP) in 2017. During the same year, T&T supported 3,894,000 direct and indirect jobs—6.5 percent of the country’s total employment. In 2017 T&T investments in Pakistan made up 9.1 percent of total investments, a share

---

⁴ People providing accommodation directly to consumers using digital platforms.
⁵ A travel experience in which visitors pay to stay in private homes to interact with a host or local family.
⁷ WTTC Economic Impact 2018
⁸ SDG 8: Decent work and economic growth; SDG 12: Responsible consumption and production; SDG 14: Life below water.
that is projected to rise by 5.2 percent during 2018 in response to growing domestic tourism.\(^\text{12}\)

13. **The country ranks 124\(^{\text{th}}\) out of 136 economies on the 2017 competitiveness index of the World Travel and Tourism Council (WTTC).** On this index, Pakistan trails behind such comparator countries as Sri Lanka (ranked 64\(^{\text{th}}\)) and Turkey (44\(^{\text{th}}\)), which similarly have emerged from conflict/security challenges, offer a mixture of natural and cultural attractions, and have rapidly growing and youthful populations. These two countries made their early gains through tourist-friendly policies, including an e-visa regime for nationals of several countries.\(^\text{13}\) During 2017, international tourist arrivals in Pakistan were only 965,498 as opposed to 1.8 million in Sri Lanka and 39 million in Turkey. In South Asia, Pakistan's share in the total number of 17.5 million foreign tourists was 5.5 percent, compared to India's 44 percent, Sri Lanka's 10.3 percent, and the Maldives' 7 percent.\(^\text{14}\)

14. **The low numbers of international arrivals are somewhat compensated for by domestic tourism, which has been growing over the years.** The total number of domestic tourists in Pakistan during 2016 was 80 million,\(^\text{15}\) up from 46.07 million in 2009.\(^\text{16}\) While the exact number of annual visitors to KP is not known, findings of a survey completed in 2018 show that 4.45 million tourists visited Galliyat, Naran, Kalam, and Kumrat in 2018.\(^\text{17}\) It was also reported that more than 2.5 million tourists (mostly domestic) visited these KP destinations during the four days of Eid-ul-Fitr\(^\text{18}\) in 2017.\(^\text{19}\) Table 1 shows the key annual statistics collected from the four tourist destinations.

15. **KP is likely to remain a preferred domestic destination, with its unrivaled natural and cultural attractions and the population's new-found love of travel,** spurred by a combination of the improved security situation and the promotional efforts of KP’s Department of Tourism, Sports, Culture and Youth Affairs (DoT). To keep attracting regular visits and drive destination spending, while mitigating the risk of “over-tourism,” Pakistan needs to address several challenges to the competitiveness of the T&T sector (including infrastructure, ICT readiness, and business environment) at both national and provincial levels.

16. **Beyond the challenges in the governance and enabling environment of the tourism sector, there are additional destination-specific issues to be addressed in KP:**\(^\text{17}\)

(a) Limited carrying capacity of destinations, which is burdening the environment, heritage sites, roads, parking, lodging facilities, food and beverage (F&B) outlets and tourist infrastructure, especially during

---


\(^{14}\) UNWTO Tourism Highlights.


\(^{16}\) PILDAT 2015 statistics.

\(^{17}\) The ERKF project-sponsored Tourism Sector Analysis of October 2018 covers four KP tourist destinations: Galliyat, Kalam, Kumrat, and Naran. The sample comprised 1849 tourism enterprises (hotels, restaurants, shops, and transporters), 2744 tourists, and 2728 households in these four destinations.

\(^{18}\) Annual Muslim festival that follows the Islamic month of Ramadan (fasting).

peak tourist seasons. ‘Over-tourism’\(^{20}\) in KP also poses issues for authorities and micro, small and medium enterprises (MSMEs).

(b) Most roads leading to popular destinations (Kaghan, Kalam, Kumrat and Chitral) are inaccessible during winters and monsoon season, due to slow road clearing and repair procedures.

(c) Outdated and insufficient signage and inadequate measures to inform the tourists about weather and road conditions and routes.

