

Due Diligence Report

Conversion from 66kV to 132 of Danda Shah Bilwal Grid Station

August 2016

PAK: MFF – Power Distribution Enhancement Investment Program (Tranche 4)

Prepared by Islamabad Electric Supply Company, Federal for the Asian Development Bank.

NOTES

- (i) The fiscal year (FY) of the Government of the Islamic Republic of Pakistan and its agencies ends on 30 June.
- (ii) In this report “\$” refer to US dollars.

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Re: Fw: Loan 3096-PAK: PDEIP, Tr_4 - Submission of revised DDRs for Sub-projects Proposed Under Savings (IESCO)

Jose Tiburcio Nicolas to: Liaqat Ali

02/08/2016 02:59 PM

Cc: Ehtesham Z. Khattak, Zhang Lei, Muhammad Zeeshan, Ashfaq Khokhar

Dear Liaqat sb,

Thanks for sharing the revised DDRs for the conversion of the following grid stations from 66 kV to 132 kV that are proposed to be supported under the T4 savings:

- a. Danda Shah Bilwal GS
- b. Jand GS
- c. Lakkarmar GS
- d. Tamman GS

The revised DDRs have incorporated our 2 comments in the earlier submission i.e. inclusion of a map on the location of the GS and a signed checklist. We endorse acceptance of these DDRs and uploading on ADB website for disclosure. Please advise us when these have been disclosed so we can reflect in our monitoring matrix.

Regards,

Tito S. Nicolas

Senior Social Development Specialist (Safeguards)
Pakistan Resident Mission
North Wing Level 8, Serena Office Complex
Khayaban-e-Suhrawardy, G-5, Islamabad, Pakistan
email : jnicolas@adb.org



Liaqat Ali

Dear Tito: For your further review and clearance...

02/08/2016 02:45:21 PM

From: Liaqat Ali/PRM/ADB
To: Jose Tiburcio Nicolas/CWRD/ADB@ADB
Cc: Zhang Lei/CWRD/ADB@ADB, Ehtesham Z. Khattak/PRM/ADB@ADB
Date: 02/08/2016 02:45 PM
Subject: Fw: Loan 3096-PAK: PDEIP, Tr_4 - Submission of IEE Reports, LARPs/Short Resettlement Plans for Sub-projects Proposed Under Savings (IESCO)

Dear Tito:

For your further review and clearance for disclosure please.

Regards,

Liaqat Ali, Project Analyst, Pakistan Resident Mission
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Date: 02/08/2016 02:37 PM
Subject: Loan 3096-PAK: PDEIP, Tr_4 - Submission of IEE Reports, LARPs/Short Resettlement Plans for Sub-projects Proposed Under Savings (IESCO)

Dear Liaqat Sb.

The duly revised DDRs of the sub-projects proposed under Tranche-IV in respect of IESCO are attached for record and disclosure on ADB website.

The following revised DDRs now include a) Google Earth Map of the project site as Annex-A in each report and b) duly signed IP & IR checklists attached as Annex-B in each report as desired vide your e-mail of 28/07/2016:

- i) DDR of Conversion of D.S. Bilwal G/Station (from 66 to 132 KV)
- ii) DDR of Conversion of Jand G/Station (from 66 to 132 KV)
- iii) DDR of Conversion of Lakarmar G/Station (from 66 to 132 KV)
- iv) DDR of Conversion of Tamman G/Station (from 66 to 132 KV)

The IEEs and short LARPs for the proposed sub-projects are being prepared and will be submitted shortly.

Regards

Engr. Bakht Zaman Khan
Chief Engineer (Development)
Project Management Unit
IESCO, Islamabad.

From: lali@adb.org <lali@adb.org>
Sent: 01 August 2016 16:24
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Cc: zlei@adb.org; ekhata@adb.org; Schenck, Robert; edtpepco@hotmail.com
Subject: Fw: Loan 3096-PAK: Power Distribution Enhancement Investment Program, Tranche 4 - Submission of Initial Environmental Examination Reports, Land Acquisition and Resettlement Plans/Short Resettlement Plans for Subprojects Proposed Under Savings

Dear Chief Engineer:

Thank you very much for your submission of the DDRs for the subprojects below which were reviewed by our social safeguard specialist and comments sent to you. We have so far not received the IEEs and revised DDRs. Please advise your social and environment staff to submit the IEEs and DDRs (once our comments are incorporated on the DDRs and IEEs are prepared) to SMEC for their review, comments and endorsement. The SMEC staff need to critically review and get on-site(s) feedback as well before the endorsement of the IEEs and DDRs..

