PART II

Statutory Notification (S. R. O.)

GOVERNMENT OF PAKISTAN

MINISTRY OF ENVIRONMENT, LOCAL GOVERNMENT AND RURAL DEVELOPMENT

NOTIFICATION

Islamabad, the January, 2002.

S.R.O. (1)/2001. - 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, 2001.

(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 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:

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 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 analyses, 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

SCHEDULE II
[See Rule 3(1)(b)(iii) and Rule 4(1)]
Rates for preliminary examination fees and project examination fees

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<tr>
<td>Project Examination fee</td>
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