



## Pakistan: Power Distribution Enhancement Investment Program - Tranche 4

Project Name	Power Distribution Enhancement Investment Program - Tranche 4				
Project Number	38456-037				
Country	Pakistan				
Project Status	Active				
Project Type / Modality of Assistance	Loan				
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2"><b>Loan 3096-PAK: Power Distribution Enhancement Investment Program - Tranche 4</b></td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 167.20 million</td> </tr> </table>	<b>Loan 3096-PAK: Power Distribution Enhancement Investment Program - Tranche 4</b>		Ordinary capital resources	US\$ 167.20 million
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Ordinary capital resources	US\$ 167.20 million				
Strategic Agendas	Inclusive economic growth				
Drivers of Change					
Sector / Subsector	<b>Energy</b> - Conventional energy generation				
Gender Equity and Mainstreaming	No gender elements				
Description	The project comprises physical investments in subprojects covering (i) secondary transmission grid (STG): augmentation and extension of 132-kV power transformers at existing substations; (ii) energy loss reduction and distribution of power: replacement of overloaded distribution transformers with higher capacity and adding additional distribution transformer capacity on the 11-kV feeders; and (iii) strategic spares: spare power transformers for emergencies. The project will add 5,021 megavolt-amperes (MVA) of transformer capacity and will improve the distribution system's efficiency and delivery.				
Project Rationale and Linkage to Country/Regional Strategy	The project is urgently needed to further alleviate the power distribution system bottlenecks and to reduce prolonged outages and load shedding. The project will help the DISCOs improve reliability and quality of power supply to customers. The outcome will be removal of power system bottlenecks by reducing the overloading of the system and increasing the transmission capacity of the substations through distribution system augmentation and expansion.				
Impact	Reliable and quality power supplied and service coverage expanded				

### Project Outcome

Description of Outcome	Capacity of the power distribution systems increased
Progress Toward Outcome	The project management units (PMUs) headed by the Chief Engineers (Development) have already been established. An inception mission was fielded in June 2014. A loan review mission was fielded in May-June 2015, and an action plan was agreed with implementing agencies. A midterm review mission was fielded in December 2015 and a loan review mission was fielded in May-June 2016 and an action plan agreed to expedite implementation progress. Based on the MTR findings the contract award and disbursement projections were revised. On the request of the Borrower ADB approved the inclusion of additional subprojects for financing by utilization of surplus loan proceeds on 26 August 2015 by five DISCOs. A request through the Borrower for utilization of savings (\$36.038 million) from HESCO, IESCO, LESCO and PESCO was received, reviewed and approved on 21 February 2017. A special loan review mission was fielded from 17-19 October 2016 for HESCO, QESCO and MEPCO to expedite contract award and disbursement and an action plan agreed. PRM is closely monitoring on the agreed actions. On Borrower's request the loan was extended to close on 30 June 2018. Cumulative contract awards and disbursement stand at \$103.805 and \$73.111, respectively. Physical implementation of works has already been started and out of 314 subprojects, 70 have been completed.

### Implementation Progress

Description of Project Outputs	Subprojects commissioned
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Status of Implementation Progress (Outputs, Activities, and Issues)	Status of contract awards for the procurement of goods: FESCO _ 8 out of 8 lots have been awarded GEPCO _ 7 out of 7 lots have been awarded HESCO _ 5 out of 6 lots have been awarded IESCO _ 5 out of 6 lots have been awarded MEPCO _ 9 out of 12 lots have been awarded PESCO _ 7 out of 13 lots have been awarded QESCO _ 10 out of 11 lots have been awarded Other lots are in various stages of the procurement process (awaiting NOA or contract signing, ongoing bid evaluation, for rebidding).
Geographical Location	KPK,Sindh,Balochistan,Punjab

## Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

## Summary of Environmental and Social Aspects

Environmental Aspects	Due diligence was undertaken to assess the environmental implications of the project activities. The project is limited to up gradation of grid stations, which involves transformer replacement, or transformer addition and no civil works are anticipated and all replacement activities will take place within the boundaries of the existing grid stations. Accordingly, the project has been classified as _C_ for environmental safeguards requiring no further environmental assessment. An environmental assessment review framework was prepared for the MFF in 2009, which was updated in 2012 to fulfill the requirements of ADB's SPS 2009. All subprojects are required to comply with ADB's Prohibited Investment Activities' list. Each DISCO has established an environment and social impact cell and, in compliance with the loan agreement, hired one environment specialist to implement the environmental mitigation measures detailed in the environment management plans of ongoing previous tranches.
Involuntary Resettlement	The project is classified as "C" for resettlement. All works are proposed to be carried out entirely within existing grid stations and no land acquisition resettlement impacts are anticipated. As a result, there is no need to update the approved and disclosed Land Acquisition and Resettlement Framework for tranche 4 processing.
Indigenous Peoples	The project is classified as "C" for indigenous peoples. The project will have no impact on indigenous peoples.

## Stakeholder Communication, Participation, and Consultation

During Project Design	No direct consultation will be undertaken.
During Project Implementation	No direct consultation will be undertaken.

## Business Opportunities

Consulting Services	There will be no recruitment of consulting services.
Procurement	There are eight international competitive bidding (ICB) packages covering activities such as procurement of transformers, panels, cables and allied equipment, etc. If applicable (based on the thresholds indicated in the procurement plan), individual lots under the ICB packages that did not lead to contract awards will be procured under national competitive bidding (NCB). There will be two civil works contracts under NCB.

## Responsible Staff

Responsible ADB Officer	Khattak, Ehtesham Zafar
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Pakistan Resident Mission
Executing Agencies	<i>Pakistan Electric Power Company (Pvt.) Limited</i> <i>EDTPEPCO@HOTMAIL.COM</i> <i>403-WAPDA House</i> <i>Shahra-i-Quaid-i-Azam</i> <i>Lahore-54000, Pakistan</i>

## Timetable

Concept Clearance	-
Fact Finding	-
MRM	20 Nov 2013
Approval	13 Dec 2013
Last Review Mission	-
Last PDS Update	21 Mar 2017

## Loan 3096-PAK

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
13 Dec 2013	30 Apr 2014	18 Jul 2014	30 Jun 2017	30 Jun 2018	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	167.20	Cumulative Contract Awards			
ADB	167.20	13 Dec 2013	119.20	0.00	71%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	13 Dec 2013	88.50	0.00	53%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	-	-	Satisfactory	-	-

Project Page	<a href="https://www.adb.org/projects/38456-037/main">https://www.adb.org/projects/38456-037/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=38456-037">http://www.adb.org/forms/request-information-form?subject=38456-037</a>
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