

MARK GOLDSMITH
Chairperson
The Inspection Panel

July 8, 2024

IPN REQUEST 24/04

**Inspection Panel Notice of Registration
on a
Request for Inspection
Pakistan: Khyber Pass Economic Corridor Project (P159577)**

Summary

1. On June 1, 2024, the Inspection Panel (the “Panel”) of the World Bank (the “Bank”) received a Request for Inspection (the “Request”) related to the Bank-financed Pakistan: Khyber Pass Economic Corridor Project (P159577) (the “Project”). The Request was signed by 448 individuals (the “Requesters”) living in the Project area of Khyber Pakhtunkhwa Province, Pakistan, who delegated two individuals to represent them in the Panel process.

2. The Request raises five main concerns related to the proposed Project-financed activities relating to the planned Southern Link Road (SLR) section. First, the Request raises concerns about the displacement and loss of livelihoods of the Project-affected people (PAPs) that will result from the Project, as well as the determination of compensation and timeliness of compensation payment. Second, the Request alleges the Project activities will potentially heighten tension, conflict and violence in the Project area. Third, the Request raises concerns that the design and alignment of the SLR will impact traditional cultural practice and of physical cultural resources. It states that the road will be elevated above the surrounding areas, thereby compromising the privacy of nearby households, and in particular female household members who will need to maintain *purdah* in their houses. The Request raises concerns about the potential uprooting of private graveyards. Fourth, the Request claims that the community members and elected members of local authorities were not meaningfully consulted or informed about the changes in the SLR alignment, the Project’s viability and its economic benefits. Fifth, the Request alleges the potential worsening of environmental and noise pollution from the Project, and the Project documents do not provide feasible solutions.

3. On June 10, 2024, the Panel acknowledged receiving the Request by issuing a Notice of Receipt on its website, and so informed the Requesters, Bank Management (“Management”), and the Accountability Mechanism Secretary. The Panel conducted its initial due diligence of the Request and determined that it meets the admissibility criteria. Therefore, by way of this Notice of Registration, I hereby inform you that on July 8, 2024, I have registered this Request.

The Project

4. The Project was approved by the World Bank Board of Executive Directors (the “Board”) on June 14, 2018. At the time of Project approval, the Project’s total cost was US\$ 482.75 million equivalent, with US\$ 460.6 million equivalent financed through the International Development

Association (IDA) Credit, and the Borrower providing US\$ 22.15 million. The closing date at the time of Project approval was June 28, 2024.¹

5. On June 11, 2020, the Project was restructured, and this included the realignment of the Project Components. The Borrower increased counterpart funding from US\$ 22.15 million to US\$ 46.2 million – an increase of US\$ 24.04 million – accounting for additional land acquisition and resettlement requirements, thereby increasing the total Project cost to US\$ 506.8 million equivalent. IDA Credit amount remained the same at US\$ 460.6 million equivalent. The closing date was extended to May 28, 2026.² At the time of the receipt of the Request, 0.65 percent of the IDA Credit was disbursed.

6. The Project Development Objective is “*to expand economic activity between Pakistan and Afghanistan by improving regional connectivity and promoting private sector development along the Khyber Pass corridor.*”³ The Project, after June 2022 restructuring, has two components. The issues raised in the Request relate to Component I.

7. The Project was originally comprised of three components. Following the Project restructuring, the initial Component III related to Project Management was cancelled.⁴ Component I Expressway Development originally included the design, construction and supervision of the Peshawar-Torkham Expressway (PTEX) – a new alignment of a four-lane 48-kilometer expressway between Peshawar and Torkham – and associated infrastructure facilities, land acquisition and resettlement, as well as afforestation along the PTEX.⁵ The June 2020 Project restructuring amended Component I activities. It decreased PTEX civil works project costs from US\$ 297.4 million to US\$ 198.58 million, and added the SLR, a 42.53-kilometer road to connect “*the PTEX to N-55 [National Highway-55] at Badaber and further linking at N-5 between Sathi Khel near Torkham towards N-55 Dheri*”⁶ with US\$ 119.47 million allocated for SLR civil works.⁷ The Implementing Agency for Component I is the National Highway Authority (NHA). Component II of the Project – Development of Khyber Pass Economic Corridor – is designed to maximize benefits of PTEX for Western Greater Peshawar by alleviating key constraints to the integration of private sector actors in the Khyber Agency district to global value chains through technical assistance, and infrastructure investments and institutional improvements.⁸ Project restructuring changed the Implementing Agency for Component II from the NHA to the Government of Khyber Pakhtunkhwa’s Planning and Development Department.⁹

¹ The World Bank, [Project Appraisal Document on a Proposed Credit in the Amount of SDR 320.3 million \(US\\$ 460.6 million equivalent\) to the Islamic Republic of Pakistan for a Khyber Pass Economic Corridor Project](#) (PAD), May 25, 2018, pp. v and vi.

