



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 06/10/2020 | Report No: ESRSC01400



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Pakistan	SOUTH ASIA	P170230	
Project Name	Electricity Distribution Efficiency Improvement Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Energy & Extractives	Investment Project Financing	4/30/2021	7/30/2021
Borrower(s)	Implementing Agency(ies)		
The Islamic Republic of Pakistan	Peshawar Electric Supply Company, Multan Electric Power Company, Hyderabad Electric Supply Company		

Proposed Development Objective(s)

The project development objectives are to improve electricity supply and operational efficiency in targeted areas of selected distribution companies.

Financing (in USD Million)	Amount
Total Project Cost	375.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

There are ten state-owned electricity distribution companies (DISCOs) in Pakistan and one privately owned K-Electric that supplies electricity to Karachi and its surrounding areas. The Electricity Distribution Efficiency Improvement Project (P170230) has identified 3-4 DISCOs, selected based on their needs, readiness to implement the project and the government's request, (i) Hyderabad Electric Supply Company (HESCO), (ii) Multan Electric Power Company (MEPCO), and (iii) Peshawar Electric Supply Company (PESCO). The amount of losses in these DISCOs are among the highest in the country and as a result they have not been able to meet their investment requirements and provide



reliable supply of electricity. The project will improve access and reliability of power supply in the areas served by these DISCOs.

Subject to government approval, Islamabad Electric Supply Company (IESCO) will be included for deployment of Distribution Management System (DMS). IESCO is one of the better performing DISCOs and with the deployment of DMS it will be at the forefront of latest technology to modernize its operations which other DISCOs can then follow. MEPCO is also a candidate for DMS.

MEPCO serves 13 districts of southern Punjab and as of June 30, 2019 had 5.7 million connected consumers highest among DISCOs. MEPCO is the second largest DISCO in terms of sales (16.3 TWh per annum) and area covered (105,505 square kilometers). PESCO covers entire Khyber Pakhtunkhwa (KP) (except FATA which has been merged with KP and is served by a separate DISCO). It has 3.0 million consumers and annual sales of 4.8 TWh. HESCO is one of the two public sector distribution companies operating in Sindh. It has a consumer base of 0.9 million and annual sales of 2.2 TWh.

In addition to strengthening the electricity distribution network to ensure reliable supply of electricity through (i) installation of new 132 kV substations; (ii) augmentation, extension, conversion and rehabilitation of the existing substations; (iii) construction, rehabilitation and re-conductoring of low voltage transmission lines; and (iv) expansion/rehabilitation of 11kV feeders, the proposed project will help improve DISCOs' revenues through installation of Aerial Bundled Cables (ABC) and Advanced Metering Infrastructure (AMI) in some of the high loss/revenue feeders. The project will focus on interventions to transform the DISCOs to improve their operational and commercial performance. It will include but will be not limited to deployment of DMS in MEPCO and IESCO, transformer monitoring system in MEPCO and PESCO, provision of tools and equipment for improved O&M and safety and automation of business processes through use of Enterprise Resource Planning (ERP) and information systems. In addition, technical assistance will be provided to strengthen the capacity of the DISCOs and implement power sector reforms.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The investment will initially involve the three DISCOs, MEPCO, PESCO and HESCO. The possibility of including IESCO under component-2 will be finalized during preparation stage.

MEPCO covers 13 administrative districts of southern Punjab, i.e., Multan, Muzaffargarh, Layyah, D.G.Khan, Rajanpur, Lodhran, Bahawalpur, R.Y.Khan, Khanewal, Sahiwal, Pakpattan, Vehari and Bahawalnagar. Punjab has a population of about 110 million as of 2017. Punjab had a GDP of US\$173 billion in 2017 and it has the highest Human Development Index (HDI) out of all of Pakistan's provinces at 0.567. However, a clear divide is present between the northern and southern portions of the province with some in south Punjab amongst the most impoverished.

MEPCO's areas lie in the Upper Indus Plain and are known for its agricultural fertility. It consists of four river interfluves: the Bahawalpur plain, northern irrigated plain, sandy desert and the Sulaiman piedmont. The main rivers are Indus, Chenab, Ravi and Sutlej with some hill torrents. The climate of most parts of the area is arid to semi-arid.



