



Afghanistan: Energy Supply Improvement Investment Program (Tranche 7)

Project Name	Energy Supply Improvement Investment Program (Tranche 7)	
Project Number	47282-009	
Country	Afghanistan	
Project Status	Proposed	
Project Type / Modality of Assistance	Grant	
Source of Funding / Amount	Grant: Energy Supply Improvement Investment Program Tranche 7	
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 36.40 million
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration	
Drivers of Change	Knowledge solutions Partnerships	
Sector / Subsector	Energy - Electricity transmission and distribution	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The project will extend the national grid into Shindand District of Herat Province and the Farah District of Farah Province and construct new distribution networks in two districts. The project will construct (i) a 135 kilometer (km) transmission line from the Pul-e-Hashemi substation to the proposed Shindand substation; (ii) a 176 km transmission line from the proposed Shindand substation to the proposed Farah substation; (iii) the new line bays in Pul-e-Hashemi substation and the new Shindand and Farah substations; and (iv) new distribution networks in Shindand and Farah Districts. The project is aligned with ADB's Strategy 2030's operational cluster 3 on infrastructure and economic connectivity, and supports four operational priorities: (i) addressing remaining poverty and reducing inequalities; (ii) accelerating progress in gender equality; (iii) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; and (iv) fostering regional cooperation and integration. It is aligned with ADB's country partnership strategy for Afghanistan, 2017-2021. The project is also aligned with the CAREC Energy Strategy 2030, which prioritizes regional interconnection. The project is included in ADB's country operations business plan for Afghanistan, 2019-2021.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>Afghanistan, as a fragile and conflict-affected state, is one of the least developed countries in the world. After security, the most pressing need is affordable and sustainable energy, which is essential for poverty reduction, income growth, and improved gender equity and health and education outcomes. With the lowest per capita electricity usage globally (at 100 kilowatt-hours (kWh)), Afghanistan faces a chronic power shortage. The available installed generation capacity was about 519 megawatts (MW): (i) 254 MW (49%) from hydropower resources; and (ii) 265 MW (51%) from thermal sources (diesel and furnace oil), with a generation cost of \$0.25-\$0.35 per kWh, which is four or five times the cost of imported power. Imported power totaling 1,000 MW came from Iran (20%), Tajikistan (31%), Turkmenistan (15%), and Uzbekistan (34%). Due to the lack of power infrastructure, DABS could not meet nearly 2,500 MW of suppressed demand. Demand for power in the four largest cities is growing by 19% annually; by 2032, forecasts estimate a 3,500 MW peak demand. The 34% power system loss, the highest in the region, further aggravated the power shortage and supply costs. The demand-supply imbalance and high supply costs constrain growth and income opportunities; create economic disparities; and fuel ethnic tensions, insecurity, and discontent. 20 out of 34 provinces, including the Shindand District of Herat Province and the Farah District of Farah Province of western Afghanistan, are not connected to the national grid causing the cost of doing business to increase, the environment to deteriorate, and sustainable development indicators to subdue. This, in turn, impedes growth opportunities, generates inequalities, and fuels tensions. Household connections to the grid electricity supply will ease the burden of hundreds of thousands of females tasked with housework. The project will also enable transmission of planned renewable energy-based generation in the provinces.</p>	
Impact	Access to sustainable energy supplies across Afghanistan improved (National Energy Supply Program)	
Outcome	Increased imported and indigenous grid power supplies to western Afghanistan	
Outputs	Transmission capacity in western Afghanistan expanded Power distribution capacity increased	
Geographical Location	Nation-wide	
Safeguard Categories		
Environment	B	
Involuntary Resettlement	A	
Indigenous Peoples	C	
Summary of Environmental and Social Aspects		