(d) There is minimal enforcement of quality and hygiene standards in F&B outlets, most of which are informal, leading to bad visitor experiences thus keeping the tourist spent on lower side.

(e) Unavailability of basic facilities (supermarkets, groceries, pharmacies, etc.) at most remote destinations, influencing travel decisions of families with children or elderly.

(f) Irresponsible tourist behavior, often due to lack of awareness, leading to damage of heritage sites, pollution of land and riverine with plastics, solid waste and effluents.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The project development objective is to improve tourism-enabling infrastructure, enhance tourism assets, and strengthen destination management for sustainable tourism development in Khyber Pakhtunkhwa.

Key Results (PDO level indicators)

(a) Increase in tourist spending in KP (US$).

(b) Improved planning and management of tourist destinations (numbers).

(c) New private investments mobilized (US$).

(d) Individuals benefitting from improved infrastructure and training (numbers).

D. Project Description

17. The IDA financing instrument for KITE is the Investment Project Financing (IPF) with an allocation of US$70 million. The project activities are divided into four components that will launch strategic activities along the entire T&T value chain. The allocations to these components could change during implementation, depending upon performance, sector demand, and market dynamics.

18. The project activities may be implemented initially in four locations—potentially Naran, Chitral, Galliyat, and Kalam. These destinations are both developed and new, and at different stages of development. These were therefore selected to ensure a balanced approach toward site development. The four main criteria for destination selection are (a) tourism attributes (connectivity, seasonality, drawing power and facilities); (b) current visitation (number of tourists); (c) development potential and alignment with the objectives of KITE and the 2015 KP Tourism Policy; and (d) sustainability and replication

----

\(^{20}\) The condition of destinations where locals, businesses, or visitors feel there are too many visitors and that the quality of life in the area or the quality of the tourist experience has deteriorated unacceptably. (WBG (2018) – ‘Tourism and the Sharing Economy, page 11’).
The World Bank  
Khyber Pakhtunkhwa Integrated Tourism Development Project (P163562)  

value of the site development.

19. **KP also aims to designate at least eight remote and unexplored scenic sites as Integrated Tourism Zones (ITZs)**\(^2\) in order to ensure sustainable planning and development of tourism at these sites. The concept of the ITZs and their exact location are still being finalized by DoT and hence this is work under development. The **project component details follow:**

20. **Component 1: Sector Enablement and Tourism Entrepreneurship:** This component aims to strengthen and formalize KP’s T&T sector through the implementation of the following activities:

    (a) Strengthening the policy, institutional and regulatory environment for tourism through, *inter alia*, (i) conducting an analysis of the existing policy and regulatory framework in the travel and tourism sector and proposing necessary reforms; and (ii) providing advisory support to provincial authorities with a tourism development mandate, including providing advice on best practices regarding policy and regulations for the proposed introduction of ITZs.

    (b) Establishing automated data collection and monitoring mechanisms on tourism performance indicators.

    (c) Supporting tourism entrepreneurship through, *inter alia*, (i) creating awareness among MSME and service providers in the travel and tourism sector about existing financing schemes and convene finance providers to improve MSMEs’ access to financing; (ii) providing business development support services to MSMEs; and (iii) providing vocational skills training mainly targeted towards women and youth.

    (d) Transforming the visitor experience using digital technology and supporting creative business models in collaboration with the private sector.

21. **Component 2: Infrastructure Planning and Development:** Through this component, KITE will support the provincial government with the planning and development of the public infrastructure, while identifying the opportunities for mobilizing private sector investments. The activities could include the following:

    (a) Providing tourism destination development and management solutions through, *inter alia*, (i) developing destination investment and management plans (DIMPs)\(^2\) for tourist destinations to be selected in accordance with the selection criteria and procedures set out in the Project Operations Manual (POM)\(^3\); and (ii) carrying out tourism destination development activities, selected or to be selected in accordance with the selection principles and procedures set out in the POM.