Regards,

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Cc: Zhang Lei/CWRD/ADB@ADB, Ehtesham Z. Khattak/PRM/ADB@ADB
Date: 19/07/2016 10:15 AM
Subject: Loan 3096-PAK: Power Distribution Enhancement Investment Program, Tranche 4 - Submission of Initial Environmental Examination Reports, Land Acquisition and Resettlement Plans/Short Resettlement Plans for Subprojects Proposed Under Savings

Dear Chief Engineer:

The subprojects below proposed by IESCO for conversion for each grid station will require IEEs. Would appreciate your submission of the IEEs by 26 July 2016. In addition, these subprojects will also require draft land acquisition and resettlement plans and/or draft due diligence reports, as the case may be. Would appreciate your submission of the draft LARPs or DDRs, as the case may be, by 15 August 2016. Your earliest submission of the IEEs and draft /LARPs/DDR will enable us to process the internal memo for savings utilization for approval.

Conversion from 66kV to 132kV Grid Stations at
Danda Shah Bilawal; Tamman, Jang and Lakarmar
along with associated Feeder Transmission Lines

Regards,

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email: lali@adb.org.  DDR of D.S Bilwal GS _Conversion (Tr-IV IESCO).pdf



DDR of Jand GS_Conversion (Tr-IV IESCO).pdf  DDR of Lakkarmar GS_Conversion (Tr-IV IESCO).pdf



DDR of Tamman GS Conversion (Tr-IV IESCO).pdf

Due Diligence Document

Conversion of Danda Shah Bilwal Grid Station (from 66 kV to 132 kV)

Power Distribution Enhancement Investment Project (Tranche – IV Savings)

Islamabad Electric Supply Company

Document Stage: Final

Loan Number: 3096 – PAK.

August 2016

PAK: Multi-tranche Financing Facility (MFF)
Power Distribution Enhancement Investment Program
Islamic Republic of Pakistan.

Prepared by: **Environment & Social Safeguards Section – Project Management Unit**
ISLAMABAD ELECTRIC SUPPLY COMPANY
IESCO Head Office, Street 40, G-7/4
Islamabad, Pakistan.

ABBREVIATIONS

| | | |
|--------|---|-----------------------------------|
| ADB | — | Asian Development Bank |
| AP | — | Affected Persons |
| DGS | — | Designated Grid Station |
| DISCOs | — | Distribution Companies |
| EA | — | Executing Agency |
| IESCO | — | Islamabad Electric Supply Company |
| MFF | — | Multi-tranche Financing Facility |
| MoWP | — | Ministry of Water & Power |
| PEPCO | — | Pakistan Electric Power Company |
| PMU | — | Project Management Unit |

Units

| | | |
|-----|---|----------------|
| GWh | — | Giga Watt Hour |
|-----|---|----------------|

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EXECUTIVE SUMMARY

1. The Government of Pakistan (the Government) has requested the Asian Development Bank (ADB) to support the Power Distribution Enhancement Investment Program (the Investment Program) and provide financing through a multi-tranche financing facility (MFF). This Investment Program will (i) improve power distribution infrastructure through system rehabilitation, augmentation, and expansion; and relieve the power system from distribution bottlenecks and constraints; (ii) enable continued operation and maintenance in accordance with best international practices; and (iii) commercialize DISCO operations. Specifically, (iv) DISCOs will adhere to regulatory requirements and comply with the security standards; (v) the system will be capable of meeting peak demand, with electricity outages significantly reduced; and (vi) 35 million additional people will have access to electricity from the national grid.
2. Pakistan Electric Power Company (PEPCO) has been nominated by Ministry of Water and Power (MoWP) to act as the Executing Agency (EA) with each DISCO being the Implementing Agency (IA) for work in its own area. PEPCO's role in the processing and implementation of the investment program is that of a coordinator.
3. Islamabad Electric Supply Company (IESCO) will implement the MFF Tranche-IV program in the shape of 14 Nos. extension and 28 Nos. augmentation subprojects. These 43 sub-projects will be implemented in Islamabad, Rawalpindi, Attock, Jehlum and Chakwal. IESCO through savings in Tranche – IV have further envisaged conversion of 04 Nos. grid stations from 66 KV to 132 KV. IESCO has sought the approval of ADB for inclusion of these subprojects in Tr-IV. The conversion of Danda Shah Bilwal grid station from 66 KV to 132 KV is part of these savings sub projects.
4. This subproject will be constructed on IESCO's owned land of approximately 11 kanals at existing 66 KV grid station Danda Shah Bilwal. The grid station is located in District Chakwal about 35 km from Talagang on Main Talagang Mianwali Raod. The conversion works will be carried out entirely within the premises of already existing 66 KV grid station, so no additional land will be required for the subproject. The conversion works will not encroach any private/community land. In case additional land is required for the sub project, IESCO will follow the ADB guide lines and will purchase the land on mutually agreed price from seller as per willing seller & willing buyer policy and will submit the LARP to ADB accordingly. The sub-project falls under category C, therefore no resettlement plan is required.