Ecologically, the area can be divided in three broad ecozones: tropical thorn forest, riverine forest and desert habitat. It also has a national park, 19 wildlife sanctuaries and 5 game reserves. Its service area has historical/archaeological (Harappa), cultural and religious shrines.

PESCO covers all civil districts of KP. KP is located in the northwestern region of the country. It is home to 17.9 percent of Pakistan's total population. The part of the economy that KP dominates is forestry. KP's GDP is US\$ 27.39 billion and HDI is 0.529 which is the lowest among all provinces of Pakistan. Agriculture remains important and the main cash crops include wheat, maize, tobacco (in Swabi), rice, sugar beets, and fruits. The province accounts for at least 78 percent of the marble production in Pakistan.

PESCO area is largely located on the Iranian plateau and Eurasian land plate with eastern regions near the Indian subcontinent. This has led to seismic activity in the past. The land cover/use varies from north to south: 13 percent snow, 17 percent forests, 28 percent rangelands and 8 percent agriculture. KP is rich in biodiversity with 98 mammal species (snow leopard, lion-eared bat), 456 bird species, 48 reptile species, and about 4,500 plants species. It has 6 national parks, 3 wildlife sanctuaries as well as several reserves. Indus river, its tributaries and freshwater lakes are the main source of water. PESCO service areas have sites of historical and cultural interest.

HESCO covers all districts of Sindh province excluding Karachi. Sindh's population is 47.9 million with HDI at 0.533 and GDP of US\$83 billion. Sindh has Pakistan's second largest economy because of Karachi. Barring Karachi, Sindh mainly has an agriculture-based economy. Sindh is known for its distinct culture which is strongly influenced by Sufism.

The HESCO service area lies in the Lower Indus Plain covering Indus Delta, southern irrigated plain, Sandy desert, western dry mountains, dry western plains, and Sulaiman piedmont. Hill torrents of Kirthar Range (KR) along with wetlands (lakes, lagoons, etc) are found in the area. Main land use is agriculture and forestry. The climate of most parts of the area is arid. The Kirthar National Park covering most parts of KR is home to important wildlife species (ibex, urial, etc). HESCO service areas also have several game reserves and wildlife sanctuaries as well as archaeological/historical (world heritage site Makli hills necropolis), religious and cultural sites.

D. 2. Borrower's Institutional Capacity

Each of the three (3) DISCOs will serve as the implementing agency (IA) and already have established Project Management Units (PMUs) for project preparation, deployment of resources, implementation, monitoring, and reporting to WB and the government. These PMUs were established in all the DISCOs for implementation of projects funded by International Financial Institutions (IFIs) including Asian Development Bank (ADB) and the World Bank. The World Bank financed Electricity Distribution and Transmission Improvement Project (EDTIP, P115893) was closed in 2014. These PMUs are fully functional with most of the positions filled.

For each DISCO, the PMU has established four sections under Chief Engineer (Development) comprising Planning, Scheduling & Coordination, Procurement, Finance, and Environmental and Social Safeguards (ESS). In all three DISCOs, ESS section is headed by a Deputy Manager supported by two Assistant Managers, one each for Environmental and Social Safeguards. The social and environment team in each PMU of DISCOs is the in-charge of coordination, preparation, planning and implementation for environment & social safeguard activities. The Assistant Manager for Social is responsible for the preparation/updating, implementation and internal monitoring of the Subproject Resettlement Plans (RPs), with assistance from the DISCO Land Acquisition Collector (LAC), implementing GRM and conducting consultations. Assistant Manager for Environment is responsible for implementation of Environmental and Social Management Plans (ESMP), monitors and ensures compliance with the environmental regulations,



provides environmental trainings to project staff and is also responsible for preparing Environmental and Social Impact Assessments (ESIAs) and other reports with support of assistant manager on social aspects. These PMUs are also in process of hiring of new E&S staff.

However, the systems in place to streamline environmental and social aspects in the decision making need further strengthening. One area of improvement identified is capacity building for compliance with the Pakistani labor laws. Similarly, Occupational Health and Safety (OHS) track record of all three DISCOs needs improvement to avoid work-related accidents and fatalities. Accidents and incident reporting, as well as investigations, such as, root cause analysis would require further strengthening.

