



Project Summary Information

Date of Document Preparation/Updating: September 18, 2025	
Project Name	Reconstruction of National Highway N-5 under Pakistan's Resilient Recovery, Rehabilitation and Reconstruction Framework Project
Project Number	P000913
AIIB member	Pakistan
Sector/Subsector	Transport / Roads
Alignment with AIIB's thematic priorities	Green infrastructure; Connectivity and Regional Cooperation
Status of Financing	Approved
Objective	To improve the climate resilience, operational efficiency, and road safety in the road sections of Ranipur-Sukkur, Rawalpindi-Hassanabdal, Nowshera-Peshawar, Lahore-Gujranwala, and the Nai Baran Bridge of the National Highway N-5 in Pakistan.
Project Description	<p>As part of AIIB's USD 1 billion Geneva pledge in response to the 2022 floods, the Project aims to enhance climate resilience, operational efficiency, and road safety by reconstructing and upgrading critical four-lane sections of the N-5 into a safer, climate-resilient, six-lane dual carriageway. It supports phase 1 of the NHA's 20-year, four-phase plan to upgrade the entire 1,819-kilometer N-5 corridor. The Project adopts a multi-tranche financing approach, the implementation of which will be carried out over five years through two subphases, 1A and 1B. The financing of the Project will be committed in phases through two loan tranches, corresponding to two separate loan agreements. This phased approach aligns with implementation readiness and supports the staged construction rollout, enabling effective management of multiple construction sites spread across a broad geographic area.</p> <p>Subphase 1A will reconstruct three priority sections of N-5 totaling 141 km: Ranipur-Sukkur (70 km) in Sindh Province, Rawalpindi-Hasanabdal (40 km) in Punjab Province and Islamabad Capital Territory, and Nowshera-Peshawar (31 km) in Khyber Pakhtunkhwa (KP) Province.</p> <p>Subphase 1B will reconstruct the Lahore-Gujranwala section (68 km) in Punjab Province and the Nai Baran Bridge (1km) in Sindh Province. Triggers for AIIB Management to commit the second loan tranche for subphase 1B</p>

	<p>include: at least 15 percent completion of both physical work and disbursement under subphase 1A, disbursement of at least 80 percent of Resettlement and Rehabilitation (R&R) funding to eligible beneficiaries in subphase 1A, and high readiness of the Resettlement Action Plan (RAP) implementation for subphase 1B, among others set forth in section 4.10 of the Project Document.</p> <p>To strengthen project preparation, AIIB has mobilized a USD 2 million Project Preparation Special Fund (PPSF) grant, supporting enhanced assessments on climate resilience, road safety, environmental and social (ES) safeguards, and digital project management tools.</p> <p>The Project marks AIIB's first standalone infrastructure investment in Pakistan.</p>
Expected Results	<p>The Project results will be measured through the following indicators:</p> <ul style="list-style-type: none"> (i) Enhancement in climate resilience – Share of population serviced by the Project sections having access to climate-resilient N-5 highway (ii) Increase in efficiency – Travel time (minutes) of each Project section (iii) Increase in efficiency – Annual Average Daily Traffic (AADT) of each Project section (iv) Improvement in safety – Share of reconstructed N-5 highway (length) with a safety rating of 3-star and above (v) Improvement in safety – Road fatalities (number) of all Project sections
Environmental and Social Category	A
Environmental and Social Information	<p>Applicable Policy and Categorization: AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL), applies to both subphase 1A and subphase 1B Project. The Project triggers ESS 1 (Environmental and Social Assessment and Management) and ESS 2 (Involuntary Resettlement). ESS 3 (Indigenous Peoples) is not applicable, as no indigenous peoples are present or have a collective attachment to the Project area. The Project is classified as Category A, reflecting significant environmental and social (ES) risks and impacts, due to large-scale resettlement and relocation (R&R) and construction activities, including the widening and upgrading of an existing highway from four lanes to six lanes. These activities span a large geographic area, with the potential to generate significant ES impacts.</p> <p>Environmental and Social Instruments: The Project will be financed using a multi-tranche financing approach, where only the first three priority N-5 sections under subphase 1A have undergone detailed engineering design prior to the approval of this Project. As a result, both a framework approach and site-specific ES assessments are necessary. These instruments include: (a) framework-level instruments covering both subphases 1A and 1B:</p>