² The World Bank, [Restructuring Paper on a Proposed Project Restructuring of Khyber Pass Economic Corridor Project Approved on June 14, 2018 to Islamic Republic of Pakistan](#) (Restructuring Paper), para. 6 and Table 1.

³ PAD, p. 6.

⁴ Restructuring Paper, para. 6.

⁵ PAD, p. 6, para. 22, and p. 15, para. 48.

⁶ Restructuring Paper, Table 1. National Highway Authority, Peshawar Southern Link Road (SLR), Khyber Pass Economic Corridor (KPEC) Project, [Environmental & Social Impact Assessment \(ESIA\) Report Volume-1](#), January 2024, p. 1-1.

⁷ Restructuring Paper, Table 1.

⁸ PAD, pp. 7 and 8, para. 24.

⁹ Restructuring Paper, para. 6.

8. The Project is Category A, and the following safeguard policies were triggered: Environmental Assessment (OP/BP 4.01), Physical Cultural Resources (OP/BP 4.11), and Involuntary Resettlement (OP/BP 4.12). The Borrower is the Islamic Republic of Pakistan.

The Request

9. The Request raises five main concerns related to the Project¹⁰, which are summarized below.

10. **Involuntary Resettlement and Livelihoods.** The Request alleges the Project activities of the SLR will result in “*mass displacement [and] loss of livelihood.*” It claims 90 percent of the PAPs own less than two acres of agricultural land that ensures their food security at the minimal level, and the PAPs will lose “*their meagre source of income and houses.*” Additionally, the Request raises concerns about the determination of compensation and the timeliness of payment.

11. **Potential Heightened Tension, Conflict and Violence.** The Request alleges the Project risks heightening the conflicts that exist between absentee landowners and actual land users. It claims that land documentation has not been discussed or deliberated on by the government since 1927, and due to the prevailing tensions, there “*exists a distinct possibility of armed conflict*” between the two parties regarding the land compensation. According to the Request, an act of violence occurred against Project survey staff in the Project area, with further escalation prevented because elders and local authority members intervened. The Request raises concerns about increase in similar incidents if the Project continues. Additionally, the Request states that the community fears the Project would “*eventually be abandoned*” due to the “*daily clashes on the borders*” between Pakistan and Afghanistan.

12. **Traditional Cultural Practices, and Physical Cultural Resources.** The Request raises concerns about “*the destruction of [the] traditional values and culture*” of the people in the Project area due to the Project design. The Request claims that the Project’s road corridor would be elevated to 22 feet, which is higher than the average height of the boundary walls of the road-adjacent houses, which stand at 11 feet. The Request alleges that the privacy of “*thousands of houses in the vicinity of this elevated highway and houses within range of 50 meters*” would be exposed to the road users on the elevated road corridor, and this would particularly affect female members of households. It claims that, given the height and potential additional exposure of the houses from the road, female household members who will need to maintain their *pardah*¹¹ within their own homes, may be “*severely affect[ed]*” in their ability to perform their daily work. Additionally, the Request alleges that dozens of private individual graveyards have been “*ignored*” by the Project, and the Requesters fear that they will be uprooted.

13. **Meaningful Consultation.** The Request alleges that the consultation was conducted with “*irrelevant people*”, who were inadequately informed about the objective of the survey and the consultation. The Request claims that the road alignment has changed multiple times since the Project was approved in 2018, and it alleges that the community members were not informed of these changes in the Project’s scope of work. It also alleges that the community members and the elected members

¹⁰ In addition, according to the Request, a court issued an injunction against “*any progress on the project*”.

¹¹ The practice of *pardah* involves the seclusion of women from public observation by means of concealing clothing and by the use of high-walled enclosures, screens, and curtains within the home.

of the local authorities representing the communities were not consulted on the Project viability and its economic benefits, nor were they given the opportunity to raise their concerns.