These DISCOs are experienced in implementing World Bank and other IFIs projects and are familiar with the Bank’s safeguards operational policies to manage E&S risks and impacts. However, the proposed EDEIP is the first energy sector project in Pakistan being prepared under the Bank’s new Environment and Social Framework (ESF). Therefore, it is assessed that the IAs’ capacity to deliver an ESF based project needs to be further strengthened particularly on OHS, community health and safety and labour management. Comprehensive trainings on ESF will be provided during the project preparation and implementation. Project costs includes funds to train DISCO employees working in substations and distribution/low voltage transmission lines and equip them with equipment for working on live wires. Similarly, special procedures would be put in place to handle/dispose off obsolete transformers with Polychlorinated Biphenyl (PCBs) as well as hazardous substances.

Close support will be provided by the Bank team’s E&S specialists during preparation of environmental and social instruments that are required prior to project appraisal. A detailed environmental and social risk management capacity assessment of all the implementing agencies shall be undertaken during project preparation, and appropriate arrangements to meet gap filling needs (as required) shall be devised before project appraisal. Budget has been included under the project to implement these instruments (excluding cost of land acquisition which will be borne by DISCOs from its own resources) and for capacity building.

Public Disclosure

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Moderate

Environmental Risk Rating

Moderate

The project risks and impacts are typical of an electricity distribution system. These are mainly associated with health impacts of low levels of electromagnetic radiation, occupational health and safety related to working at heights for assembly of towers and stringing, and electrical works and those related to the use and disposal of hazardous materials such as transformer oils and possibility of PCBs in obsolete transformers and Sulfur Hexafluoride (SF6). Such activities are normal and routine work for distribution companies globally for which known as well as reliable mechanisms and safety precautions are expected to be sufficient to prevent accidents. Furthermore, given that the project will finance construction of only a few new substations and will mainly involve rehabilitation of existing substations, rehabilitation and re-conductoring of transmission lines and expansion and rehabilitation of 11kV feeders, the environmental risks and impacts are unlikely to be adverse and significant. Moreover, risks and impacts are expected to be reversible and site-specific without likelihood of impacts going beyond the actual footprint of the project. Given that, there are standard designs and known mitigation measures to manage these risks and impacts in



a predictable manner the Environmental Risk Rating is Moderate at this stage. This may be reviewed during preparation stage and revised, if needed.

Social Risk Rating

Moderate

Overall, the project is expected to promote socio-economic benefits for the country and extend opportunities for further electrification of currently non-electrified areas, improvement of the quality of electricity supply, voltage improvement and reduction of outages.

The project activities may have small scale land acquisition and resettlement impacts. These are mostly small substations of 132 kV rating with small land requirements of 2 to 4 acres for Air Insulated Substations (AIS) and 1-2 acres for Gas Insulated Substations (GIS). Moreover, the DISCOs will conduct a thorough land and resettlement screening. The DISCOs prefer to use government land (several proposed substations for MEPCO are on government land) and small areas needed for construction also offers the flexibility to shift the site in case there are social issues. Therefore, the approach will be very flexible in terms of location and area to be acquired. The DISCOs will prefer land acquisition through private negotiations though willing buyer-willing seller as a first option, but if this fails, then other modes of acquisition will be used. This will follow the requirements of ESS5 as described in section B.2-ESS5 of ESRS.

The social risks and issues for the rehabilitation/upgradation/augmentation are expected to be insignificant, only the existing ROW and land of the facilities will be used. The direct potential social impacts are limited, site-specific, largely reversible, and can be readily addressed through mitigation measures. In addition to the above, some potential social risks and impacts associated with this project relate to capacity for assessment and management of social risks and impacts by the IAs, being relatively new to some of the ESF elements especially related to ESSs 2, 3 and 4.

Based on the above assessment, the overall Social Risk Rating of the project is moderate at this stage. This may be reviewed during the preparation stage and revised, if needed.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The key project risks are related to the distribution system and mainly associated with routine occupational health and safety related to construction and rehabilitation of distribution network. These are related to working at height, electrical works and, use and disposal of hazardous materials such as transformer oils and possibility of Polychlorinated Biphenyl (PCBs) in obsolete transformers and Sulfur Hexafluoride (SF6). Such activities are normal and routine work for distribution companies globally for which known and reliable mechanisms, including both designs and procedures as well as safety precautions and practices, are expected to be sufficient to prevent accidents. With over 28,000 kms of 132 kV network which is increasing annually by about 450 kms, there is plenty of in-country experience to handle such activities. Some community health impact can be expected from low levels of electromagnetic force. Based upon such information, such impacts are not expected to be significant and adverse.