\(^2\) ITZ means a geographically delimited area consisting of tourism sites that are closely linked, e.g. by history, culture, nature or otherwise, with multiple private companies, a zone management system and its own governance mechanism. For example, Sentosa Island in Singapore and Nusa Dua in Indonesia.

\(^3\) DIMPs provide guidance for visitor planning and destination management activities and identify opportunities for public and private sector investments. They can especially help the authorities manage high-usage sites by suggesting mitigating measures to safeguard the attractions.

\(^3\) “Project Operations Manual” will be prepared and adopted by the DoT, in form and substance satisfactory to the Bank, setting
(b) Preserving and managing heritage sites across KP to be selected in accordance with the selection criteria and procedures set out in the POM.

(c) Improving access by tourists and visitors to tourist destinations through, *inter alia*, (i) rehabilitating secondary and/or tertiary roads to be selected in accordance with the selection criteria and procedures set out in the POM; (ii) supporting road maintenance and accessibility, including provision of equipment, as needed; and (iii) exploring options to ensure telephone/internet connectivity in tourist destinations.

(d) Undertaking feasibility studies for two (2) proposed ITZs.

22. **Component 3: Project Management and Capacity Building:** This component will support the following activities:

(a) Supporting project management and capacity building through, *inter alia*, (i) providing technical and operational assistance to project management unit (PMU) of DoT and PMU of C&W (PMU-C&W) to support project implementation, including procurement, financial management, environmental and social safeguards, monitoring and evaluation of the project; and (ii) supporting the implementation of the gender analysis and action plan (GAAP) and the related communication strategy.

(b) Implementing environmental preservation and waste management activities through, inter alia, (i) encouraging the reduction and recycling of waste through awareness campaigns for tourists and students; and (ii) procuring essential technology and equipment for sorting and using recycled plastics.

(c) Carrying out civil works for the appropriate functioning of PMU-DoT to be housed in DoT and PMU-C&W to be housed C&W.

23. **Component 4: Contingent Emergency Response Component.** This component has been added to the project for providing immediate response to an Eligible Crisis or Emergency, as needed.

**E. Implementation**

**Institutional and Implementation Arrangements**

24. The implementation arrangements for the KITE will include an overarching Project Steering Committee (PSC) and two implementing entities (IEs).

25. **PSC.** The PSC will provide strategic guidance and facilitate coordination across different departments and local government(s). It will be chaired by the Additional Chief Secretary (KP) and have representatives from GoKP’s departments (Finance, C&W, DoT), the National Tourism Coordination Board (NTCB), and private sector stakeholders, possibly including representation from the T&T industry, academia, Women Chambers of Commerce, Bank of Khyber and the SME Development Authority.

26. **Project IEs.** The project will be implemented by DoT and C&W, for which the Bank conducted fiduciary and safeguards assessments to determine the implementation arrangements and the need for capacity out the policies and procedures for the implementation of the Project.
interventions. For implementation, the two PMUs have been established in DoT and C&W. PMUs are led by the project directors. The PMU-DoT is responsible for the completion of activities that fall under the mandate of the DoT: planning, marketing, heritage preservation, business registration and licensing, data collection, monitoring, and investor facilitation. The PMU-C&W has been established in the head office of C&W in Peshawar. It will oversee the implementation of all engineering and infrastructure development activities identified under component 2—for instance, the rehabilitation/construction of roads, site development at tourist destinations, and construction of public facilities for tourists. The PMU-C&W will execute infrastructure-related activities (on behalf of and at the direction of the PMU-DoT) and will act as an implementation arm of the PMU-DoT in executing civil works.

