



### Project Summary Information

Date of Document Preparation: December 1, 2020	
<b>Project Name</b>	Balakot Hydropower Development Project
<b>Document Code</b>	PD000339-PSI-PAK
<b>AIIB member</b>	Islamic Republic of Pakistan
<b>Sector/Subsector</b>	Energy / Hydropower
<b>Status of Financing</b>	Under Preparation
<b>Project Description</b>	<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 the 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 improvements in the quality of life for women in communities surrounding the Project area and promotion of gender mainstreaming.</p> <p>The Project will be cofinanced with the Asian Development Bank (ADB).</p>
<b>Objective</b>	The objective of the Project is to increase energy access and promote renewable energy by developing a 300 MW run-of-river hydropower plant.
<b>Expected Results</b>	<p>Upon completion, the Project is expected to deliver the following results:</p> <ul style="list-style-type: none"> <li>• Renewable generation capacity installed: 300 MW of hydropower (2020 baseline: 0).</li> <li>• Average daily load shedding in Peshawar Electric Supply Company (PESCO) reduced: 1.2 hours (2017 baseline: 3.2).</li> <li>• Greenhouse gas emission reduction: tons of CO<sub>2</sub> equivalent per year (2020 baseline: 0 tons).</li> </ul>

<b>Environmental and Social Category</b>	ADB Category A for each of Environment and Involuntary Resettlement and C for Indigenous Peoples (equivalent to Category A if AIIB's ESP were applicable).
<b>Environmental and Social Information</b>	<p>The Project will be co-financed with ADB as lead co-financier and its 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's 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.</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), including an Environmental Management Plan (EMP), and a Land Acquisition and Resettlement Plan (LARP), prepared in accordance with the SPS, have been disclosed on ADB's (<a href="https://www.adb.org/projects/49055-007/main">https://www.adb.org/projects/49055-007/main</a>) and the Client's websites (<a href="http://pedo.pk/Main/downloads">http://pedo.pk/Main/downloads</a>) and a link to the documentation on ADB's website is on the AIIB website (<a href="https://www.aiib.org/en/projects/details/2020/proposed/Pakistan-Balakot-Hydropower-Development-Project.html">https://www.aiib.org/en/projects/details/2020/proposed/Pakistan-Balakot-Hydropower-Development-Project.html</a>). Consultations with Project-affected People have taken place during the preparation of these documents, and will continue during preparation and implementation.</p> <p>The key negative impacts identified at this stage of the Project include loss of a portion of the riverine ecosystem due to inundation by the reservoir and degradation of the river ecosystem in the low-flow segment downstream of the dam. These would include impacts to fish breeding grounds, disruption of the water supply for mountain spring users, and impacts from tunneling activities, including stockpiling of earth and stone, that may lead to increased erosion and sediment load entering the river. A Critical Habitat Assessment, carried out as part of the ecological baseline study, determined that the Project is in an area of critical habitat due to the presence of valued aquatic biological resources, including restricted-range or endemic fish species. Mitigation measures for a biodiversity offset and/or implementation of programs to enhance habitats will be prepared as part of a Biodiversity Action Plan.</p>

	<p>The LARP 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 land, residential structures, commercial structures, fruit trees, timber/wood trees, schools, basic health units/dispensaries, madrasas, mosques, cemeteries, and utilities used by the Project-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 land acquisition and livelihood restoration measures proposed in the LARP.</p> <p>A Project-level Grievance Redress Mechanism (GRM) will be established and implemented at the village and Project levels.</p>			
Cost and Financing Plan	The Project’s cost estimate is US\$755 million, for which a loan of US\$280 million will be provided by AIIB. The following table shows the financing plan for the Project.			
	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		
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
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<b>Date of Concept Decision</b>	May 2020			
<b>Estimated Date of Appraisal Decision</b>	December 2020			
<b>Estimated Date of Financing Approval</b>	Q1/2021			

<b>Independent Accountability Mechanism</b>	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. Information on ADB's Accountability Mechanism is available at: <a href="https://www.adb.org/site/accountability-mechanism/main">https://www.adb.org/site/accountability-mechanism/main</a> .
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