

# Due Diligence Report

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Conversion from 66kV to 132 of Lakkarmar 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  
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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  
Level 8, North, Serena Office Complex, G-5, Islamabad/Pakistan  
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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)

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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.**

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**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,

Liaqat Ali, Project Analyst, Pakistan Resident Mission  
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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

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## **Conversion of Lakkarmar 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: Multitranche 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 of line bays 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 has 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 grid station is located in Lakkarmar of District Attock about 90 km from Jand Town. The conversion of Lakkarmar 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 52.8 kanals at existing 66 KV grid station Lakkarmar. 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. The conversion works will have very negligible to minor impact and 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 of line bays and 28 Nos. augmentations subprojects. These 43 sub-projects will be implemented in Islamabad, Rawalpindi, Attock, Jehlum and Chakwal.

9. IESCO through savings in Tranche – IV has 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 Lakkarmar grid station from 66 KV to 132 KV is part of these savings sub projects. This subproject will be

constructed on IESCO's owned land of approximately 52.8 kanals at existing 66 KV grid station Lakkarmar. The Conversion works will be carried out entirely within the premises of already existing 66 KV grid station, so no additional land will be acquired for the subproject. The existing 66KV Lakkarmar Grid Station have an ample space for construction of 132 KV yard. The conversion work 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 Lakkarmar Grid Station subproject will be constructed on IESCO's land, with no damage to any private/community property. The land already belongs to IESCO, and has been transferred by the Board of Revenue under the Land Acquisition Act 1894. There are no structures/crops/trees in the proposed location of grid station site.

#### **2-1-2 Location and Scale of Project**

11. The proposed Conversion of Lakkarmar Grid Station subproject will be constructed at Lakkarmar. It is a village of Attock District in the Punjab province of Pakistan. It is about 90 kilometers from the Jand Town of district Attock. Google Earth Map of the project site is provided at **Annex-A**. The conversion of grid will be constructed on existing land owned by IESCO. The land is within the boundary of existing 66 KV grid station Lakkarmar.

12. The scope of work under this subproject involves the conversion of Lakkarmar 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 Lakkarmar 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 exist on the allocated site of Lakkarmar 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 Lakkarmar 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 Lakkarmar Grid Station subproject.

### **2-2-4 Loss of Agricultural Area / Cropland**

17. The land is already utilized for 66 KV grid station Lakkarmar 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 work 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 Lakkarmar 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 Lakkarmar 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 project under Tranche-IV savings **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 the contractors, vendors and economic activities are generated through 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 Lakkarmar Grid Station



## Annex-B: Subproject Social Safeguards Screening Form

Province:	Punjab	District/DISCO:	Attock / IESCO
Project Title:	Power Distribution Enhancement Investment Project _Tranche-IV (Savings)		
Subproject Description:	Conversion of Lakkarmar 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
<b>A.</b>	<b>Involuntary Resettlement</b>				
1	Does the subproject include upgrading or rehabilitation of existing physical facilities?	✓			The project involves upgrading of existing facilities through conversion from 66kV to 132kV. 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>B.</b>	<b>Indigenous People</b>				
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 Yasir  
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)

 **ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED**


Tel: Pabx: 051-9252937-39 Ext: 352 Office of  
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

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**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 that 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 30<sup>th</sup> June 2017 to 30<sup>th</sup> June, 2018 enabling IESCO to fully utilize the financial opportunities being offered by Ministry of Water & Power and Economic Affairs Division.

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

  
M. Ghaffar Ahmed Bhatti, Joint Secretary, Ministry of Water & Power Islamabad  
Executive Officer, IESCO Islamabad

Annex-D: Pictures