1: Project Overview

1-1 Project Background

5. The Government of Pakistan (the Government) has requested the Asian Development Bank (ADB) to support the Power Distribution Enhancement Investment Program (the Investment Program) and provide financing through a multi-tranche financing facility (MFF). The investment program is designed to provide grid – connected customers with adequate and reliable supply of electricity. The rehabilitation augmentation and expansion of the eight Power Distribution Companies (DISCOs) will increase the reliability of supply to residential, agriculture, commercial, and industrial customers in Pakistan. A reliable electricity supply will lead to social and economic benefits and improved conditions for schools, hospitals, and other social services.

6. This Investment Program will (i) improve power distribution infrastructure through system rehabilitation, augmentation, and expansion; and relieve the power system from distribution bottlenecks and constraints; (ii) enable continued operation and maintenance in accordance with best international practices; and (iii) commercialize DISCO operations. Specifically, (vi) DISCOs will adhere to regulatory requirements and comply with the security standards; (v) the system will be capable of meeting peak demand, with electricity outages significantly reduced; and (vi) 35 million additional people will have access to electricity from the national grid.

7. Pakistan Electric Power Company (PEPCO) has been nominated by Ministry of Water and Power (MoWP) to act as the Executing Agency (EA) with each DISCO being the Implementing Agency (IA) for work in its own area. PEPCO's role in the processing and implementation of the investment program is that of a coordinator.

8. Islamabad Electric Supply Company (IESCO) will implement the MFF Tranche-IV program in the shape of 14 Nos. extensions and 28 Nos. augmentations subprojects. These 43 sub-projects will be implemented in Islamabad, Rawalpindi, Attock, Jehlum and Chakwal. IESCO through savings in Tranche – IV have further envisaged conversion of 04 Nos. grid stations from 66 KV to 132 KV. IESCO has sought the approval of ADB for inclusion of these subprojects in Tranche-IV. The conversion of Danda Shah Bilwal grid station from 66 KV to 132 KV is part of these savings sub projects.

9. This subproject will be constructed on IESCO's owned land of approximately 11 kanals at existing 66 KV grid station Danda Shah Bilwal. The Conversion works will be carried out entirely within the premises of already existing 66 KV grid station, so no additional land will be required for the subproject. The conversion works will not encroach any private/community land.

2: Scope of Land Acquisition and Resettlement

2-1 Scope and Rationale for Land Acquisition

2-1-1 Site Identification

10. As indicated above no new land will be acquired for the sub-project. The Conversion of Danda Shah Bilwal Grid Station subproject will be constructed on IESCO's land, with no damage to any private/community property. There are no structures/crops/trees in the proposed location of grid station site. The land already belongs to IESCO, and has been transferred by the Board of Revenue under the Land Acquisition Act 1894. In case additional land is required for the sub project, IESCO will follow the ADB guide lines and will purchase the land on mutually agreed prices from seller as per willing seller & willing buyer policy and will submit the LARP to ADB accordingly.

2-1-2 Location and Scale of Project

11. The proposed Conversion works of Danda Shah Bilwal Grid Station subproject will be carried out at Danda Shah Bilwal, a town of Chakwal District in the Punjab province of Pakistan. The town is an administrative subdivision, of the IESCO. It lies to the north of the district capital Chakwal. It is located at about 80 kilometres from the district capital Chakwal and 35 kilometer from Talagang on main Talagang-Mianwali Road. Google Earth Map of the project site is provided at **Annex-A**. The conversion works of grid will be carried out on existing land owned by IESCO. The land is within the boundary of existing 66 KV grid station Danda Shah Bilwal.

