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

Appraisal Stage | Date Prepared/Updated: 02-Apr-2019 | Report No: PIDISDSA23433
### 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>
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<tbody>
<tr>
<td>Pakistan</td>
<td>P163562</td>
<td>Khyber Pakhtunkhwa Integrated Tourism Development Project</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
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<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
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<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)

#### SUMMARY

<table>
<thead>
<tr>
<th>Total Project Cost</th>
<th>127.00</th>
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</thead>
<tbody>
<tr>
<td>Total Financing</td>
<td>127.00</td>
</tr>
<tr>
<td>of which IBRD/IDA</td>
<td>120.00</td>
</tr>
<tr>
<td>Financing Gap</td>
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</tbody>
</table>
B. Introduction and Context

Country Context

1. **Pakistan is the world’s sixth most populous country with a total population of over 207 million, of which 64 percent is youth**\(^1\). It has recently achieved high levels of economic growth and poverty reduction. The real gross domestic product (GDP) growth reached an 11 year high of 5.8 percent in FY18\(^2\) and the poverty headcount dropped from 64.3 percent in FY02 to 24.3 percent in FY15\(^3\). There are a number of underlying factors that may be driving poverty reduction, including growth of the off-farm economy, urbanization, increase in international migration, expansion of social protection and pro-poor spending under the Government’s Poverty Reduction Strategies\(^4\).

2. **These achievements are all the more remarkable in light of the security situation Pakistan, which has been a challenge despite having improved considerably. However other challenges, particularly in economic inclusion and geographical and gender equity, still remain.** While Pakistan made commendable progress in lifting approximately 32 million people out of poverty between 2001 and 2015, Pakistan’s rural households\(^5\) are still disadvantaged in all aspects of service delivery including education, health, access water, and

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\(^5\) 64 percent of Pakistan’s population lives in rural areas. WBG staff estimates based on the United Nations Population Division’s World Urbanization Prospects: 2018 Revision. Available at [https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS](https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS)
sanitation infrastructure, with severe consequences to long-term poverty reduction. An estimated 10 million jobs need to be created over next five years across the country. The country also continues to exhibit a large gender gap and ranks 143rd out of 144 countries on the Global Gender Gap index of the World Economic Forum (WEF). While female labor force participation (FLP) has almost doubled from 13.3 percent (1992) to 25 percent (2014), it is one of the lowest, not just in South Asia, but globally.

3. The KP province and the adjoining erstwhile Federally Administered Tribal Areas (FATA) has a population of 35 million according to the 2017 census, representing 17 percent of the population of Pakistan. This is Pakistan’s lesser developed region, with economic and social development indicators lagging the national averages. KP has the country’s biggest youth bulge but the lowest youth Labor Force Participation (LFP) rate of 36.8 percent as opposed to Punjab’s 50 percent in 2015. Most of KP’s population (85 percent) also lives in rural areas, where access to public services and income generation opportunities is lower than in urban centers. According to the 2016 Multidimensional Poverty Index (MPI), 43 percent of KP’s population lives in poverty compared to 39 percent nationally.

4. Climate change poses significant risks, thereby increasing the vulnerability of people, assets, and infrastructure to climate-induced disasters. Since 2010, extreme events such as cloudburst over the catchment areas of Indus and its tributaries in mountainous North-West have frequently occurred during the annual monsoon season. KP is particularly vulnerable and faces an increased number of glacial lake outburst floods because of increased temperatures and intense precipitation. During the 2010 floods, its transport sector incurred losses of US$280 million, as 6,511 km of road infrastructure was damaged.

5. The KP province 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 shaped by the mountains of Hindukush and Himalayas 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 comprising Buddhist, Muslim and Christian evidence of global importance. These include 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 between 2007 and 2017. However, beginning in 2015, the domestic arrival numbers have led to a mushrooming of tourism ventures and activities that can drive economic growth across many rural sections of the province, if managed sustainably.

6. In line with the Prime Minister’s 100-days reform agenda, Government of KP (GoKP) has put economic revitalization, job creation and tourism destination development at the center of its development roadmap.

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6 Rural women are 10 and 12 percentage points less likely to receive pre-natal and post-natal care respectively. They are 28 percentage points less likely to give birth in a facility (hospital). Rural households are less likely to have access to key utilities (Health Issues in Community (HIIC) 2015-16). They are 13 and 64 percentage points less likely to have an electricity and gas connection respectively.