	<p>Environmental and Social Management Planning Framework (ESMPF), Resettlement Planning Framework (RPF), Labor Management Plan (LMP), Stakeholder Engagement Plan (SEP), Gender Action Planning Framework (GAPF), and Environmental and Social Action Plan (ESAP); and (b) Site-specific instruments for subphase 1A: Environmental and Social Impact Assessment (ESIA) including Environmental and Social Management Plan (ESMP), and three Resettlement Action Plans (RAPs). Detailed and site-specific Environmental and Social assessments, including ESIA/ESMP and RAPs, for subphase 1B will be prepared in accordance with the ES framework documents already developed.</p> <p>Environmental Aspects: The Project scope involves the widening and upgrading of the existing highway from four lanes to six. Although many environmental risks and impacts are already present due to the highway's current state, the proposed upgrades could introduce new impacts. Initial ES screening and reconnaissance site visits have identified several key environmental concerns, including sensitive receptors such as nearby forests and national parks, water bodies, traffic congestion, accidents, drainage issues, waterlogging, and the presence of trees and vegetation within the right-of-way (RoW) of N-5. Potential environmental risks identified include: (i) construction waste management; (ii) air and noise pollution due to dust, noise, and vibration; (iii) the risk of operational or accidental spills, particularly from fuel and lubricants used in construction machinery; (iv) biodiversity risks and damage to aquatic ecology, changes in hydrological conditions, obstruction of animal migration, and water pollution; and (v) improper site reinstatement, where construction sites are inadequately restored post-project. The ESMPF has addressed these risks with generic mitigation measures. A more detailed, site-specific assessment of these risks has also been carried out during the ESIA and ESMP processes for subphase 1A, with appropriate mitigation measures developed during the road planning and design phases to minimize potential impacts. In addition, a comprehensive noise assessment will be conducted, including additional measurements and noise modeling at various locations, particularly near noise-sensitive receptors.</p> <p>Social Aspects: The Project is expected to generate positive social benefits for the local population, including enhanced climate resilience, improved travel conditions, better road safety, reduced transportation costs, shorter travel times, and alleviated congestion. However, there are potential social risks and impacts that need to be addressed. These include large-scale resettlement and relocation (R&R), the potential lack of inclusion of vulnerable and disadvantaged groups to share the Project benefits, inadequate and ineffective stakeholder engagement, restrictions on land use, and economic displacement caused by civil works. Additionally, risks are associated with labor and working conditions, including occupational health and safety (OHS) and community health and safety related to potential labor influx. The impacts related to R&R primarily concern the economic displacement of permanent and movable informal businesses, such as shops and stalls, due to road widening, and impacts on religious and community structures. The extent and severity of these impacts have been evaluated</p>
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and mitigated in the RAPs, including through additional provisions to support vulnerable groups. Overall, in subphase 1A, 2,039 households will be impacted across the three sections, as well as 1,728 structures with 882 structures severely impacted (defined as losing 10% or more of the structure). The RAP implementation will be carried out by NHA with support from qualified resettlement experts within Design Review and Construction Supervision Consultant (DRCSC), complemented by ES Independent Monitoring Consultant.

Gender Aspects. Overall, the Project is expected to generate employment for women and enhance their mobility and access to public services, such as skills, employment, training, education, health, etc. However, gender and social assessments, in consultation with women and women's organizations, have identified some barriers to their access to Project benefit, and some gender specific risks and impacts. As a contribution to the promotion of gender equality, the Project has proactively integrated gender into the design, through various actions. The Project Results Monitoring Framework (RMF) extends the Project commitment to increase women's employment and to measure traffic safety of road users by collecting disaggregating. In addition, the GAPF and other site-specific instruments (i.e. ESMP, RAP) include action to provide additional support to women in response to their concern around resettlement compensation, road safety, safety from influx of labor and issues related Sexual Harassment (SH) / Sexual Exploitation and Abuse (SEA), through awareness raising of the issues among workers and communities, enforcement of workers' code of conduct, etc. The GAPF and ES documents also include specific measures to empower women to participate in the Project through information disclosure and consultation.