The environmental impacts are associated with construction waste and e-waste from the end of useful life of the project equipment, hardware and discarded computers; removal of vegetation and earthworks, construction

Public Disclosure



activities; soil contamination; and disposal and/or reuse of old transformers and restrictions on land use. Given that the project will mainly involve work on low voltage transmission (132kV and below) and expansion & rehabilitation of 11kV feeders, the environmental risks and impacts are unlikely to be significant and are expected to be reversible and site-specific without likelihood of impacts going beyond the actual footprint of the project. Therefore, there are no material threats to ecosystem services, natural habitats, biodiversity and living natural resources protection, conservation, maintenance and restoration of natural habitats and biodiversity. The project is expected to have a positive impact on climate change as it is expected to reduce CO2 emissions by installing more efficient grid equipment.

The direct social impacts and risks are anticipated to be mainly related to Component-1. Under this component, the project may require small parcels of private land for new substations and associated structures. These are substations with small land requirements. Similarly, the extensions may also require small scale acquisition of private land. It is anticipated that the proposed rehabilitation works will generally be carried out within the areas of the existing facilities or networks and are unlikely to have significant adverse social impacts. The impact of the Component 2 is expected to be minor. Other social impacts and risks will be related to the limited labour influx, gender, community health and safety and distress of public/community due to disruption of utility services. Some of the activities proposed under Component-2 such as improvement of customer service, flexible, community-oriented approach in dealing with service delivery and payment collections etc. may have some social impacts related to vulnerable groups which will be identified during the preparation. These impacts will be assessed under ESIA's. The ESIA's will also include gender assessment to identify challenges in recruiting and retaining more women on technical jobs in the selected distribution companies. The project design will also devise strategies for zero tolerance for Gender based Violence (GBV) and Sexual Exploitation and Abuse (SEA)/Sexual Harassment (SH). The ESIA will identify the vulnerable and disadvantaged groups and assess impacts on them.

Environmental and Social management tools will be developed by IAs during project preparation. For projects with identified footprint and design completed, the management tools will include the Environmental and Social Impact Assessments (ESIAs); Resettlement Plans (RPs), and Environmental and Social Management Plans (ESMPs). For projects whose location, footprint and design will be finalized during implementation, Environmental and Social Management Framework (ESMF) and Resettlement Framework (RF) will be prepared. These instruments will be prepared by IAs, consulted on, reviewed and cleared by the Bank, and disclosed in-country and on the Bank's system before appraisal. An ESCP will be agreed with the borrower based on the findings of the ESIA's, ESMPs, RPs/RF and the Bank's Environment and Social Due Diligence (ESDD) on SEP provisions, institutional arrangement for implementation, capacity building measures and the monitoring plan. The DISCOs will clearly spell out in the ESCP on payment of compensation for lands under transmission towers and use of private negotiations for determining the land rates for acquisition in case expropriation will be used.

Contractors will be required to develop OHS management plans, method statements and job hazards analyses. Such safeguard instruments will be approved by supervision engineers and the Bank's safeguard staff will provide oversight and guidance on OHS related issues. Learning from the past experiences, the Bank will ensure that ESMF, ESIA and bidding documents have stringent contractual provisions that will enable supervision engineers to enforce compliance with OHS instruments. Both Supervision Engineers and contractors will have full time accredited OHS specialists/staff.



Areas where “Use of Borrower Framework” is being considered:

None. The borrower/government has not proposed adoption of the borrower’s E&S Framework to address and manage environmental risks and impacts of the project. The project will apply the Bank’s ESF and its Environmental and Social Standards (ESSs) along with the Government’s E&S requirements.

ESS10 Stakeholder Engagement and Information Disclosure

Given the nature of project activities, various groups of stakeholders will be involved in the project design, implementation and decision-making. At this stage, the identified stakeholders include Project Affected Persons (PAPs) and local surrounding communities; customers/electricity users (individual, public and private institutions, commercial entities etc.) across the areas of DISCOs’ operations; local government departments; line departments including environment protection, agriculture, revenue, irrigation, social welfare, women development and labor; civil society organizations and NGOs operating locally in the project area.