27. The PMUs will be strengthened through relevant staff whom the WB will train in relevant fields to ensure compliance with policies. The engineers will be employed on a regional basis to match the jurisdiction of associated works contracts at various project locations. A Liaison Officer has been hired by the PMU-DoT to ensure seamless coordination between the two PMUs.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The project activities may be implemented initially in four locations which are potentially Naran, Chitral, Galliyat and Kalam. These sites are famous for natural habitats like lakes, rivers, streams, glaciers, forests, mountains, valleys and habitats of important biodiversity for both residential and migratory birds, and wildlife species. A few additional sites within KP, including in its south, could be added during the project implementation, in line with the site/destination selection criteria included in the POM. KITE will finance tertiary and/or secondary road construction and rehabilitation under component 2. The roads will also be selected according to the criteria in the POM. The social safeguard policies relevant to KITE are OP/BP 4.10 Indigenous People (IP), as the project may implement activities in Chitral district which is home to the indigenous Kalash people. This policy requires GoKP to engage in a process of free, prior, and informed consultation to gain broad community support in case activities are undertaken impacting the Kalash people. Also, OP 4.12 Involuntary Resettlement is triggered as the project will need land for the construction and rehabilitation of tourist infrastructure. Some project interventions may lead to resettlement, but with low and localized impacts on livelihoods. Efforts will be made to use government-owned land for project-related civil works and to minimize private land acquisition. The project has accounted for the environmental and social safeguards adverse impacts under component 2 of destination/site development activities, and accessibility and road connectivity with mitigation measures by developing an Environmental and Social Management Framework (ESMF), a Physical Cultural Resources Management Framework (PCRMF), Resettlement Policy Framework (RPF) and Indigenous People Planning Framework (IPPF). The project may work in or around physical cultural resource (PCR) sites. The baseline information regarding Mansehra and Abbottabad districts, where the works and most other interventions are proposed, indicates the presence of cultural heritage sites at various locations (for example, Gandhara, era structures; British colonial era buildings etc.). However, any impact on PCRs due to project interventions will be determined
during project preparation when exact locations have been identified. The client has prepared a management framework for the PCR sites.

G. Environmental and Social Safeguards Specialists on the Team

Mishka Zaman, Social Specialist  
Rahat Jabeen, Environmental Specialist

<table>
<thead>
<tr>
<th>SAFEGUARD POLICIES THAT MIGHT APPLY</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
</tr>
</thead>
</table>
| Environmental Assessment OP/BP 4.01 | Yes        | The overall project is environmentally beneficial. This OP is triggered due to project activities under the components 2 and 3 which include i) site development; ii) secondary or tertiary road construction and rehabilitation; and iii) rehabilitation/refurbishment of the premises of two PMUs (DoT and C&W).  
However, the adverse environmental impacts of the above physical works are expected to be of temporary localized and reversible, mostly will occur during the construction phase, for example, air and noise pollution, roadside tree cutting, traffic congestion, and storage and use of construction material at the project sites.  
The environmental and social safeguard category of the project is B.  
The ESMF outlines the adverse environmental impacts together with the possible mitigation measures. The framework prescribes the procedure for screening the environment and social impacts of activities prior to implementation, together with detailed management, monitoring and supervision of activities, and identification of the respective stakeholders and role players. ESMF provides the guidelines for site-specific environmental |
management plans (ESMPs) which will be developed during the project implementation.

Under the component 2, it is envisaged that during the rehabilitation of secondary and/or tertiary roads, as well as support to road maintenance activities, wildlife habitat might be affected during road crossing that could lead to fatal incidents, etc. Hence, if the project will finance roads construction during implementation, then site-specific ESMPs of the selected roads will be prepared and disclosed at the C&W and DoT websites prior to the commencement of works.

The screening measures for the PCR identification will be included in the ESMF as chance-find mechanism.

All site specific ESMPs and all other sites specific relevant safeguard documents will be reviewed and cleared by the WB.

The ESMF and Urdu translation of its Executive Summary has been disclosed at the website of C&W of KP within the country, and at the Image Bank site of the WB. The associated cost for implementing the relevant activities of ESMF (and any subsequent ESMPs) is integrated into the overall project budget.

