

PART II

Statutory Notification (S. R. O.)

GOVERNMENT OF PAKISTAN

MINISTRY OF ENVIRONMENT, LOCAL GOVERNMENT AND RURAL DEVELOPMENT

NOTIFICATION

Islamabad, the 29th May, 2003.

S.R.O. 460(I)/2003.- In exercise of the powers conferred by section 31 of the Pakistan Environmental Protection Act, 1997 (XXXIV of 1997), the Federal Government is pleased to make the following rules, namely: -

1. **Short title and commencement.** - (1) These rules may be called the Provincial Sustainable Development Fund (Utilization) Rules, 2003.

(2) They shall come into force at once.

2. **Definitions.** - (1) In these rules, unless there is anything repugnant in the subject or context-

(a) **“Act”** means the Pakistan Environmental Protection Act, 1997 (XXXIV of 1997);

(b) **“board”** means the Provincial Sustainable Development Fund Board constituted under section 10;

(c) **“fund”** means the Provincial Sustainable Development Fund established under section 9;

(d) **“project proposal”** means a proposal for initial setting up, or balancing and modernization, or expansion of a project considered by the proponent to be eligible for financing under sub-section (3) of section 9;

(e) **“Secretary”** means the Secretary of the Board who, under clause (iv) of sub-section (1) (iv) of section 10, is the Director-General of the Provincial Agency; and

(f) **“section”** means a section of the Act.

(2) All other words and expressions used in these rules but not defined shall have the same meanings as are assigned to them in the Act.

3. **Filing of project proposals.** - (1) All project proposals for sanction of financial assistance from the Fund shall –

(a) clearly state the environmental objectives sought to be achieved which establish its eligibility under sub-section (3) of section 9;

(b) be accompanied by –

(i) a Feasibility Report of the project which covers the points contained in the Guidelines mentioned in Schedule I;

(ii) necessary guarantees, securities or proof of availability of equity funds or of essential inputs required for implementation of the project, and for its subsequent operation and maintenance; and

(iii) a non-refundable preliminary examination fee, at rates mentioned in Schedule II.

(1) All project proposals shall be addressed to the Board and shall be filed with the Secretary.

(2) Each project proposal shall be duly entered in a Register maintained for the purpose by the Secretary.

(3) The Secretary shall issue a receipt in respect of the project proposal to the person filing it.

(4) Depending on availability of funds, the Board shall invite project proposals at least twice a year.

4. **Appraisal of project proposals.** - (1) The Secretary will carry out a preliminary examination of the project proposal, and if it is found to be eligible for financial assistance under sub-section (3) of section 9, shall admit the project for detailed appraisal and require the proponent to pay project examination fee at rates mentioned in Schedule II.

(2) If the project examination fee is paid, detailed appraisal shall be carried out by an Appraisal Committee constituted by the Board, chaired by the Secretary and including the member representing the Provincial Chamber of Commerce and Industry.

(3) Detailed appraisal of the project proposal shall be carried out by the Appraisal Committee within three months after deposition of the project examination fee:

Provided that the Chairperson may in a particular case extend the appraisal period of three months if the nature of the proposal so warrants.

(4) In carrying out the detailed appraisal, the Appraisal Committee shall associate local and/or foreign consultants, banks or other financial institutions, payment of which will be made out of the project examination fee.

(5) The appraisal report prepared by the Appraisal Committee will be submitted to the Board for consideration in its next meeting.

5. **Criteria for sanction of financial assistance.** - (1) In sanctioning financial assistance for eligible projects, the Board shall observe the following criteria –

(a) the project should be designed to make a significant contribution to protection of the environment, or prevention of pollution or promotion of sustainable development;

(b) at least 60% of the cost of the project should be provided by the proponent;

(c) financial assistance will normally be confined to procurement of foreign and/or local plant, machinery and equipment only:

Provided that such assistance will be sanctioned for procurement of local plant, machinery and equipment where this is equally cost effective;

(d) priority shall be given to –

(i) a project designed to mitigate an adverse environmental effect caused by more than one existing industrial unit jointly sponsored by the concerned units and recommended by the concerned industrial association or Chamber of Commerce and Industry;

(ii) a project designed to mitigate an adverse environmental effect sponsored by a proponent who is already giving a pollution charge in respect thereof;

(iii) projects involving a joint venture or partnership between a Government Agency and the private industrial sector or a Non-Governmental Organization (NGO), Community-Based Organization (CBO) or Village-Based Organization (VBO) in which the private sector or NGO or CBO or VBO has the lead role;

(iv) a project designed for training staff in environmental matters including monitoring and analysis, for building public awareness of their environmental rights and obligations, and for meeting requirements for certification under international environmental standards such as the ISO 14000 series.

(2) As far as possible, the Board shall endeavour to ensure that the total financial assistance sanctioned industry-wise in a year, is proportional to the pollution charges paid by each industry:

Provided that this criterion shall not apply to project-specific assistance channelized through the Fund:

Provided further that within each industry, priority will be given to a project which is more cost-effective in terms of the mitigation it is designed to achieve as compared to the investment planned.

6. **Sanction of financial assistance.** - (1) The Board may sanction financial assistance for any project, subject to such terms and conditions as it may deem fit in the circumstances of each case, including conditions relating to mode and period for utilization of the assistance, and security for repayment.

(2) If the Board rejects a proposal for financial assistance, it may, in its discretion, direct that the whole or a portion of the project examination fee be refunded to the proponent.