8 As per the national poverty line, the overall poverty rate in KP in 2013-14 was at about 28 percent, compared to 29.5% for the country as a whole, with rural KP at 30 percent and urban KP at about 16 percent. While the MPI provides much higher estimates of both rural and urban deprivation in KP, and across the country, it shows the same declining trend in MPI over time.
and has asked the World Bank (WB) for support to achieve these objectives, including through the KP Integrated Tourism Development Project (KITE).

Sectoral and Institutional Context

7. As one of the world’s largest economic sectors, Travel & Tourism (T&T) creates jobs, drives exports, and generates prosperity across the world. It creates new markets, boosts international investment, drives infrastructure development, strengthens rural communities, bolsters artisans and raises climate change awareness. In the 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)\(^9\). With the right regulatory conditions and government support, nearly 100 million new jobs could be created globally in T&T over next decade, including for women\(^10\).

8. Strong growth in this sector demands effective management to ensure that these socio-economic benefits accrue, and 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.

9. 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$8,832 million (2.9 percent of GDP in 2017). During the same year, it supported 3,894,000 direct and indirect jobs which is 6.5 percent of country’s total employment. The T&T investments in Pakistan made up 9.1 percent of total investments in 2017; projected to rise by 5.2 percent during 2018 in response to growing domestic tourism.

10. The country ranks 124\(^{th}\) on the 2017 competitiveness index of the World Travel and Tourism Council (WTTC) out of 136 economies. Pakistan trails behind other comparator countries such as Sri Lanka (ranked 64\(^{th}\)) and Turkey (44\(^{th}\)) on this index which similarly have emerged from conflict/security challenges, offer a mixture of natural and cultural attractions, and have rapidly growing population numbers including youth. During 2017, the international tourist arrivals in Pakistan were only 965,498 as opposed to 1.8 million in Sri Lanka and 39 million in Turkey.

11. The low numbers of international arrivals are somewhat compensated by domestic tourism which has been growing over the years. The total number of domestic tourists in Pakistan during the year 2016 was 80 million\(^11\), up from 46.07 million in year 2009\(^12\). 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\(^13\). It was also reported that more than 2.5 million tourists (mostly domestic) visited the destinations across KP during four days of Eid-ul-Fitr\(^14\) in 2017\(^15\).

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\(^9\) WTTC Economic Impact 2018
\(^12\) PILDAT 2015 statistics.
\(^13\) ERKF project sponsored Tourism Sector Analysis of October 2018 covers four tourist destinations of KP: Galliyat, Kalam, Kumrat and Naran. Sample comprised 1849 tourism enterprises (hotels, restaurants, shops and transporters), 2744 tourists and 2728 households in these four destinations.
\(^14\) Annual Muslim festival that follows the Islamic month of Ramadan (fasting).
12. KP province is likely to remain the preferred domestic destination with its unrivaled natural and cultural attractions and population’s new-found love to travel, spurred by a combination of improved security situation and promotional efforts of KP’s Department of Tourism, Sports, Culture and Youth Affairs (DoT). In order to keep attracting regular visits, and drive destination spending, while mitigating the risk of ‘over-tourism’, Pakistan needs to address several challenges to T&T’s competitiveness (including infrastructure, ICT readiness and business environment) at both national and sub-national levels (as highlighted in the 2017 WTTC index). According to the 2018 KP Tourism Analysis, following issues need to be addressed in KP:  

(i) Limited carrying capacity of destinations, which is burdening the environment, heritage sites, roads, parking, lodging facilities, F&B outlets and tourist infrastructure. ‘Over-tourism’ in KP also poses issues for authorities, LEAs, communities and MSMEs.
(ii) Most roads leading to popular destinations are inaccessible during winters and monsoon season, due to slow road clearing and repair procedures. The local authorities have inadequate equipment such as snow clearing machines, excavators, etc. This limits the season for visitors and restricts growth.
(iii) The signage is out-dated and inadequate measures exist to inform the tourists about weather and road conditions and routes. There is limited availability of on-site facilities, including boarding and lodging, that lead to unpleasant and incomplete visitor experiences.
(iv) There is minimal enforcement of quality and hygiene standards in F&B outlets, most of which are informal, leading to bad visitor experiences and poor destination image thus keeping the tourist spent on the lower side.
(v) Unavailability of basic facilities (supermarkets, groceries, pharmacies, etc.) at most remote destinations, influencing travel decisions of families with children or elderly.
(vi) Irresponsible tourist behavior, often due to lack of awareness, leading to damage of heritage sites, pollution of land and riverine with plastics and solid waste, thereby marring the destination image.
(vii) The peer to peer (P2P) accommodation economy is already active in Swat and Galliyat, and home-sharing tourism is now accessible through AirBnB and booking.com, etc. Absence of a comprehensively at policy and planning can create problems around the capacity, reputation, quality and safety of the whole destination.