<table>
<thead>
<tr>
<th>Performance Standards for Private Sector Activities OP/BP 4.03</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>The OP is not triggered as the activities will be implemented by the government sector entities.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Natural Habitats OP/BP 4.04</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>No significant conversion or degradation of critical natural habitat is expected, however, this OP is triggered because the project activities could directly or indirectly benefit the natural habitats, including lakes and national parks at project locations. The project includes activities to develop the capacity of local institutions at the selective destinations for effective environmental planning and management of natural habitats through component 3. The natural habitat and protected areas management plan(s) will be developed in the consultation with the Forest and Wildlife departments of GoKP, if recommended by the DIMPs and ITZs' feasibility prepared under component 2.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OP/BP</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-------</td>
</tr>
<tr>
<td><strong>Forests OP/BP 4.36</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Pest Management OP 4.09</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Physical Cultural Resources OP/BP 4.11</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Indigenous Peoples OP/BP 4.10</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Involuntary Resettlement OP/BP 4.12</strong></td>
<td></td>
</tr>
</tbody>
</table>
Safety of Dams OP/BP 4.37 | No | This policy is not triggered because the proposed project does not involve the construction of dams.
---|---|---
Projects on International Waterways OP/BP 7.50 | No | The project activities do not include international waterways.
Projects in Disputed Areas OP/BP 7.60 | No | The project activities are not located in disputed and conflict areas.

### KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

#### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

   The proposed project interventions will not involve any large scale environmental or social impacts. KITE is categorized as an Environmental Safeguard Category B, mainly due to project activities under components 2 and 3, which include road connectivity, destination development and civil works in the two PMUs. It is envisaged that the infrastructure development activities could have some adverse environmental impacts that might be temporary, reversible and localized in nature, for example, air and noise pollution, roadside tree cutting, setting up of labor camps, traffic congestion, construction material handling, hindrances for wildlife crossing corridors at construction site, etc. Few activities for enterprise development might be implemented under component 1, and the assessment of their likely impact on environment and society will be carried out through the procedures prescribed in the project safeguard documents.

   Impacts from the construction of facilities along the roadside or near water bodies, such as surface, sub-surface and groundwater contamination could mainly be caused due to weaknesses in the design of facilities, for example toilets. The proposed mitigation measures include using proper toilet and sewage designs, avoiding disposal of untreated effluent into freshwater bodies and locating toilets at safe distances from drinking water sources.

   The outcome of the solid waste management (SWM) study for KP’s mountainous areas will also inform the DIMPs and feasibilities of the ITZs. Under the component 3, the borrower will implement environmental preservation and waste management activities at the project sites.

   The main adverse social impacts expected from the construction of infrastructure might include disruption and inconvenience in the lives of the local population due to the higher influx of tourists. Most of the adverse social impacts are temporary, localized, and reversible in nature. With the help of appropriate mitigation measures identified in the project safeguard documents, these potential impacts can be addressed effectively.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

   The project intervention does not anticipate any activities which could trigger adverse potential environmental or social impacts. The DIMPs and ITZs feasibilities could serve as the catalysts for environment conservation and stakeholder engagement at project sites.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts:

   The project activities will result in strengthening the capacity of tourism sector stakeholders, increased private sector
participation and improved infrastructure services at the beneficiary destinations. In the absence of this project, which incorporates the essential elements of a comprehensive destination and associated infrastructure development, KP’s tourism sector might not be able to contribute towards provincial government’s objectives of job creation for youth and economic revitalization. An alternate approach, such as a project that only supports the construction/rehabilitation of tertiary/secondary roads, could increase the existing pressure on project sites that have limited carrying capacity. Resultantly, the physical conditions of the sites will worsen, eventually rendering them both unlivable for the local residents and undesirable for domestic and international visitors. To address these concerns, the project ESMF outlines various mitigation measures to handle the potential adverse impacts at the project sites together with the monitoring mechanisms.

The proposed project locations are appropriate and relevant as per the PDO and activities. Meanwhile, the project design and safeguard framework also have the flexibility to consider other tertiary and/or secondary roads and tourist sites that have a potential to create jobs and might require resources to manage the influx of tourists. The project has developed a criteria for the selection of beneficiary tourist sites during the implementation.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.