The exact composition of the stakeholders may change during the preparation stage. Consultation and disclosure of information with stakeholders will be a core element during both the planning and implementation stages of project. The borrower will develop a Stakeholder Engagement Plan (SEP) to ensure meaningful consultations during the project preparation which will also outline the Grievance Redress Mechanism (GRM). This GRM will build on the existing GRM and procedures established and operational in each DISCO.

The draft SEP will be reviewed by the Bank and disclosed by IAs and Bank prior to the appraisal. The SEP will be a living document which will be periodically updated during the project implementation. It will clearly spell out the disclosure/information sharing mechanism and consultation process with vulnerable and disadvantaged groups which will be identified during the preparation. Updating of the SEP during project implementation, proportionate to the nature and scale of project impact, will be a condition in the ESCP.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

The Project will involve different types of workers including (a) direct workers (DISCO employees); b) contracted workers engaged in construction works, locally hired unskilled laborers; consultancy services firms (for specific deliverables under the project; technical support to DISCOs during preparation and implementation of ESIA, ESMPs, RPs etc.); and c) primary supply workers. The expected workers cannot be quantified at this stage, but this assessment will be made during the preparation stage of the project.

The Project will prepare Labor Management Procedures (LMP) consistent with the requirements of the World Bank’s ESS2. The plan will include assessment of potential labor related risks, SEA/SH, overview of labor regulation, staff responsibility, policies and procedures, working age, contract terms and conditions, GRM and other requirements per ESS2. The DISCOs will ensure that contractor’s labor camps have adequate living (properly ventilated living rooms, clean bathrooms and toilets, hygienically cooked food, etc.) and recreational facilities (common areas, tv room, etc.).



Keeping in view the small scale nature of civil works, large number of labour is not expected to be hired. Pakistan has comprehensive labor laws covering the contract of employment, termination of contract, working time and rest time (working hours, paid leave, maternity leave and maternity protection, other leave entitlements), prevent child and forced labour, minimum age and protection of young workers, equality, pay issues, workers' representation in the enterprise, trade union and employers' association regulation and other aspects. In addition, Pakistan has also ratified more than 30 ILO labour conventions. However, some measures will be needed to enhance the DISCOs' implementation and supervision capacity of labour aspects mainly through supervision consultants. This will be assessed in more detail during project preparation and incorporated in the LMP.

General risks identified at the concept stage indicated that OHS risks associated with daily day-to-day operations of DISCO and less related specifically to project activities. Hence as a part of the project, the Team will also work with DISCOs in enhancing their operational capabilities in OHS through (i) reviewing OHS manuals with the intention of bringing them at par with the international best practices and acceptable OHS standards; (ii) imparting trainings to technical staff on OHS and use of modern and technically advance equipment to address key OHS issues; (iii) procuring and providing technical staff with safety tools and equipment to address specific OHS aspects; and (iv) if required, increase staff strength to adequately address OHS issues.

The Project will also put in place systems and measures for establishing and maintaining a safe working environment and the contractors will have to comply with stringent guidelines of project's OHS management system and their own management system. The system will include (i) OHS management plans and instruments (ii) hazard management instruments such Job hazards analysis and works methods statements with emphasis on potential hazards particularly related to electrocution and life-threatening works, (iii) training of workers and maintenance of training records, (iv) documentation and reporting of accidents and incidents, and (v) remedial and corrective measures. Periodic review of OHS policies and procedures will be made mandatory.

ESS3 Resource Efficiency and Pollution Prevention and Management

This is an energy efficiency project, aimed at improving operational efficiencies of the three DISCOs. This will be done by reducing the aggregate technical and commercial losses in the network compared to base values to create more financially sustainable DISCOs that will rely less on state funds by improving receivables and reducing system losses. It will help to reduce GHG emissions as well as black carbon by installing new energy efficient electrical equipment according to the prevailing standards. This will be done by installing new circuit breakers with near zero SF6 leakage to replace ageing breakers and new transformers with zero oil leakage to replace aged and overloaded transformers through the rehabilitation and augmentation of substations. The Bank team will help the DISCOs to calculate GHG reductions.

This project also seeks to improve the reliability and reduce energy theft in the DISCOs by deploying ABC in densely populated areas as it is more efficient and has higher reliability and less losses. The deployment of ABC's will contribute to reducing the risk of electrocutions by eliminating flying naked wires and connections. Furthermore, the project involves works on low voltage transmission lines which typically have low frequency of electromagnetic field emanating from power lines. The TL will also have buffer zones and adequate ground clearance in accordance with the international standards bringing EMF exposure to within compliance limits.