13. The DoT has recognized the above-mentioned issues and has expressed its intention to actively improve tourism system in the province. It launched several development and promotional activities in 2017 and 2018, including renovation of markets and food streets, media campaigns and the establishment of ‘camping pods’ at hill resorts. These initiatives and GoKP’s partnership with the WB through the Economic Revitalization of KP and FATA (ERKF) project have translated into a request from the Government of Pakistan (GoP) for WB support for tourism development through the International


16 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’).

17 People providing accommodation directly to consumers using digital platforms. It comprises; (i) digital platform; (ii) accommodation provider; & (iii) guest.

18 A travel experience during which visitors pay to stay in private homes in order to interact with a host or local family.

19 4 resorts i.e. Bishigram (Swat), Sharan (Kaghan), Thandiani (Abbottabad), and Sheikh Badin (Dera Ismail Khan).
Development Association (IDA) facility.

14. The proposed KITE project uses IDA’s lending instrument of Infrastructure Project Financing (IPF) and will support activities to; (i) overcome infrastructure bottlenecks at popular sites, e.g., Kalam and Galliyat; (ii) encourage higher tourist spending through the development of quality tourism products in Chitral while lifting visitors’ pressure off the valleys that host the indigenous people of Kalash and; (iii) equip the authorities with the tools for visitors management and environmental preservation, including in Naran. KITE will also contribute towards the restoration of KP’s heritage sites.

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

(i) Increase in tourist spending in KP (Pak Rupees).
(ii) Improved connectivity to tourism attractions (kilometers).
(iii) New private investments mobilized (Pak Rupees).

D. Project Description

15. The project activities are divided into four components which will launch strategic activities along the entire T&T value chain. The first component aims to improve the tourism enabling environment, including tourism policy and regulations, and tourism entrepreneurship. The second component aims to plan and implement infrastructure development activities specific to the identified tourist locations. The third component will support relevant GoKP departments and project implementation entities (IEs) by building their capacity for effective project management and environmental conservation. The fourth component will receive allocations from other components only in the event of an unforeseen natural disaster. The allocations to these components could change during the implementation, depending upon the performance, sector demand and market dynamics.

16. The project activities may be implemented initially in four locations which are potentially Naran, Chitral, Galliyat and Kalam. The four main criteria for destination selection are; (i) tourism attributes (connectivity, seasonality, drawing power and facilities); (ii) current visitation (number of tourists); (iii) development potential and alignment with the objectives of KITE and KP Tourism Policy; and (iv) sustainability and replication value of the site development. The component details follow:

17. Component 1: Sector Enablement and Tourism Entrepreneurship (IDA: US$20 million): This component aims to strengthen, formalize and improve the overall T&T sector of KP. It will provide technical assistance and will also support the procurement of goods and services, where required. It has the following set of activities:
(i) **Strengthening policy, institutional and regulatory environment for tourism:** The provincial regulatory and policy framework for travel and tourism (T&T) sector will be reviewed to identify and address the gaps to ensure effective regulation. The Provincial Tourism Authority of KP²⁰ (once established) and local development authorities which have a mandate of tourism development, will receive advisory support through this component for realizing the KP Tourism Policy. Similarly, the business registration and licensing procedures for T&T MSMEs will be analyzed and necessary reforms will be proposed to support easier market-entry. In addition, by supporting the mobilization and functioning of the Destination Management Organizations (DMOs), the Project will contribute towards improved tourism sector governance and competitiveness at the destination level.

(ii) **Establishing data collection and monitoring mechanisms:** The Project will provide resources for an automated data collection and monitoring mechanism on tourism performance indicators (T&T enterprises registered, statistics on tourist duration of stay and tourist spending, revenue collected, etc.).