To address the safeguard policies provisions under OP4.01, the borrower will conduct environmental assessments using a framework approach, because the subproject sites will be identified during the project implementation. The ESMF outlines the adverse environmental and social impacts together with the mitigation measures. The framework prescribed the procedure for screening the environment and social impacts of the sub-project prior to implementation, monitoring, and supervision activities while identifying respective stakeholders and role players. The ESMF provides guidelines for the site-specific ESMPs which will be developed during the project implementation.

The selection of project sites, roads and other infrastructure development activities to be financed through KITE will be based on the principles and procedures provided in the POM.

OP/BP 4.36 on Forests is triggered. Though the project is not supporting any new construction activities at the cost of forest clearance, the tourist facilities will be developed without tree cutting, to the extent possible. In case of any damages to the forest, except the road construction activity, new plants/trees will be planted.

For OP4.11 the screening measures for the PCR identification will be included in the ESMF and a Physical Cultural Resource Management Plan (PCRMP) could be prepared if required. For OP4.04 and OP4.36, the ESMF will also outline the potential impacts on natural habitat and forest, and if required, the Habitat and Forest management plans could be drafted during project implementation.

Efforts will be made to use government-owned land for project-related civil works and minimize private land acquisition. Certain project interventions, such as the construction of tertiary and secondary roads and tourist infrastructure might require private land acquisition, leading to resettlement with most likely, low and localized impact on livelihoods. An RPF has been prepared to identify and mitigate social impacts and risks from land taking and associated assets, and income losses for those project activities whose exact scope and scale of impact is unknown at the time of project approval. The RPF provides guidance for land acquisition and for the preparation of Resettlement
Action Plans RAPs for sub-projects.

An IPPF has been prepared to document the possible ramifications of project activities if launched in Kalash Valley (Chitral District) which is home to the Kalash people residing in 15 villages across 3 valleys. The extrapolated population of Kalash people in 2015 was 3,628 (with 1,729 women), making them the smallest minority community in Pakistan (and one of the smallest IPs communities in the world). The borrower will, therefore, engage in a process of free, prior, and informed consultation, resulting in broad community support to the project by the Kalash people, if any project activities are initiated in Kalash Valley.

A Grievance Redress Mechanism (GRM), accessible to project affected persons (PAPs) will be developed and housed in PMU-C&W with user-friendly complaint submission options. It will outline clear roles, timelines, procedures, and responsibilities while describing the options available to PAPs for on-site grievance redress during the land acquisition and resettlement process. The GRM should also have an in-built monitoring mechanism to check on responsiveness to complaints or grievances lodged. In addition, all sub-projects requiring land acquisition will have site-specific GRMs.

Citizens Engagement (CE): For the project to be sustainable, local communities and main stakeholders should feel they have a stake in its success, leading to a spirit of cooperation. To the extent feasible, the citizens engagement mechanisms will build on and strengthen existing engagement systems and processes. To promote transparency and oversight, subproject information will be disseminated in a timely manner, using methods that are accessible and understood by all stakeholders, especially the communities and tourists. A “resolved registered grievances” indicator has been included in the results framework to cover the GRM and citizens engagement. In addition, an online beneficiary feedback mechanism will be developed and housed in DoT, with user-friendly complaint submission options.

Moreover, KITE will undertake activities to create linkages between local communities and Micro, Small and Medium Enterprises (MSMEs) and the tourism supply chain. KITE will also train the youth and women in hospitality and Food & Beverage sectors. This will enable more engagement with the communities and provide benefits locally.

The project-related risks for Gender-Based Violence (GBV) are low. The GBV Risk Assessment Tool developed by the Bank rates the risk as 10.75, which puts the project in a low-risk tier. The social norms around GBV risk consider the fact that survivors of violence and harassment are stigmatized, making it difficult for them to seek help. The PMUs will be sensitized to the importance of addressing GBV on the project and to the mechanisms that should be implemented. The project GRM will be gender-sensitive and will have a protocol for handling GBV complaints. All bid documents will clearly define the GBV requirements and expectations, and the contractor will develop a Code of Conduct, noting acceptable norms of behavior and sanctions for any GBV incidents. The Code of Conduct will be signed by employees working on the project sites. The DoT plans to mobilize tourist police in the popular tourist destinations to ensure enhanced security for locals and visitors and to manage traffic congestion during peak seasons. Training will be conducted for project workers, tourist police and local community.