DISCOs do not use pesticides to control vegetation. Utility companies in Pakistan have not procured a PCB transformer for over decades now. However, some of the old transformers replaced under project may contain PCBs. Hence as a precautionary principle, their handling, transportation and disposal will be addressed through provisions in ESIA.

Technical evaluation will take into consideration load and no-load losses of transformers and other equipment to be procured for the most efficient and financially viable equipment in the network. The electrical equipment will conform to appropriate standards on protection from interference of electric and magnetic field.

ESIA will also address transportation, handling and storage, use and disposal of electrical equipment which may contain hazardous and non-hazardous chemicals.

ESS4 Community Health and Safety

Community health and safety risks associated with the project activities include exposure to EMF and hazardous substances, air quality, noise, any harm which might be caused to communities by the influx of outside workers and physical hazards from the TL on project sites and installation activities. These risks can also be related to SEA/SH, spread of different diseases like COVID-19 and other communicable diseases.

The ESIA will evaluate the risks and impacts of the project on health and safety of the communities during the project life cycle, and propose mitigation measures in accordance with the mitigation hierarchy. Emergency response measures will be incorporated into the ESCP. Similarly, preparation of work methods statements, job hazards analysis as well as job safety analysis by the Contractor will be made part of ESCP.

The ESIA will also assess exposure of communities to construction stage related traffic, accident, and health and safety issues. Further, all works and operations will be planned, designed and implemented to comply with the WBG EHS guidelines including i) General and ii) on Power Transmission.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The project will have limited permanent land needs for construction/expansion of substations and temporary impacts for distribution network rehabilitation. Distribution line rehabilitation works will mostly follow the existing ROW and will generally have limited temporary impacts during cabling work. These will be assessed during preparation.

Under the project, small land areas will be required primarily for the construction of a few new proposed substations. These substations will need land ranging from 2 to 4 acres and their siting can be sufficiently flexible to use willing buyer-willing seller approach and to avoid/minimize encroachments. Similarly, for new TLs, DISCOs have a flexibility to shift the alignment to avoid/minimize encroachments. Therefore, the approach is going to be very flexible in terms of location and alignment of TLs. The extent of land acquisition and involuntary resettlement impacts will also be minimized for the construction of new substations through: (i) preferably using Government land (this is a practice which DISCOs are currently following and several proposed substations of MEPCO are already on government land); and (ii) design modifications, generally, land requirement for 132 kV substations is about 2 to 4 acres. In areas where availability of land is considered an issue, DISCOs will opt for Gas Insulated Substations (GIS) which require only 1-2



acres, half the size of the Air Insulated Substations (AIS). MEPCO is operating an unmanned substation in less than 1 acre. Some of these small substations and TLs are expected to be located in small districts which are not densely populated, e.g. MEPCO has shared some proposed sites which are not located in densely populated areas. In addition, the extensions and augmentations will be carried out within the existing premises having a boundary wall. Therefore, the chances of encroachments are non-existent for extensions and augmentations.

As per the Telegraph Act of 1885 (the law governing the construction of transmission lines), the implementing agencies do not require acquisition of the land falling under towers. This has been a challenge and the landowners, at times, resist such use of their land. To address this issue, it has been agreed that the DISCOs (the implementing agencies for this project) will pay compensation for the land under towers. This is what the National Transmission and Dispatch Company (NTDC) in Pakistan has done for some transmission projects as 'good practice'.

Sub-projects will be screened for land acquisition and involuntary resettlement impacts. Willing Buyer-Willing Seller approach will be the first preference by DISCOs as these projects have small footprints and are expected to have multiple site options. In this case, DISCOs will inform the site owners about their right to decline without any consequences and will consider options where the sellers are willing to sell. As explained above, for new grid stations and ROW, these are small areas and DISCOs have a flexibility to shift the alignment or site to avoid or minimize the encroachments. Therefore, these issue do not appear to be significant at concept stage and involuntary land acquisition and displacement of encroachers is not expected.