(iii) **Support for Tourism Entrepreneurship:** The Project will seek to create awareness among T&T MSMEs and service providers about existing financing schemes and convene finance providers to enable access to finance for MSMEs. Second, it will create linkages of the MSMEs with the local partners in providing Business Development Support (BDS) services for improving their access to the tourism supply chain and markets, technology, infrastructure services, finance and logistics. In addition, the BDS will support local MSMEs in product diversification, adoption of better marketing with a particular emphasis on branding and mentoring of local entrepreneurs to improve production techniques. Third, the Project will support the provision of vocational skills training, targeted mainly towards women and youth, with the aim of stimulating employment. By doing so, the project will support handicrafts, hospitality sector, tour operators, community tourism initiatives and agribusiness²¹.

(iv) **Transforming visitor experience and tourism management through digital technology (DT):** KITE will support DT initiatives to transform visitors’ experience, establish and operationalize KP’s own tourism brand and generate creative T&T business models in collaboration with the private sector, such as tourist applications, geo-tag services and virtual reality. Some of these activities could be rolled out as competitions to encourage the start-ups and university graduates.

18. **Component 2: Infrastructure Planning and Development (IDA: US$70 million):** This component will finance the procurement of services and goods to carry out diagnostics and to upgrade and construct tourist infrastructure at project locations. The activities description follows:

(i) **Visitor Facility Development:** The Project will support the formulation of Destination Investment and Management Plans (DIMPs)²² for tourist destinations, which may include Naran, Kalam, Chitral and other destinations identified by the clients using the destination selection criteria and procedures, which will be included in the Project Operations Manual. The scope of DIMPs will vary according to the need of a particular site/destination. The visitors’ facilities may include well-equipped tourist information and facilitation centers (TIFCs), rest areas, walking and hiking trails, signage (directional, management and informative) and dedicated convenience facilities for travelers. Where feasible, these facilities will operate as private enterprises on behalf of GoKP by local entrepreneurs, possibly

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²⁰ The Bill for Provincial Tourism Authority was approved in October 2018 and it is yet to be notified under the Bill.

²¹ The potential for handicrafts is highest in Swat and Chitral while that for agribusiness is expected to be highest in Naran. Hospitality and tour operations will be a focus in all the selected areas.

²² DIMPs identify investment needs and opportunities and emphasize high-usage sites where management is unable to cope with high visitor numbers and mitigating measures are required to safeguard the attractions.
through PPP agreements, including concessions.

(ii) **Heritage Preservation**: This activity focuses on the preservation and management of heritage sites across KP, including sites of religious significance for Buddhists and Sikhs. These tourism products will be developed together with private tour operators and travel agents, to attract the visitors from abroad. Again, the sites for this activity will be selected in line with the criteria and procedures defined in the Project Operations Manual.

(iii) **Accessibility and Road Connectivity**: The project will sponsor the rehabilitation and construction of Makhnial Changla Gali (MCG) Road, that leads to one of the most frequented tourist destinations in KP; i.e. Galliyat. The detailed engineering designs and safeguards appraisal for this road are complete. This road will provide access to several scenic locations, while reducing the travel time between Islamabad and Galliyat, especially during the peak tourist seasons (July – September and December – March). The project will also procure relevant equipment for road clearing and maintenance. Following the selection criteria and procedures in Project Operations Manual and/or as identified through DIMPs, additional feasible secondary and/or tertiary road(s) could also be supported under KITE. The rehabilitation/construction of these roads will follow the framework approach for safeguards\(^\text{23}\). To ensure enhanced tourist safety, telephone/internet connectivity options will be explored to procure Mobile Repeater Stations and/or Signal Boosters that could be installed at the remote tourist sites. The design and construction of the physical infrastructure would factor in climate resilience measures against higher temperatures, and increased precipitation or flooding.

19. **Component 3: Project Management and Capacity Building (US$17 million of which IDA is US$10 million)**: This component will support the following activities:

(i) Supporting Project management and capacity building through, *inter alia*, (i) providing technical and operational assistance to PMU-DoT and 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 GAAP and the related communication strategy.

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

(iii) 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.

