



Project Summary Information

Date of Document Preparation: May 21, 2020	
Project Name	Balakot Hydropower Development Project
Document Code	PD000339-PSI-PAK
AIIB member	Islamic Republic of Pakistan
Sector/Subsector	Energy / Hydropower
Status of Financing	Under Preparation
Project Description	<p>The proposed Project will construct a 300-megawatt (MW) run-of-river hydropower plant located on the Kunhar river in Mansehra District, Khyber Pakhtunkhwa (KPK) province of Pakistan. Its design will incorporate seismic strengthening and climate-resilient measures. Upon completion, the Project will be able to generate about 1,143 GWh clean electricity annually.</p> <p>The Project will: (i) improve energy security by increasing the clean energy share in the country's energy mix, which is currently dominated by thermal power generation, (ii) boost provincial economy and promote revenue generating investments in the hydro abundant province of KPK, and (iii) build capacity and awareness on climate change impacts, adaptation and mitigation measures. The Project also targets to improve the quality of life for women in communities surrounding the project area and promotes gender mainstreaming.</p>
Objective	The objective of the Project is to enhance energy security and promote renewable energy by developing a 300 MW run-of-river hydro power plant.
Expected Results	<p>Upon completion, the Project is expected to deliver the following results:</p> <ul style="list-style-type: none"> • Renewable generation capacity installed: 300 MW of hydropower (2020 baseline: 0). • Average daily load shedding in Peshawar Electric Supply Company (PESCO) reduced: 1.2 hours (2017 baseline:3.2). • Greenhouse gas emission reduction: tons of CO₂ equivalent per year (2020 baseline: 0 tons).
Environmental and Social Category	Category A

Environmental and Social Information	<p>Because the Project will be co-financed with ADB, AIIB has agreed with ADB that: (a) ADB's Safeguard Policy Statement (SPS), 2009 and related procedures of ADB will apply to the Project; and (b) AIIB may rely on ADB's determination as to whether compliance with those policies and procedures have been achieved under the Project. AIIB is satisfied that: (a) ADB's SPS and its related procedures are consistent with AIIB's Articles of Agreement and materially consistent with AIIB's Environmental and Social Policy (ESP); and (b) appropriate monitoring procedures are in place for the Project.</p> <p>Under ADB's SPS, the Project has been categorized as Category A for environment, Category A for involuntary resettlement, and Category C for Indigenous Peoples.</p> <p>The Environmental Impact Assessment (EIA) with an Environmental Management Plan (EMP) and Land Acquisition and Resettlement Plan (LARP) prepared in accordance with the SPS are disclosed on ADB's website and shall be disclosed on the Client's websites. Preliminary consultations with Project-affected People have taken place during the drafting of these documents. The final EIA – including EMP - and LARP reflecting the confirmed Project layout and siting of associated facilities and feedback from past and planned consultations - and their executive summaries in Urdu will be disclosed both online (on the websites of the Client, ADB and AIIB) and made available in hard copy in the Project area.</p> <p>The key negative impacts of the Project, identified at this stage, include loss of riverine ecosystem due to inundation by reservoir, degradation of the river ecosystem in the low flow segment downstream of the dam – including fish breeding grounds, disruption of the water supply for mountain spring users due to alterations of natural passage of springs caused by blasting for tunnels, and earthworks resulting in stockpiling of earth and stone from tunneling activities that may lead to increased erosion and sediment load entering river. A Critical Habitat Assessment, carried out as part of the Ecology Baseline, determined that the project is in an area of critical habitat due to the presence of valued aquatic biological resources, including the restricted range or endemic fish species. Mitigation measures for biodiversity offset and/or implementation of programs to enhance habitats will be prepared as part of a Biodiversity Action Plan and updated EMP.</p> <p>The preliminary LARP assessment estimates that the Project will require acquisition of about 33 hectares of land affecting an estimated 165 households (887 persons). This will have a significant impact on cultivated and uncultivated</p>
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	<p>land, residential structures, commercial structures, fruit trees, timber/wood trees, schools, basic health units/dispensaries, madrasa, mosques, cemeteries, and utilities used by the affected communities. The livelihoods of people engaged in local industries relying on the river flow will also be negatively affected. Once the project design is finalized, a new field survey will be conducted to update the livelihood restoration measures proposed in the preliminary LARP.</p> <p>A Project Grievance Redress Mechanism (GRM) will be established and implemented at the village and project levels. Communities and individuals who believe that they are adversely affected by the Project may submit complaints to existing project-level grievance redress mechanisms or ADB's Accountability Mechanism.</p>																		
Cost and Financing Plan	<p>The Project's cost estimate is US\$755 million, of which a loan of US\$280 million will be provided by AIIB. The following table shows the financing plan for the Project.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (US\$ million)</th> <th>% of Total</th> </tr> </thead> <tbody> <tr> <td>Asian Infrastructure Investment Bank (AIIB)</td> <td>280</td> <td>37.1%</td> </tr> <tr> <td>Asian Development Bank (ADB)</td> <td>300</td> <td>39.7%</td> </tr> <tr> <td>Government of Pakistan</td> <td>175</td> <td>23.2%</td> </tr> <tr> <td>Total</td> <td>755</td> <td></td> </tr> </tbody> </table>				Source	Amount (US\$ million)	% of Total	Asian Infrastructure Investment Bank (AIIB)	280	37.1%	Asian Development Bank (ADB)	300	39.7%	Government of Pakistan	175	23.2%	Total	755	
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Total	755																		
Borrower	Islamic Republic of Pakistan																		
Implementing Entity	Pakhtunkhwa Energy Development Organization (PEDO)																		
Estimated date of loan closing	June 2027																		
Contact Points:	AIIB	ADB	Borrower	Implementation Organization/Sponsor															
Name	Hongliang Yang	Adnan Tareen	Aslam Chaudhary	Wajid Nawaz Khan															
Title	Principal Investment Operations Specialist (Energy)	Principal Energy Specialist	Joint Secretary Economic Affairs Division Ministry of Finance	Project Director, PEDO															

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Date of Concept Decision	May 2020			
Estimated Date of Appraisal Decision	September 2020			
Estimated Date of Financing Approval	Q4/2020			

Independent Accountability Mechanism	<p>As noted above, ADB's SPS will apply to this Project instead of AIIB's ESP. Pursuant to AIIB's agreement with ADB, AIIB will rely on ADB's Independent Accountability Mechanism, the Accountability Mechanism, to handle complaints relating to ES issues that may arise under the project. Consequently, in accordance with AIIB's Policy on Project-affected People's Mechanism (PPM), submissions to the PPM under this project will not be eligible for consideration by the PPM. For information on how to submit complaints to ADB's Accountability Mechanism, please visit: https://www.adb.org/site/accountability-mechanism/main.</p>
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