12. The scope of work under this subproject involves the conversion of Danda Shah Bilwal Grid Station from 66 KV to 132 KV. The construction activities are expected to include the usual localized civil works such as extension of the main yard, including excavation and concreting of foundations for the new transformers, capacitor banks,

cable trays and terminal tower (within the compound), installation of the transformers, equipment and fittings, erection of the towers, cabling, construction of the control rooms and installation of allied equipment, and construction of the offices.

13. Impacts from the conversion of Danda Shah Bilwal Grid Station subproject is envisaged to be minor as land is already owned by IESCO, and no additional land needs to be acquired for conversion works.

2-2 Resettlement Impacts

2-2-1 Number of houses to be displaced

14. No house exists on the allocated site of Danda Shah Bilwal Grid Station and there is no physical displacement involved in the subproject.

2-2-2 Number of Directly Affected Persons (AP's)

15. Since no person is living on the site, there are no persons directly affected by the conversion of Danda Shah Bilwal Grid Station subproject.

2-2-3 Number of Indirectly Affected Persons (AP's)

16. No population lives on the proposed site area of conversion of Danda Shah Bilwal Grid Station subproject.

2-2-4 Loss of Agricultural Area / Cropland

17. The land is already utilized for 66 KV grid station Danda Shah Bilwal with no cultivation activity; therefore, there is no loss of agricultural area or any cropland for conversion works.

2-2-5 Loss of Orchards

18. There is no loss of orchards.

2-2-6 Loss of water courses

19. No watercourses exist in the subproject area and the project will not traverse any water channel.

2-2-7 Loss of trees

20. The conversion works will not affect any tree plantation.

2-2-8 Loss of structures / buildings

21. No loss of structures / buildings will occur due to the implementation of the sub-projects.

2-2-9 Loss of individual and community livelihoods

22. There is no loss of livelihoods.

2-2-10 Loss of forest land

23. The grid station site does not encroach any forest land.

2-2-11 Damage or disturbance to government installations

24. The conversion work will not damage or disturb any other government installations.

2-2-12 Damage or disturbance to utility lines

25. There will be no disturbance to the utility lines. If any such loss occurred, all utility lines will be restored to the original.

2-2-13 Loss of grazing and fishing activities

26. No loss of grazing and fishing activities is envisaged under the sub project.

3: Project Categorization

27. Based on the impacts assessment as described above and the Social Safeguard Screening Form (**Annex-B** for involuntary resettlement and indigenous people screening), the project falls under **Category-C** therefore, no resettlement plan is required as any private land acquisition and assets displacement or no loss of income is caused by the implementation of the conversion of Danda Shah Bilwal Grid Station subproject works.

4: Socio-Economic Survey

28. No socio-economic survey is required for this project as the subproject falls in Category-C under ADB Guidelines.

5: Indigenous People

29. There are no indigenous people in the project area.

6: Gender Impacts

30. Not envisaged. Project is within the bounds of existing grid station.

7: Resettlement Budget

31. Not applicable for this conversion Danda Shah Bilwal Grid Station subproject.

8: Implementation Schedule

32. The project has to be completed within loan closing period which is 30 June 2017. However, IESCO has requested the ADB to extend the loan closing period by further one year to accommodate the completion of projects proposed under Tranche-IV savings including this sub-project (**Annex-C**).