**Component 4: Contingent Emergency Response Component (US$0)**: This component will support preparedness and rapid response to a natural disaster, emergency, or catastrophic event as needed. The provisional zero cost for this component will allow for rapid reallocation of credit proceeds from other components under streamlined procurement and disbursement procedures. Following an adverse natural event that causes a major disaster, the GoKP may request the Bank to reallocate project funds to this component from other project components (1, 2, and 3) to partially cover emergency response and recovery costs. This component could also be used to channel additional funds should they become available as a result of an emergency.

\(^{23}\) When selecting additional roads to be sponsored under KITE, the project could also consider factors such as; (i) utility and convenience for the tourists; (ii) expected traffic volume; (iii) potential for tourist spots along the route in case it is a long road; and (iv) number of social and economic centers likely to be connected through the road.
E. Implementation

Institutional and Implementation Arrangements

20. The implementation arrangements for the KITE will include an overarching Project Steering Committee (PSC); two implementation entities (IEs) and implementation partners, such as GoKP’s Planning and Development (P&D), environment department and local development authorities (such as GDA and KgDA).

21. **PSC:** The PSC will be chaired by the Additional Chief Secretary (ACS) of KP. The already notified PSC for TAIDU (another project of DoT being financed by government’s own sources) will be declared the PSC for KITE project as it includes most of the desired stakeholders for KITE, such as the P&D, C&W, Finance Department, DoT and private sector stakeholders, including possibly, representation from the T&T industry, National Tourism Coordination Board, KP’s Board of Investment (BoI), Women Chambers of Commerce, Bank of Khyber, and SME Development Authority (SMEDA). The PSC will provide strategic guidance and facilitate coordination across different departments and local government(s).

22. **Project IEs:** The project will be implemented by DoT and C&W, for which the Bank conducted fiduciary and safeguards assessment to determine the implementation arrangements and capacity interventions. For implementation, two Project Management Units (PMUs), one each housed in DoT and C&W have been established and functioning. PMUs are led by Project Directors. The **PMU-DoT** is responsible for the completion of activities that fall within the mandate of DoT, including planning, marketing, heritage preservation, business registration and licensing, data collection, monitoring and investors’ facilitation.

23. The **PMU-C&W** has already been established within the head office of C&W in Peshawar. It will undertake the implementation of all engineering and infrastructure development activities identified under the component 2, for instance the construction of MCG Road, site development at tourist destinations and construction of public facilities for tourists. PMU-C&W will only be executing infrastructure related activities (on behalf of and on direction of PMU-DoT) and will act as an implementation arm of PMU-DoT in executing civil works. The PMUs will be further strengthened through relevant staff who will be trained in relevant fields by the WBG to ensure compliance with polices. To ensure seamless coordination, a Liaison Officer has been hired by DoT-PMU who will take the lead on the coordination between the two PMUs. Both PMUs will follow conventional government channels between the departments to process the official documents, and mobile based cross-platform messaging services (WhatsApp group) to convey imperative messages.

24. **Implementation Support from Shared Services Unit (SSU):** Project will also leverage from the SSU, which is being established by GoKP for the implementation support of WB financed/administered projects. The resources in the SSU will be tapped to capacitate KITE’s PMUs’ on procurement, FM, M&E, gender and safeguards.

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.

G. Environmental and Social Safeguards Specialists on the Team

Mishka Zaman, Social Specialist
Rahat Jabeen, Environmental Specialist

**SAFEGUARD POLICIES THAT MIGHT APPLY**

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
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</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>The project is environmentally beneficial. This OP is triggered due to project activities, under the Infrastructure Planning and Development component which includes road rehabilitation. However, the adverse environmental impacts are expected to be of temporary and localized, 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 Environmental and Social Management Framework (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 MCG road, wildlife habitat might be affected during road crossing that could lead to fatal incidents etc. Therefore, the client has</td>
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developed an ESMP for MCG road. It assessed the adverse environmental and social impacts of the civil works at the location and developed the mitigation measures, together with monitoring and supervision mechanisms. The ESMP emphasizes the protection and management of natural habitat and wildlife. Similarly, if the project will finance more roads during implementation, then site-specific ESMP of the selected roads will be prepared and disclosed prior to the commencement of works. The screening measures for the Physical Cultural Resources (PCR) identification will be included in the ESMF as chance-find mechanism.

These ESMPs and all other sites specific relevant safeguard documents have been reviewed and cleared by the World Bank (WB).

