

Pakistan : Balakot Hydropower Development Project

1. Project Information

Project ID:	P000339	Instrument ID:	L0339A
Member:	Pakistan	Region:	Southern Asia
Sector:	Energy	Sub-sector:	Renewable energy generation-hydropower
Instrument type:	<input checked="" type="checkbox"/> Loan:250.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	Asian Development Bank
ES category:	A	Borrowing Entity:	Ministry of Finance, Pakistan
Implementing Entity:	Government of Khyber Pakhtunkhwa		
Project Team Leader:	Hongliang Yang		
Responsible DG:	Gregory Liu		
Responsible Department:	INF2		
Project Team Members:	Christopher Damandl, Project Counsel; Aditi Khosla, Alternate Counsel; Rui Xiang, OSD - Financial Management Specialist; Pedro Ferraz, OSD - Environment Specialist; Emil Zalinyan, Team Member; Frances Larla Savella, OSD - Procurement Specialist; Siyang Wang, Project admin		
Completed Site Visits by AIIB:	Nov, 2021 Loan Inception Mission, virtually attended by Hongliang Yang, Georgi, Pedro, Emil, Shone, Rabindra, Mengmeng and Rui Xiang during 15-25 November 2021. Sep, 2022 Lead co-financier and consultant, virtually attended by Bank. Jul, 2023 Project Consultant		
Planned Site Visits by AIIB:	Mar, 2024 Project consultant		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2023/06		

2. Project Summary and Objectives

The Project is to enhance energy security and promote renewable energy by developing a 300 MW run-of-river hydro power plant in Khyber Pakhtunkhwa (KPK) province, Pakistan. 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 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 includes training and livelihood skill development activities for local communities, particularly women, in the surrounding areas and promotion of gender mainstreaming.

The Energy and Power Department (EPD), the government of KPK, and PEDO will be the implementation entities, which will be responsible for procurement and project implementation. A dedicated project management unit (PMU), established by PEDO, will be responsible for the daily implementation activities of the Project, with support from the project management consultant (PMC) engaged. The Project will be implemented in a period of 7 years, including testing and commissioning.

3. Key Dates

Approval:	Jul. 15, 2021	Signing:	Sep. 27, 2021
Effective:	Oct. 25, 2021	Restructured (if any):	
Orig. Closing:	Sep. 30, 2028	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	8.02	Latest disbursement (amount/date):	2.25/Dec. 19, 2023
Undisbursed:	241.98	Disbursement Ratio (%) ¹ :	3.21

5. Project Implementation Update

The PMU office has been established at the project site. There are no changes in the planned project implementation structure and function as appraised, except for the expansion of the Environment and Health Security Unit to cover social safeguards and gender as agreed during the mission. The project director, two deputy directors, and three assistant directors are on board.

EPC contractor: China Gezhouba Group Co., (CGGC) and Ghulam Rasool and Company (GRC) JV. EPC contractors have established offices in Islamabad and the project site. The basic design dated March 31, 2023 has been conditionally approved. The contractor has started detailed design of the project in Q2 of 2023.

Project management consultant (PMC): a joint venture of DOLSAR Engineering Inc. Co. (Türkiye)/lead firm, and local firms, including AGES Consultants, BAK Consulting Engineers, CivTech Associates, Electra Consultants, and Techno Legal Consultants (Pvt.) Limited.

The project implementation made some new progresses in the report period. On November 14, 2023, a tripartite portfolio review meeting, including AIIB, Pakistan Ministry of Economic Affairs, were conducted. PEDO was requested to expedite project activities and project disbursement, considering the construction time elapsed.

Components	Physical Progress	Environmental & Social Compliance	Procurement
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Financial Management:

Audited Project Financial Statement (APFS). APFS for the reporting year is currently under preparation, and will be submitted to AIIB once available.

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

Audited Entity Financial Statement (AEFS). PEDO will submit their AEFS, including the compliance certificate on the financial covenants in the ADB Loan Agreement (Schedule 4, paras 19 and 20) and ADB Project Agreement (Schedule, paras 18 and 19), is currently under preparation and will be submitted to AIIB once available.

6. Status of the Grievance Redress Mechanism (GRM)

As per the document submitted by the client and shared by the co-financier, the GRM and Grievance Redress Committee have been established and functioning at village level and project levels for project implementation.

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

Remarks:

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																				Frequency	Responsibility	Comments				
			Baseline		2017		2018		2019		2020		2021		2022		2023		2024		End Target								
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual			
Average daily load shedding in PESCO reduced	Project	hours	2017	3.2	3.2			n/a			n/a			n/a			n/a			n/a					2.0		Yearly	Government/PEDO	
Net CO2 reduction annually	Project	tCO2e	2020	0							0	0	0	0	0	0	0	0	0						572,643		Yearly	Government/PEDO	

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																				Frequency	Responsibility	Comments			
			Baseline		2020		2021		2022		2023		2024		2025		2026		2027		End Target							
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual		
300 MW hydropower added to the grid	Project	MW	2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300					300		Yearly	Government/PEDO	