14. **Environmental and Noise Pollution.** The Request alleges that environmental and noise pollution is the “*most ignored aspect*” of the Project. The Request claims that the Project would result in the cutting of trees, including the clearing of orchards, which will be replaced by the planting of saplings that would take “*decades to mature*”. It states that Peshawar, the nearest city to the affected area, is “*one of the most polluted cities in Pakistan*”, and the Requesters raise concerns about agricultural land becoming “*a hub of pollution*” under the Project. The Request alleges that the Project area is already impacted by increasing noise pollution, which will worsen during the Project construction and operational phases. It also alleges that the Project documents do not suggest feasible solutions.

Initial Due Diligence

15. After receipt of the Request, the Panel conducted its initial due diligence and verified that the Request meets the admissibility criteria for registration. The Request is not frivolous, absurd, or anonymous, and was signed by 448 community members living in the Project area in Pakistan, who allege potential harm from Project activities. The Panel received earlier correspondence between the Requester and the Bank concerning these issues. The Panel is therefore satisfied that the issues have been brought to the attention of the Bank prior to submission of this Request for Inspection. The Panel also verified that the subject matter of the Request does not concern issues of procurement, and at the time of receipt of the Request, the Project was 0.65 percent disbursed with a closing date of May 28, 2026.

16. During its review of the Request, the Panel spoke with some of the Requesters on July 2, 2024, to understand their concerns better, seek clarifications, and inform them about the Panel’s process and mandate. They stated the PAPs were informed in May 2024 that the Land Acquisition Act of 1894 applies to their land, and they have restrictions on the land. They reiterated their concern that they could be resettled from their ancestral land, and their land and assets acquired without adequate and timely compensation payment, particularly because they believe the road may not be built and the Project may be cancelled. According to the Requesters, an injunction was issued by the court against the Project progressing, and this injunction is still in place.

17. As part of its initial due diligence process, the Panel met with Management on July 5, 2024. Management provided a summary of Project overview, implementation status and its views on the issues raised in the Request. Management stated that no construction activity has occurred, and no impacts to the PAPs’ assets or livelihoods have occurred to date. It also stated that the construction will not commence until the PAPs have been compensated as per the approved Resettlement Action Plan (RAP). According to Management, the Environmental and Social Impact Assessment, the Environmental and Social Management Plan and the draft RAP will be updated and re-disclosed if any alignment refinement occurs. Management stated the Bank is undertaking required due diligence to ensure proper identification, minimization, and mitigation of adverse impacts and is closely monitoring the Project implementation.

18. Having considered all of the facts before it, the Panel considers this Request admissible. The Panel considers that it needs to determine the eligibility of the following areas of alleged potential

harm which may be plausibly linked to the Project and alleged violations of Bank policies: (i) the allegation of potential harm from involuntary resettlement and impact on livelihood, (ii) the allegation of lack of consideration by the Project of potential heightened tension, conflict and violence as a result of the Project activities, (iii) the allegation of potential adverse impacts on traditional cultural practices and physical cultural resources, including graves, (iv) the allegation of lack of meaningful consultation, (v) the allegation of environmental and noise pollution, and the lack of feasible solutions included in the Project documents.

Registration of the Request

19. As provided in paragraph 18 of the Panel’s Resolution (the “Resolution”), “[t]he Chairperson of the Panel shall inform the Executive Directors and the President of the Bank promptly upon receiving a request for inspection.”¹² With this notice I hereby inform you that I have, on July 8, 2024, registered the above-mentioned Request.

20. The Panel’s registration implies no judgment whatsoever concerning the merits of a Request for Inspection. As provided in paragraph 19 of the Resolution,¹³ Bank Management must provide the Panel within 21 business days (by August 6, 2024) a response to the issues raised in the Request for Inspection. The subject matter that Management must deal with in the response to the Request is set out in paragraph 20 of the Resolution.

21. After receiving the Management Response, the Panel will “determine whether the request meets the eligibility criteria set out in paragraphs 13 to 15 [...] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.”¹⁴ This Request has been assigned IPN Request Number 24/04.

Yours sincerely,



Mark Goldsmith
Chairperson

Attachments

The Executive Directors and Alternates
International Development Association

Mr. Ajay Banga, President
International Development Association

Requesters

¹² World Bank Inspection Panel, [Resolution No. IDA 2020-0003](#) (the “Resolution”), September 8, 2020, para. 18.

¹³ The Resolution, para. 19.

¹⁴ The Resolution, para. 22.