The ESMP and ESMF and the Urdu translations of their executive summaries have been disclosed at the website of Communications and Works Department (C&W) of KP within the country, and at the Image Bank site of the WBG. The associated cost for implementing the relevant activities of ESMP and ESMF is integrated into the overall project budget.

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<th>Performance Standards for Private Sector Activities OP/BP 4.03</th>
<th>No</th>
<th>The OP is not triggered as the</th>
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<tbody>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>Yes</td>
<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.</td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td>Yes</td>
<td>This policy is triggered, as some project sites are surrounded by mountainous forest. In case of any</td>
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damages to the forest, except the road construction activity which could involve tree cutting, a tree plantation activity will be carried out. The tree plantation plan is an integral part of all the site and civil works activities if it requires the removal of trees for developmental activities. The project activities will not involve major forest clearance or tree cutting.

<table>
<thead>
<tr>
<th>Policy</th>
<th>Triggered (Yes/No)</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Pest Management OP 4.09</td>
<td>No</td>
<td>This policy is not triggered because the project activities will not involve any use of pesticides and herbicides.</td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td>Yes</td>
<td>Certain project interventions (e.g. development or restoration of cultural and historic destination sites) may focus on or work in the vicinity of Physical Cultural Resources (PCR). The screening measures for PCR identification have been included in the ESMF, and PCR management plans will be prepared, if required. The client has prepared a summarized PCR plan of the Swat area which will be updated during the implementation stage to cover the project sites.</td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>Yes</td>
<td>The project plans interventions in Chitral district, which is home to the indigenous people (IP) of Kalash. An Indigenous Peoples Policy Framework (IPPF) will have been disclosed publicly on the client’s website (in-country) and by the Bank, and consultations were held with the Kalash community. Urdu and Kalash language Executive Summaries have been prepared and disclosed.</td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>Yes</td>
<td>Certain project interventions (for example, construction and extension of roads; improvement and development of tourism site facilities and infrastructure etc.) may require acquisition of land leading to resettlement and temporary loss of livelihood. Both Resettlement Policy Framework (RPF) and Resettlement Action Plan (RAP) have been prepared and disclosed.</td>
</tr>
<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td>No</td>
<td>This policy is not triggered because the proposed project does not involve the construction of dams.</td>
</tr>
<tr>
<td>Projects on International Waterways OP/BP 7.50</td>
<td>No</td>
<td>The project activities do not include any international waterways.</td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
<td>No</td>
<td>The project activities are not located in any disputed and conflict areas.</td>
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### 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 component 2 (Infrastructure Planning and Development), which include road connectivity and destination development. 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, traffic congestion, construction material handling, and hindrances for wildlife crossing corridors at construction sites, etc. Few activities for enterprise development might be implemented under component 1 (Sector Enablement and Tourism Entrepreneurship), and the assessment of their likely impact on environment and society will be carried out through the procedures prescribed in the project safeguard documents.

   Under component 3 (Project Management), resources are available for the clients to develop waste management plans for 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 and setting up of labor camps. 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. The Makhnial Changla Gali (MCG) road is mostly surrounded by agricultural lands or peri-urban settlements. Impacts from the construction of rest stops/public convenience facilities along the roadside or near water bodies, including surface, sub-surface and groundwater contamination could mainly be caused due to weaknesses in the design of toilets, sewage treatment, and disposal. 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.

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 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 contribute towards strengthening the capacity of tourism sector stakeholders, increased private sector participation and improved infrastructure services at the beneficiary destinations. In the absence of KITE, the essential elements of a comprehensive destination planning and associated infrastructure development might not be integrated during the implementation of Tourism Policy. An alternate approach, such as a project that only supports the construction of provincial roads, could increase the existing pressure on project sites that already have a 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 and ESMP outline 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 roads and tourist sites that have a potential to create jobs and might require resources to manage the influx of tourists. The selection criteria for the project beneficiary sites exist and will be used by the clients and World Bank to pick additional destinations and roads during project 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.

The project interventions trigger the safeguard policies of Environmental Assessment OP4.01, Natural Habitat OP4.04, Forests OP4.36, PCR OP4.11, Involuntary Resettlement Policy (OP4.12) and the IPP (OP4.10).

