

*The views expressed in this presentation are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.*

# **Country Safeguard Systems Sub-regional Workshop, 30 May to 1 June 2016, Tbilisi, Georgia**

## **Land Valuation in Pakistan**

**Ashfaq A. Khokhar  
Pakistan Resident Mission**

**ADB**

# **Land Acquisition Act of 1894**

## **Three Modes of Acquisition:**

**Normal course form Section 4 -16;  
Private negotiation; and  
Urgency or emergency acquisition  
through the use of section 17.**

## **Law Provides Market Rate Not Full Replacement Costs.**

**Section 23 (Annex A) provide comprehensive factors for assessment of compensation but is not automatically triggered or always considered .**

**Default choice/method applied for market rate:**

***Registered land transections***

***Valuation table***

**Default methodology gives average market rate not real market rate and this often leads to litigation, complaints, implementation delays, cost overruns and reputational risks to ADB.**

***Examples Motorway Project, M4 and E-35, REIP, SPBUSP, etc.***

# Innovative Approach to Land Valuation:

Independent land valuation study or replacement cost survey to determine “full replacement costs”- the SPS’s standard of compensation.

Apply best practices in land valuation e.g. a robust valuation methodology that blends international valuation standards including SPS and local conditions. (Annex B)

**Replacement cost (RC) determined by valuation experts identify price gaps (LAA price vs. RC);**

**Government agrees to pay the price differential in addition to the LAA price;**

**This reduces litigation, complaints, project delays, cost overruns and helps affected/displaced persons in timely delivery of compensation (SPS's principle 11: pay before construction) and livelihood restoration.**

# Lessons Learnt and Way Forward

**Persistent persuasion and sustained engagement with stakeholders; EA, relevant government agencies, ADB, BOR and Valuation Team, etc.**

**Guidelines and instruction for use of section 23 in its later and spirit.**

**Amendments to bring in line the Act and Rules.**

**Undertake independent valuation study as part of LAA during the process of acquisition.**

# Annex A – Section 23: Factors of Compensation.

MARKET VALUE OF LAND;  
DAMAGES to standing crops and trees;  
DAMAGES for SEVERANCE OF LAND;  
DAMAGES injuriously affecting OTHER PROPERTY  
and EARNINGS;  
Reasonable expenses incidental to CHANGE OF  
RESIDENCE OR BUSINESS;  
DAMAGE in case of DIMINUTION OF THE PROFIT  
of land between DECLARATION AND  
POSSESSION OF LAND.

**Thank You**  
**akhokhar@adb.org**

**<http://www.adb.org/Safeguards>**