Occupational Health and Safety, Labor and Working Conditions (LWC): The Project will involve typical construction work-related OHS risks such as work-related accidents, hazards associated with the use of explosives and hazardous chemicals, electric shock, mechanical and load handling hazards, health issues from work environment, and traffic and road safety. Relevant mitigation measures have been formulated in the ESMP. Construction-specific risks and impacts considered under the MPP and the Project are further related to significant labor influx and potential social tensions with the host communities. The ESMP and the LMP prepared for the Project have included relevant procedures to manage LWC risks and impacts during both the construction and operational phases. The EMSP/LMP will be implemented, monitored, and reported to address these OHS/LWC risks and impacts.

Stakeholder Consultation, and Information Disclosure: Preliminary consultations with key stakeholders, including relevant national and state departments and project-affected people, have been carried out by the Client and their consultant as part of the site reconnaissance process. A SEP has been prepared to identify stakeholders and build and maintain a constructive relationship with them. Site-specific identification and analysis of stakeholders and plans for the ongoing engagement throughout the Project cycle, have been included in the RAPs. The SEP has assessed stakeholders' interests and support of the Project and taken their views and feedback into

	<p>account in Project design and in the assessment of ES risks and impacts, this will continue through meaningful and inclusive consultations with potentially affected and interested stakeholders throughout the Project cycle. In addition, the draft ES documentation has been disclosed in English and Urdu on the Borrower's website. The same documents were also disclosed on AIIB's website¹.</p> <p>Project Grievance Redress Mechanism (GRM): Given the Project geographical scope and associated ES risks, a three-tier GRM has been proposed, with the first tier at community level, the second tier at the Regional Implementation Unit (RIU) level at Project sites and the third tier at the Project Implementation Unit (PIU)-level at the NHA headquarters in Islamabad. A worker specific GRM will also be established to manage specific risks and impacts related to OHS/LWC. The Project GRM will be established and operational prior to the commencement of any project activities, construction work, or R&R, and will be maintained throughout Project Implementation. Furthermore, the PIU will be responsible for establishing a specific procedure in the GRM for dealing with GBV cases in line with good practices. The information of established GRMs and Bank's Project-affected People's Mechanism (PPM) will be disclosed in an appropriate manner, including on the Borrower's website.</p> <p>Monitoring and Reporting Arrangement. The NHA will oversee the overall implementation of the Project. To support this, the NHA plans to engage a design review and construction supervision consultant (DRCSC) to assist in monitoring and evaluation. Project progress will also be jointly monitored by the Bank through semi-annual progress reports prepared by the NHA based on an agreed format. AIIB will conduct supervision missions semi-annually to extend comprehensive implementation support. In addition, the Project will engage an Independent Environment and Social Monitoring Consultant (IESC) that will directly report to NHA and AIIB independent reports on Project's ES performance on a quarterly basis.</p>
Cost and Financing Plan	<p><u>Total Project cost:</u> USD 555.03 million</p> <p>AIIB financing: USD 500.00 million (90%)</p> <p>Government of Pakistan (GoP): USD 55.03 million (10%)</p> <p><u>1st tranche cost (subphase 1A):</u> USD 355.73 million</p> <p>AIIB Loan (1st loan tranche): USD 320.16 million (90%)</p> <p>GoP: USD 35.57 million (10%)</p>

¹ <https://www.aiib.org/en/projects/details/2024/proposed/pakistan-reconstruction-national-highway-pakistan-resilient-recovery-rehabilitation-reconstruction-framework-project.html>

	<u>2nd tranche cost (subphase 1B): USD 199.30 million</u> AIIB Loan (2 nd loan tranche): USD 179.84 million (90%) GoP: USD 19.46 million (10%)		
Borrower	Islamic Republic of Pakistan		
Implementing Entity	National Highway Authority (NHA) of Pakistan		
Estimated date of loan closing	June 30, 2031		
Contact Points:	AIIB	Borrower	Implementation Organization
Name	Wenjing Pu	Yahya Akhunzada	Mateen Raana Kazmi
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Date of Concept Decision	December 12, 2024		
Date of Appraisal Decision	April 23, 2025		
Date of Financing Approval	September 11, 2025		

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management's processes. For information on how to make submissions to the PPM, please visit https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html
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