Pakistan - Dasu Hydropower Stage I Project

<table>
<thead>
<tr>
<th>Project ID:</th>
<th>P121507</th>
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<tbody>
<tr>
<td>Region:</td>
<td>Pakistan</td>
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<td>MDB:</td>
<td>The World Bank</td>
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<tr>
<td>Total Project Cost:</td>
<td>$4.25 billion</td>
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<td>$3.65 billion (Phase I)</td>
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<td></td>
<td>$600 million (Phase II)</td>
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<td>Status:</td>
<td>Active</td>
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<td>Expected Project Completion Date:</td>
<td>December 2021</td>
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<td>Borrower:</td>
<td>Government of Pakistan</td>
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<td>Implementing Agency:</td>
<td>Water and Power Development Authority; General Manager Dasu Hydropower Plants</td>
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<td>Lending Instruments / Financing Type:</td>
<td>Investment Project Financing</td>
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**Project Lifecycle:**

1: Identification
2: Preparation
3: Appraisal
4: Approval
5: Implementation
6: Completion

**Description:**

The objective of Dasu Hydropower Stage I Project (“Project”), approved in June 2014 by The World Bank, is to facilitate the expansion of electricity supply of hydropower in Pakistan. Project will also improve access to socio-economic services for local communities in the project area and build the Water and Power Development Authority’s (“WAPDA’s”) capacity to prepare future hydropower projects. This will be achieved by installing a 2,160 MW (Phase I - Total Install Capacity of 1080 MW and
Phase II – Total Install Capacity of 1080 MW) hydropower plant on the main Indus River, which can be expanded to 4,320 MW in future at very low cost.

Project has the following seven main components:

- **Construction of the Main Hydraulic Structure on the Indus River** (estimated cost: $1.47 billion) will primarily consist of the civil works required for main dam structure on the Indus River to raise the water level and thus create energy for running the power generating turbines and generators.

- **Power Generation Facilities** (estimated cost: $1.39 billion) will allow for the construction of power generating facilities, two head race tunnels, two tail race tunnels, powerhouse for housing the turbines and generators and ancillary works.

- **Preparatory Works** (estimated cost: $344.8 million) includes access roads, Karakoram Highway (“KKH”) relocation, construction of 132 kV transmission line from Dubair to Dasu, offices, onsite housing, and possibly access tunnel to the power house.

- **Transmission Line** (estimated cost: $350 million) will provide transmission of power, a double circuit 500kV line will be installed from Dasu to Islamabad (via Mansehra) that can serve two phases i.e. an installed capacity of 2,160 MW. The component will also include preparation and implementation of social, and environment management plans and supervision.


- **Construction Supervision, Monitoring and Evaluation of the Project Impacts and Social and Environmental Management Plans** (estimated cost: $99.1 million), will cover the cost of construction supervision and will offer implementation support.

- **Project Management Support** (estimated cost: $72.4 million), Capacity Building of WAPDA, Technical Assistance and Training and Future Project Preparation and Strategic Studies, covers support costs. It also supports strategic studies that address technical, financial or management issues, mitigation measures, pilot projects and preparation of future projects.
Procurement Plans:

Procurement for Works

1. **Contract Description:** Construction of main structure. River diversion, spillway, Low Level Outlets and related works.
   - **Estimated Contract Value:** $1.48 billion
   - **Procurement Method:** ICB
   - **Estimated Bid Opening Date:** September 2015

2. **Contract Description:** Construction of waterways, power tunnels, powerhouse, penstock, and ancillary works.
   - **Estimated Contract Value:** $755 million
   - **Procurement Method:** ICB
   - **Estimated Bid Opening Date:** September 2015

3. **Contract Description:** Supply & installation of turbines, generators and related equipment in the power house, transformers & short transmission line.
   - **Estimated Contract Value:** $642 million
   - **Procurement Method:** ICB
   - **Estimated Bid Opening Date:** March 2016

Procurement for Services

4. **Contract Description:** Project Management Support Monitoring and Evaluation Services
   - **Estimated Contract Value:** $8 million
   - **Procurement Method:** Quality and Cost Based Selection (“QCBS”)
   - **Estimated Bid Opening Date:** February 2015

Additional Insights:

- Growth in Pakistan, over the past few years have been weak but it has important strategic endowments and development potential. The country is located at the crossroads of South Asia, Central Asia, China and the Middle East, and is thus at the fulcrum of a regional market with a vast population, large and diverse resources, and untapped potential for trade.

- As of June 2013, Pakistan’s nominal installed capacity amounted to 23,663MW. Of that installed capacity, an estimated 14,000-14,500MW is available for generation on a typical summer day and about 11,500-12,000MW in winter. But the shortfall in generation results in load shedding of about 6-8 hours a day in the summer, and sometimes as much as 20 hours.
• Even today, the power sector faces the following major challenges; Tariff revenues do not cover costs, resulting in high levels of subsidy being paid by government to the power distribution sector; Costs are high and difficult to control, because of a heavy dependence on imported oil for generation; There has been inadequate investment in low-cost baseload generation capacity and To date, sector reform efforts have been largely unsuccessful, mainly the result of ineffective implementation and weak governance as well as a want of political will.

• Pakistan’s goal is to develop an efficient and consumer oriented electric power system that meets the needs of its people and economy sustainably and affordably. To restore Pakistan’s energy sector, Project is an important element of the government’s strategy in order to effectively support long term economic growth.

Additional Details:

Key Contacts

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<tr>
<th>Role</th>
<th>Name</th>
<th>Contact Information</th>
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<tbody>
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<td>Omar Hamid Khan</td>
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<td>Division, Government of Pakistan</td>
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<td>Phone: 92519202429</td>
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Documents Available

• Implementation Status and Results Report (October 2014)
• Project Agreement (August 2014)
• Side Letter (August 2014)
• Disbursement Letter (August 2014)
• Project Agreement (August 2014)
• Financing Agreement (August 2014)
• Board Summary (June 2014)
• Statutory Committee Report (June 2014)
- Project Appraisal Document (May 2014)
- Integrated Safeguards Data Sheet (April 2014)
- Project Information Document (April 2014)
- Board Report (April 2014)
- Resettlement Plan (March 2014)
- Environmental Assessment (March 2014)