



Project Summary Information

Date of Document Preparation: July 15, 2021	
Project Name	Balakot Hydropower Development Project
Document Code	PD000339-PSI-PAK
AIIB member	Islamic Republic of Pakistan
Sector/Subsector	Energy / Hydropower
Status of Financing	Approved
Project Description	<p>The proposed Project will comprise construction of a 300-MW run-of-river hydropower plant located on the Kunhar River in Mansehra District, Khyber Pakhtunkhwa Province (KPK), Pakistan.</p> <p>Upon completion, the Project will (i) improve energy security by increasing the clean energy share in the country's energy mix currently dominated by thermal power generation, (ii) boost the provincial economy and promote revenue generating investments in the hydro abundant KPK, and (iii) build capacity and awareness of climate change impacts, adaptation, and mitigation measures. The Project also includes training and livelihood skill development activities for local communities, particularly women, in the surrounding areas and promotion of gender mainstreaming.</p>
Objective	The objective of the Project is to enhance energy security and promote renewable energy by developing a 300-megawatt (MW) run-of-river hydro power plant in KPK, Pakistan.
Expected Results	<p>Upon completion, the Project is expected to deliver the following results by 2028:</p> <ul style="list-style-type: none"> • Average daily load shedding in Peshawar Electric Supply Company (PESCO) reduced to 2.0 hours (2017 baseline:3.2). • Annual net CO₂ emissions reduction of about 572,640 tons (2020 baseline: 0 tons). • 300 MW hydropower added to the grid (2020 baseline: 0).
Environmental and Social Category	Category A

Environmental and Social Information	<p>Policies and Standards. The Loan will be co-financed with the Asian Development Bank (ADB) as lead co-financier, and the Project's environmental and social (ES) risks and impacts have been assessed in accordance with the ADB's Safeguard Policy Statement (SPS). To ensure a harmonized approach to addressing the ES risks and impacts of the Project, and as permitted under AIIB's Environmental and Social Policy (ESP) ADB SPS will apply to the Project in lieu of AIIB's ESP. AIIB has reviewed the ADB SPS and is satisfied that: (i) it is consistent with AIIB's Articles of Agreement and materially consistent with the provisions of AIIB's ESP and the relevant ES Standards; and (ii) the monitoring procedures that are in place are appropriate for the Project. ADB has categorized the ES risks of the Project as Category A for environment, Category A for involuntary resettlement, and Category C for Indigenous Peoples (which is equivalent to Category A if AIIB's ESP were applicable).</p> <p>An Environmental Impact Assessment (EIA), including an Environmental Management Plan (EMP), a Biodiversity Action Plan (BAP), a Gender Action Plan (GAP), Stakeholder Engagement Plan (SEP), Background Information Documents (BID) in English and Urdu, and a preliminary Land Acquisition and Resettlement Plan (LARP) have been prepared.</p> <p>The key adverse environmental impacts of the Project include loss of riverine ecosystem due to inundation by reservoir, impacts on Critical Habitat, degradation of the river ecosystem in the low flow segment downstream of the dam, cumulative impacts in addition to typical environmental risks and impacts principally taking place during civil works. Mitigation Plans have been formulated to address these environmental and biodiversity impacts.</p> <p>The Project will have significant adverse impacts on private and community land of the affected settlements. Preliminary estimate indicates that 165 households with 887 Project-affected People (PAPs) will be impacted. The LARP, prepared to address the impacts of land acquisition is being updated and expected to be finalized by the third quarter of 2021. Civil works are expected to create substantial employment opportunities, some of which would be committed to local community members. Specific contractual provisions to manage working conditions and community health and safety will be introduced during construction phase.</p> <p>The dam design will incorporate features which aim to prevent any catastrophic failures, including adoption of high design standards. An Emergency Action Plan will be prepared taking the analysis into account to mitigate eventual effects of such incidence. A Dam Safety Panel will review the detailed Project design once it is prepared by the EPC</p>
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	<p>contractor.</p> <p>Preliminary stakeholder consultations were carried out in the second quarter of 2017 and third quarter of 2018 including door-to-door consultations with all Project-affected households. Consultations are being continued corresponding to the process of updating the LARP.</p> <p>The draft EIA and LARP in English and their executive summaries in English and Urdu are disclosed online (on the websites of the Client, ADB and AIIB¹) and will be updated as necessary.</p> <p>Separate Grievance Redressal Mechanisms (GRM) for the PAPs and PEDO workers and its subcontractors will be established.</p>																		
Cost and Financing Plan	<p>The Project's cost estimate is US\$755 million, of which a loan of US\$250 million will be provided by AIIB. The following table shows the financing plan for the Project.</p> <table border="1" data-bbox="499 751 1565 995"> <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>250</td> <td>33.1</td> </tr> <tr> <td>Asian Development Bank (ADB)</td> <td>300</td> <td>39.7</td> </tr> <tr> <td>Government of Pakistan</td> <td>205</td> <td>27.2</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)	250	33.1	Asian Development Bank (ADB)	300	39.7	Government of Pakistan	205	27.2	Total	755	
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Borrower	Islamic Republic of Pakistan																		
Implementing Entity	Energy and Power Department, the government of KPK; PEDO																		
Estimated date of loan closing	September 2028																		
Contact Points:	AIIB	ADB	Borrower	Implementation															

¹ <http://pedo.pk/Main/downloads>, <https://www.adb.org/projects/49055-007/main> and <https://www.aiib.org/en/projects/details/2020/proposed/Pakistan-Balakot-Hydropower-Development-Project.html>

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Date of Concept Decision	May 2020			
Date of Appraisal Decision	December 2020			
Date of Financing Approval	July 2021			

Independent Accountability Mechanism	As noted above, ADB's SPS will apply to the Project instead of AIIB's ESP. Pursuant to AIIB's agreement with the 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 the Project-affected People's Mechanism (PPM), submissions to the PPM under this Project will not be eligible for consideration by the PPM. Information on ADB's Accountability Mechanism is available at: https://www.adb.org/site/accountability-mechanism/main .
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