To address the safeguard policies provisions under OP4.01, the borrower will conduct environmental assessments using a framework approach, because additional project sites will be identified during the project implementation. The ESMF outlines the adverse environmental and social impacts together with the mitigation measures. It 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 environmental ESMPs which will be developed during the project implementation.

An ESMP has been prepared for the construction of MCG Road in compliance with the WB Safeguard Policy OP4.01. It outlines the environmental and social impacts of road construction activity with mitigation measures and management, supervision and monitoring of the activities. The MCG Road ESMP outlines the measures and guidelines to be adopted in the construction of major roads where local wildlife exists, including hoofed and other small mammals and terrestrial animals including reptiles passing through the biodiversity corridors.

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 compliance with the WB Policy OP/BP4.36 on Forests. In case of any damages to the forest (except the road construction activity) new plants/trees will be planted.

The PCR identification will be included in the ESMF and a Cultural Resource Management Plan (CRMP) could be prepared if required to follow the guidelines of OP4.11 on PCR. 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. The borrower has prepared and disclosed the appraisal stage ESMP for the upgrading of the MCG road. The ESMP was also disclosed by the borrower (C&W Department, KP) and the WB to meet the project appraisal requirements.

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 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 will be determined during the project implementation. The RPF provides guidance for land acquisition and for the preparation of RAPs for specific activities. A RAP has been prepared for the MCG Road in accordance with OP 4.12. It states that a total of 1052 households, 525 kanals of land, 192 structures, and 5745 trees will be impacted during the upgradation of this road. A Grievance Redress Mechanism (GRM) will be set up and managed by the PMU-C&W for project activities.
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, in case KITE’s activities are launched in Kalash Valley.

A GRM, accessible to project affected persons and tourists, will be developed and housed in PMU of Department of Tourism (DoT), with user-friendly complaint submission options. It will outline clear roles, timelines, procedures, and responsibilities while describing the options available to project affected persons (PAPs) for on-site grievance redress during the land acquisition and resettlement process. The GRM will have an in-built monitoring mechanism to check borrower's 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 co-operation. To the extent feasible, the CE mechanisms will build on, and strengthen the existing available engagement systems and processes. These may include mechanisms created by the provincial management (through the Shared Services Unit), district administrations, local development agencies (e.g. Galliyat Development Authority and Kaghan Development Authority), and Tourist Information and Facilitation Centers (TIFCs). To promote transparency and oversight of the project activities, information will be disseminated in a timely manner, using methods (including digital platforms) 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 CE.

Moreover, as mentioned in the Figure 2 of Project Appraisal Document (PAD), KITE plans to support activities for creating linkages between local communities and micro, small and medium Enterprises (MSMEs) within the tourism supply chain. KITE will also train the youth and women in hospitality and food & beverage (F&B) sectors.

The project-related risks for Gender-Based Violence (GBV) are low. The social norms around GBV risk consider the fact that survivors of violence and harassment are stigmatized, making it difficult to seek help. The project will be developing a GBV action plan, which will propose appropriate measures to avoid, minimize and mitigate such risks. The clients will be sensitized to the importance of addressing GBV on the project and associated mechanisms. The project GRM will be gender sensitive and will have a protocol for handling the 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 DoT has plans to mobilize the tourist police at the popular destinations to ensure enhanced security for the locals and visitors.

Labor Influx: The rapid migration and settlement of workers in the project area is called labor influx. It is anticipated some 300-500 skilled and unskilled labor will be hired through the lifetime of KITE, most of them for the rehabilitation of the MCG Road. Project safeguard documents (ESMF, ESIA, and ESMP) identify possible risks arising from labor brought from outside the project location and propose mitigation measures per the WB’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, ESMP, RPF, RAP, 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 locally on provincial website, and in the World Bank Image Bank site to complete the appraisal.

### B. Disclosure Requirements

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<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>
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<tbody>
<tr>
<td></td>
<td>30-Jan-2019</td>
<td>05-Feb-2019</td>
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<td>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</td>
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<td>Resettlement Action Plan/Framework/Policy Process</td>
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<td>Indigenous Peoples Development Plan/Framework</td>
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"In country" Disclosure
Pakistan
19-Feb-2019

Comments
The safeguards documents have been disclosed at the C&W website at (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

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| Practice Manager/Manager: | Nabila Assaf  
31-Mar-2019 |
| Country Director: | Keiko Nagai  
02-Apr-2019 |