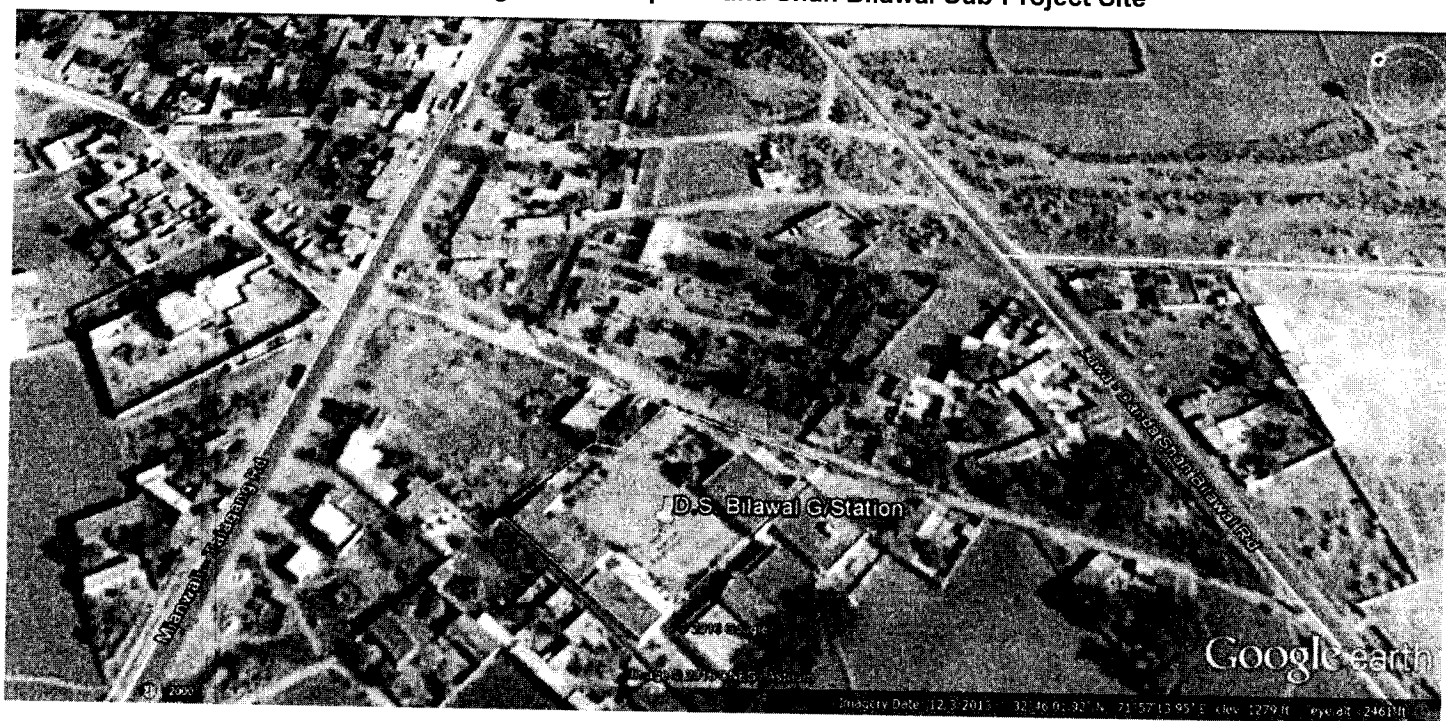
9: Monitoring & Evaluation

33. The Monitoring & Evaluation activities of this sub-project will be limited to monitoring the implementation of construction. It will be ensured that through the contractors, vendors; economic activities are generated on account of employment of local labor force in the construction, and post construction activities.

10: Identification and Selection of Alternative Sites

34. No study of Alternative site is required, being implemented in existing allocated grid site. The sub-project does not involve any involuntary resettlement and social and economic loss to any section of the society or the grazing rights of the indigenous people. No activity for compensation or relocation is planned under this subproject.

Annex-A: Google Earth Map of Dand Shah Bilawal Sub-Project Site



Annex-B: Subproject Social Safeguards Screening Form

| | | | |
|-------------------------|---|-----------------|----------------|
| Province: | Punjab | District/DISCO: | Chakwal/ IESCO |
| Project Title: | Power Distribution Enhancement Investment Project _Tranche-IV (Savings) | | |
| Subproject Description: | Conversion of Danda Shah Bilawal grid station from 66 kV to 132 kV | | |
| Design stage: | Bidding /Procurement Stage | | |

1. Screening Questions for Categorization

| | Screening Questions | Yes | No | Not Known | Remarks |
|-----------|---|-----|----|-----------|---|
| A. | Involuntary Resettlement | | | | |
| 1 | Does the subproject include upgrading or rehabilitation of existing physical facilities? | ✓ | | | The project involves upgrading of existing facilities through conversion from 66kV to 132 kV. Physical construction work is limited to civil works of Transformer and allied equipments' foundations. No resettlement Impact. |
| 2 | Are there pending or unresolved land acquisition/ related impacts related to the existing facility to be upgraded/expanded under the subproject? | | ✓ | | |
| 3 | Are there any subproject effects likely to lead to loss of housing, other assets, resource use or incomes/livelihoods? | | ✓ | | |
| 4 | Is land acquisition likely to be necessary? | | ✓ | | |
| 5 | Is the site for land acquisition known? | | ✓ | | No land acquisition involved. IESCO's own land. |
| 6 | Is the ownership status and current usage of the land known? | | ✓ | | IESCO's Ownership. Existing 66 kV Grid Station. |
| 7 | Are there non-titled people/households who put up/established improvements/crops/trees/ structures at the subproject site or within the right of way? | | ✓ | | |
| 8 | Are there any non-titled people who live or earn their livelihood at the site or within the Right of Way? | | ✓ | | |
| 9 | Will there be loss of housing? | | ✓ | | |
| 10 | Will there be loss of agricultural plots? | | ✓ | | |
| 11 | Will there be losses of crops, trees, and fixed assets? | | ✓ | | |
| 12 | Will there be loss of businesses or enterprises? | | ✓ | | |
| 13 | Will there be loss of incomes and livelihoods? | | ✓ | | |
| 14 | Will there be people who will experience major resettlement impacts. i.e. be physically displaced from housing or lose 10% or more of productive land? (If yes, indicate number of DPs in the remarks column) | | ✓ | | |
| 15 | Are there displaced persons that can be considered as vulnerable as defined under the project? (If yes, indicate number of DPs in the remarks column) | | | | |
| 16 | Will people lose access to facilities, services, or natural resources? | | | | |