Labor Influx: The rapid migration and settlement of workers and followers in the project area are called labor influx. It is anticipated some skilled and unskilled labor will be hired through the lifetime of KITE, most of them for the rehabilitation of the tertiary road and other civil works. Project safeguard documents (ESMF and RPF) have identified possible risks arising from labor brought from outside the project area and proposed mitigation measures per the Bank’s Labor Influx Guidance Note. To minimize and mitigate possible negative impacts, a Labor Influx Management Plan will be prepared, and construction contracts will include relevant clauses whose implementation will be monitored by the PMU-C&W.
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders (i) are MSMEs in the travel and tourism sector, benefiting from training opportunities and a more conducive investment climate, improved infrastructure; (ii) relevant provincial and local development authorities; and (iii) tourists benefiting from improved infrastructure services, including women and the disabled. Benefits are expected to accrue to both existing firms (e.g. through strengthened sector governance) and new firms (e.g. through improved market access).

In the long-term, the project is expected to have a positive effect thorough direct and indirect job creation. The client has undertaken consultations with both women and men during the preparation of ESMF, RPF and IPPF. Workshops and events were also held with tourism sector stakeholders such as tour operators, hotel owners, transporters and their feedback reflected in the Project.

Relevant stakeholder consultations will take place during the project implementation. The GRM will address the complaints. The safeguards documents have been disclosed in-country on DoT and C&W websites, and in the World Bank Image Bank site to complete the appraisal.

B. Disclosure Requirements

<table>
<thead>
<tr>
<th>Environmental Assessment/Audit/Management Plan/Other</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30-Jan-2019</td>
<td>05-Feb-2019</td>
<td></td>
</tr>
</tbody>
</table>

"In country" Disclosure

<table>
<thead>
<tr>
<th>Resettlement Action Plan/Framework/Policy Process</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30-Jan-2019</td>
<td>05-Feb-2019</td>
</tr>
</tbody>
</table>

"In country" Disclosure
Indigenous Peoples Development Plan/Framework

<table>
<thead>
<tr>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-Jan-2019</td>
<td>05-Feb-2019</td>
</tr>
</tbody>
</table>

"In country" Disclosure

Pakistan

19-Feb-2019

Comments

The safeguards documents have been disclosed at the C&W website (www.cwd.gkp.pk/downloads.php) since February 2019.

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report? Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report? Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan? Yes

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats? No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank? No

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property? Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property? Yes

OP/BP 4.10 - Indigenous Peoples
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?
Yes
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?
Yes
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?
Yes

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?
Yes
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?
Yes

**OP/BP 4.36 - Forests**

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?
No
Does the project design include satisfactory measures to overcome these constraints?
No
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?
No

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?
Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?
Yes
All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
Yes

Have costs related to safeguard policy measures been included in the project cost?
Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
Yes

CONTACT POINT

World Bank

Kiran Afzal
Senior Private Sector Specialist

Maha Ahmed
Senior Rural Development Specialist

Mohammad Ajmal Askerzoy
Senior Transport Specialist

Borrower/Client/Recipient

Economic Affairs Division
Adil Akbar
Joint Secretary
akbar.adil@gmail.com

Implementing Agencies

Communication and Works Department
Shahab Khattak
Secretary
shahabwsd@gmail.com

Department of Tourism, Culture, Sports, Archeology & Youth Affairs
Kamran Rehman
Secretary Tourism
secretarytourismkp@gmail.com

Junaid Khan
Managing Director, TCKP
khan.junaid@outlook.com

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: http://www.worldbank.org/projects

APPROVAL

| Task Team Leader(s) | Kiran Afzal  
| Maha Ahmed  
| Mohammad Ajmal Askerzoy |

Approved By

| Safeguards Advisor: |  |
| Practice Manager/Manager: | Nabila Assaf | 23-May-2019 |
| Country Director: | Melinda Good | 24-May-2019 |