Though willing-buyer-willing seller approach will be the first priority of DISCOs, there might be a possibility that this approach may not work for some projects with limited site options due to technical considerations and some encroachers may also be identified for displacement. Keeping this in view, implementing agencies will prepare an RF in accordance with ESS5 which will be consulted on, reviewed and cleared by the Bank, and disclosed in-country and on the Bank system before project appraisal. In such case, the requirement to prepare RPs guided by RF will be included in the ESCP.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

As mentioned above under ESS1, there are no material threats to protection, conservation, maintenance and restoration of natural habitats, biodiversity and living natural resources. While all projects are not known at this time and the team will have more clarity by appraisal, the project is expected to mainly be carried out in urban and peri-urban areas only. The project is also not expected to have adverse impacts on ecosystem services as well as use of living natural resources as most of the projects activities will be carried out within the existing substations and in already modified urban settings. However, some clearing of vegetation and felling of trees is expected for grid stations. Some felling and pruning of trees can be expected for vegetation below TLs or on the ROW of TLs. Furthermore, the borrower will not introduce any alien or non-native species of flora or fauna in the project area. Appropriate measures will be taken to reduce chances of accidental introduction of alien flora/fauna and documented in ESIA/ESMPs. Therefore, this ESS6 is not relevant to the project at concept stage.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities



Preliminary information, which will be verified, suggests that there are no Indigenous Peoples in the project areas. Therefore, ESS7 is not relevant to this project.

ESS8 Cultural Heritage

While some of the districts have culturally significant sites, it is unknown at this stage if there will be any impacts on these sites due to the project. The ESIA would, in any event, evaluate any direct or indirect impacts of project activities on these cultural assets or determine the presence of any others that may not be listed but could be of significance. Depending on the exact determination of the nature and scale of the project risks and impacts, mitigation measures or a plan will be prepared as part of the ESIA/ESMP and will be incorporated into the ESCP as required. Procedures for handling chance finds will be determined during the ESIA and made part of the ESMP to handle any such situations during project implementation.

ESS9 Financial Intermediaries

This standard is not currently relevant as no financial intermediaries are part of the project implementation modality.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways	No
OP 7.60 Projects in Disputed Areas	No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

Not applicable.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Prior to the appraisal, the following documents will need to be approved and disclosed:

- (i) Stakeholder Engagement Plans (SEP) also including a Grievance Redress Mechanism (GRM)
- (ii) Labor Management Procedure (LMP)
- (iii) Environmental and Social Management Framework (ESMF) and Resettlement Framework (RF)
- (iv) An Environmental and Social Commitment Plan (ESCP)
- (v) ESIA/RPs for subprojects identified and with design

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

Public Disclosure



- Timings for E&S instruments related to future investments not identified by appraisal;
- Implementation of ESMPs;
- Prepare RPs in accordance with RF if involuntary land acquisition will be needed or encroachers are identified for displacement;
- Commitment to prefer government land (if available), and use of private negotiations for rate determination to offer rate better than the replacement cost in case of involuntary acquisition;
- Commitment for compensation for land under transmission towers;
- Preparation of ESIA's, ESMPs and RPs for future projects;
- OHS Plans, methods statements, job hazards as well as job safety analyses to be prepared by the Contractor;
- Implementing and updating the SEP during project implementation (as required);
- Updating and implementing the LMP (as required) that have been developed for the Project including a GRM for Project workers;
- Capacity building and strengthening of the PMUs in DISCOs; and
- Provisions for managing unanticipated impacts.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

04-Jan-2021

IV. CONTACT POINTS

World Bank

Contact: Mohammad Saqib Title: Senior Energy Specialist

Telephone No: 5722+213 Email: msaqib@worldbank.org

Contact: Fowzia Hassan Title: Senior Energy Specialist

Telephone No: +1-202-473-5889 Email: fhassan2@worldbank.org

Borrower/Client/Recipient

Borrower: The Islamic Republic of Pakistan

Implementing Agency(ies)

Implementing Agency: Peshawar Electric Supply Company

Implementing Agency: Multan Electric Power Company

Implementing Agency: Hyderabad Electric Supply Company

V. FOR MORE INFORMATION CONTACT

Public Disclosure



The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

VI. APPROVAL

Task Team Leader(s):	Mohammad Saqib, Fowzia Hassan
Practice Manager (ENR/Social)	David Warren Recommended on 05-Jun-2020 at 19:01:2 EDT
Safeguards Advisor ESSA	Agi Kiss (SAESSA) Cleared on 10-Jun-2020 at 00:08:55 EDT