| | Screening Questions | Yes | No | Not Known | Remarks |
|-----------|---|-----|----|-----------|---------|
| B. | Indigenous People | | | | |
| 1 | Are there communities/settlements within the subproject area that are inhabited by households considered as indigenous people (IP), scheduled tribes or tribal groups in Pakistan? | | ✓ | | |
| 2 | Do the IPs or tribal groups in the subproject area possess the following characteristics: (i) identify themselves and by others as an ethnic minority group; (ii) attached collectively to a geographically distinct habitat or ancestral territory; (iii) have customary cultural, economic, social, or political institutions that are separate from the dominant Pakistan society and culture, and (iv) have a distinct language different from the official language of Pakistan? | | ✓ | | |
| 3 | (If 'yes' in items 1 and 2) Will any of these IP households be adversely affected by the subproject? | | - | | |
| 4 | (If 'yes' in items 1 and 2) Will any of these IP households benefit from the proposed subproject? | | - | | |

2. Involuntary Resettlement/Indigenous People Category

After reviewing the answers above, the ESU Head and Project Director, agree on the following categorization and action for this subproject

3. Project Categorization and Social Safeguards Planning Requirements

[C] Involuntary Resettlement Safeguards Category

[C] Indigenous Peoples Safeguards Category

Checklist Prepared by



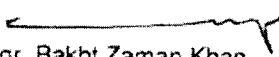
Sher Afzal
Assistant Manager (SI)
01-08-2016

Checklist Reviewed by



Mohammad Yasin
Deputy Manager (E&SS)
02-08-2016

Checklist Endorsed by


Engr. Bakht Zaman Khan
Chief Engineer (Development)
02-08-2016

Annex-C: IESCO Request for Extension of Loan Closing Date (Tr-IV)

IESCO ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

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Direct: 051-9252519 / 051-9235001 Chief Engineer (Dev.)
Fax: 051-9252345 / 051-9252978 IESCO Head Office,
Street 40, G-7/4, Islamabad

No. 2611-13 /PMU/ICB-01/TR-IV Dated: 20-7-2016

Mr. Mansoor-Ul-Haq
CE/PO (PMU) PEPSCO,
8th Floor PIA Tower,
Egerton Road,
Lahore
Ph. No. 042-99200135-36
Fax No. 042-36302557

**SUBJECT: EXTENSION OF LOAN CLOSING DATE OF ADB LOAN NO.3096-PAK:
POWER DISTRIBUTION ENHANCEMENT INVESTMENT PROGRAM
(TRANCHE-IV) - IESCO**

The subject loan was signed on 30-04-2014 and International Competitive Bidding (ICB) was held to procure material to enhance Power Distribution capability of IESCO. To this effect, out of six (06) lots, five (05) have been finalized and one (01) lot of Power Transformers could not be finalized and the same is being processed for re-bidding on the directive of ADB. Furthermore, a saving to the tune of \$ 8.3 Million was realized which is also under process for conversion of 04 No. 66 kV Grids to 132kv Grids along with their feeding Transmission Lines. In these circumstances, it is requested to approach Ministry of Water & Power to take up the extension of the closing date of subject loan from 30th June, 2017 to 30th June, 2018 enabling IESCO to fully utilize the financial opportunities being provided by Ministry of Water & Power and Economic Affairs Division.

(Bakhat Zaman Khan)
Chief Engineer (Development)
IESCO, Islamabad

Encl: 02
1. Mr. Ahmed Bhatti, Joint Secretary, Ministry of Water & Power Islamabad
2. Mr. [Name], Executive Officer, IESCO Islamabad

Annex-D: Pictures