Environmental Aspects	DABS prepared an IEE study for Tranche 7 and updated the environmental assessment and review framework prepared for this MFF, which were disclosed on the ADB website. The project will result in short-term, site-specific environmental impacts during construction, which are primarily related to soil erosion, deterioration of air quality, generation of noise and vibration, construction waste, and occupational and community health and safety. Risks related to electromagnetic fields and natural hazards, such as earthquakes, landslides, and rockfalls, can result in adverse impacts during operation. These impacts can be mitigated by careful line routing, resilient design, and effective environmental management plan (EMP) implementation, which were budgeted in the project cost. DABS did not carry out detailed baseline surveys and consultations due to security concerns in the project area, but will carry them out during detailed design, with the IEE study duly updated and cleared by ADB before construction. DABS will report on the EMP implementation through semiannual environmental monitoring reports. PMO's Environmental Specialist supported by an international environmental consultant of the Project Supervision Consultant are responsible for monitoring and supervision of the Environmental Management Plan and provisions of the IEE.
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Involuntary Resettlement	DABS updated the MFF land acquisition and resettlement framework allowing sectional approach in September 2019. Three SDDR's prepared by DABS for Pul-e-Hashemi, Shindand and Farah substations were disclosed. DABS prepared two draft LARPs for the Pul-e-Hashemi to Shindand and Shindand to Farah transmission lines, based on the preliminary design. These draft LARPs identified the total of about 217 households with about 1,736 persons to be affected. Of these, about 30 households with about 240 persons will be physically displaced. The total number of economically displaced persons to be significantly affected will be confirmed by the final LARPs. Once the detailed designs are finalized, DABS will update the LARPs and submit for ADB's approval before implementation. No civil works will start on any section of the transmission lines until the LARPs are fully implemented in the respective sections and a third-party monitoring report validating compliance with the LARPs is accepted by ADB. ADB will finance up to \$1 million from ADF grant to cover non-land component of the total LAR cost. The PMO will engage a resettlement team as part of the project supervision consulting firm to conduct the displaced persons census and survey and implement the final, implementation ready LARP. A LARP coordinator will be assigned within the project supervision consulting team to liaise between the PMO and the displaced persons. DABS will submit semiannual social safeguards monitoring for ADB's review. In addition, the third-party monitoring firm engaged by ADB will monitor the project implementation. The Pul-e-Hashemi substation, the upgrade of which will be financed by the tranche, is an associated facility to this project as per the definition provided in the Safeguard Policy Statement. DABS prepared environmental and social safeguard due diligence reports in compliance with the Safeguard Policy Statement requirements. Impacts from this facility were also analyzed in the IEE study.
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Indigenous Peoples	The field survey found that no indigenous people, as defined by the Safeguard Policy Statement, is involved or affected.
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Stakeholder Communication, Participation, and Consultation	
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During Project Design	The project is designed to provide at least 176,191 residents of Shindand and Farah Districts (of which 49% are females) with continuous access to the grid electricity supply. The women in Shindand and Farah are mostly engaged in household chores and family care. Many of them are also involved in dairy production, and meat processing, and even in leather and wool production, albeit, inside their homes. Women are among the major users of household energy. Give the unpredictable power supply, women tend to work longer, as they engage in both housework and income-earning activities. Long power outages impair their productivity and earning opportunities. The project will ease women's household burdens and enable livelihood and income-generating activities.
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During Project Implementation	The project envisages participation of civil society organizations in project implementation. Local NGO/Facilitating partner will be recruited under Tranche 1 of MFF II to support development of the training modules on energy-based livelihood and conduct of the trainings in the selected districts. The design of the training will allow equipping the trainers with the necessary equipment for them to start their livelihood, for example repair kits for appliances, or high-speed sewing machines, or even food processing equipment, etc.
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Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Energy Division, CWRD
Executing Agencies	Da Afghanistan Breshna Sherkat Chaman Houzouri, Kabul, Islamic Republic of Afghanistan

Timetable	
Concept Clearance	-
Fact Finding	-
MRM	30 Oct 2020
Approval	-
Last Review Mission	-
Last PDS Update	05 Nov 2020

Project Page	https://www.adb.org/projects/47282-009/main
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