7. **Post-sanction formalities**

(1) The proponent of the project shall complete all legal formalities including security documentation mentioned in the sanction letter within one month of the receipt thereof:

Provided that the period for completion of formalities may be extended by the Chairperson in a particular case if the circumstances so warrant.

(2) Procurement of local and/or foreign equipment under the sanctioned financial assistance shall be made through a transparent tendering/bidding process under the supervision of a Procurement Committee constituted by the Board.

(3) The Procurement Committee may engage local and/or foreign consultants, banks or other financial institutions to conduct the procurement process, and all costs pertaining thereto shall be charged to the account of the proponent.

8. Implementation

(1) All projects financed from the Fund shall be regularly monitored by an Implementation Committee constituted by the Board.

(2) The Implementation Committee shall identify the problems, if any, encountered by a project during implementation and recommend remedial measures for approval of the Board.

(3) The Implementation Committee shall submit quarterly progress reports for information of, and where necessary action by, the Board.

9. **Audit and accounts.** - (1) The Board will request the Finance Department to credit to the Fund every year an amount equivalent to the sum total of the pollution charges paid by all industrial units during the previous year, based on receipts submitted to it by the industrial units and the industrial associations and Chambers of Commerce and Industry.

(2) Amounts credited to the Fund shall not lapse at the end of a financial year and shall be available for utilization at any time.

(3) The accounts of the Fund shall be audited annually within six months of the close of the financial year by a Chartered Accountant within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961).

(4) The annual audit report of the Fund shall be submitted for consideration and review by the Accountant-General and the Board.

10. **Annual Report.** The Board shall publish every year an Annual Report comprising, inter-alia, the audited accounts and a performance evaluation based on the progress reports submitted by the Implementation Committee.

SCHEDULE I

[See Rule 3(1)(b)(i)]

Guidelines for Feasibility Report

1. Name by which survey will be identified
2. Administrative authorities responsible for:
 - i) Sponsoring
 - ii) Execution
3. Central Ministry concerned with:
 - i) Sponsoring
 - ii) Execution
4. Details of Survey / Feasibility study :
 - (a) General Description
 - (b) Justification
 - (c) Month of commencement and completion (give details of phasing).
 - (d) Estimated Cost Local Foreign Total
Year
 - 1.
 - 2.
 - (e) i) Personnel required:
 - ii) Category No. Pakistan Personnel Foreign Personnel
 - (f) Mode of financing: (Give budget provision).
If foreign exchange expenditure is involved indicate
Whether a firm commitment is available.
5. Details of scheme likely to be submitted after survey: (Give information wherever possible)
 - (a) General description
 - (b) Location
 - (c) Estimated cost Local Foreign Total
Year
 - 1.
 - 2.
 - 3.
 - (d) Benefits of Project (Economic financial and non-quantifiable).
 - (e) Probable mode of financing
 - (f) Number of persons likely to be employed during implementation of scheme and after completion.

Category Number	Local personnel	Foreign personnel
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- (g) Materials and parts required yearly after completion of project (Local costs and Foreign costs)

Signature and designation of Officer
sponsoring the Project

INSTRUCTIONS FOR FILLING UP OF SCHEDULE-I

1, 2 and 3 No comments necessary.

4.
 - (a) Provide a general description of the aims, objectives and coverage of the Survey / Feasibility Study. Details of the Terms of Reference of the Surveys / Feasibility Study must also be submitted. Indicate the present position regarding the lining up of finances and manpower for the survey and likely problems in this regard.
 - (b) Provide a detailed justification for undertaking the Survey / Feasibility Study. Indicate whether previous studies in the field have been undertaken. A copy of such a study should be enclosed.
 - (c) Indicate approximate duration of study and proposed months of commencement and completion of the study. The phasing for major items should be given in the form of a table or bar chart.
 - (d) Indicate cost estimates for the study broken down between local and foreign exchange expenditure. Indicate also date on which cost estimates were prepared and the basis of these estimates. Costs should be detailed according to requirements of manpower, both local and foreign, equipment, transport etc. Only the cost of Survey and Feasibility Study should be included and no cost pertaining to the main project which would later be prepared on PC-I from should be included in the item.
 - (e)
 - i) Indicate personnel, requirements separately for local and foreign personnel according to the following categories.

Professional and Technical: administrative, executive and managerial, clerical, sales, service, skilled, unskilled, others.
 - ii) Indicate the period of contract of both the local and foreign consultants and the terms of their appointment.
 - (f) Indicate the budget provision that exists or has been requested for undertaking the proposed Survey / Feasibility Study. If foreign commitment has been made, or probable source of financing alongwith terms of financing.
5.
 - (a) Provide, in as much detail as possible, the technical, economic and financial aspects of alternative project that are proposed to be undertaken after the Survey / Feasibility Study has been completed.
 - (b) Indicate the location or choice of locations that are being considered for the proposed project(s)

- (c) Indicate approximate cost of the project(s) with a breakdown of costs between local and foreign currency expenditures and the years in which the expenditure will be incurred.
- (d) Indicate probable benefits of the proposed project(s) including the anticipated rate of return, and social benefits. Item-wise non-quantifiable benefits as well.
- (e) Indicate probable mode of financing for both the local and foreign currency requirements.
- (f) Classify personnel needs as in 4(e) above.
- (g) Indicate annual operating requirements of the project in terms of materials, spare parts etc.

SCHEDULE II

[See Rule 3(1)(b)(iii) and Rule 4(1)]

Rates for preliminary examination fees and project examination fees

Preliminary Examination fees: Rs. 2,000

Project Examination fee Rs.10,000

-Sd-

Section Officer (Legal)