



Project Data Sheet

Project 43937-014

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| Project Name | PAK: ZORLU ENERJI POWER PROJECT | | | |
| Project Number | 43937-014 | | | |
| Borrower / Company | ZORLU ENERJI PAKISTAN LIMITED Zorlu Holdings AS | | | |
| Country / Economy | Pakistan | | | |
| Location | | | | |
| Type or Modality of Assistance | 2704 | Loan | Ordinary capital resources | USD 36.80 million Committed |
| Strategic Agendas | Environmentally sustainable growth Inclusive economic growth | | | |
| Drivers of Change | Private sector development | | | |
| Sector / Subsector | Energy / Renewable energy generation - wind | | | |
| Gender | | | | |
| Responsible ADB Department | Private Sector Operations Department | | | |
| Responsible ADB Division | Portfolio Management Division, PSOD | | | |
| Responsible ADB Officer | Ahmed, Salman | | | |
| Project Sponsor(s) | Zorlu Elektrik Enerji Uretim | | | |
| Description | <p>ADB has provided \$33.92 million loan to Zorlu Enerji Pakistan Limited (ZEPL), a wholly owned subsidiary of Zorlu Enerji Elektrik Uretim (the sponsor), to build a landmark wind power project in Sindh Province and increase the country's renewable energy generation capacity. The project, a 56.4 MW wind power plant, was developed in two phases. Phase 1 (6 MW) was constructed through equity financing in 2009 and Phase 2 (50.4 MW) was constructed with a combination of equity and debt by ADB and other lenders. The power offtaker is Central Power Purchasing Agency (CPPA), under a 20-year take-or-pay Energy Purchase Agreement (EPA). The Government of Pakistan (GOP), acting through Alternate Energy Development Board (AEDB), guarantees CPPA's obligations under the Implementation Agreement (IA) and bears the wind availability risk. The final project cost slightly increased from \$147 million to \$152.9 million (primarily on account of USD/Euro fluctuation and IDC). Other financiers included IFC, Eco Trade and Development Bank, and Habib Bank Limited. The Project is the first privately financed wind power project constructed under the Renewable Energy Policy 2006 in Pakistan.</p> | | | |

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| Objectives and Scope | <p>The transaction merits ADB's assistance for the following reasons:</p> <ul style="list-style-type: none"> (i) It will increase incremental supply of energy to reduce a growing energy deficit which is seriously constraining economic growth. It also increases access to energy for households, business and industry; (ii) Makes efficient use of an energy resource which is domestic and renewable, this reduces the reliance on expensive oil imports; (iii) Reduces emissions of pollutants and greenhouse gases; (iv) Sets the precedent and provides a template for future wind projects in Pakistan; (v) Support's ADB's public sector efforts in promoting renewable energy in Pakistan; and (vi) Increases economic growth and supports infrastructure development in one of Pakistan's poorest and most under-developed regions (vii) The project is fully consistent with ADB's Energy Policy 2009, under which support to renewable energy generation has been identified as a key priority. |
| Status of Development Objectives | Development objectives as stated in the objectives have been broadly met; more wind power capacity has come online since ADB provided financing for this project (306 MW by end of December 2016); and in 2016 alone circa 50 MW was added to the system. Financial close has also been achieved for 5 projects (total capacity of 250 MW). |
| Status of Operation/Construction | Since achieving COD on 25 July 2013, the project has been operating adequately. |
| Material Changes | None |
| Linkage to Country/Regional Strategy | The project is consistent with ADB's long-term strategic framework (Strategy 2020) which emphasizes ADB's support for environmentally sustainable infrastructure projects and private sector development. ADB's support for the Project is in line with Pakistan's 2009-13 Country Partnership Strategy (CPS) and GoP's strategic emphasis on energy sector development. The Project will also help ADB to meet its commitment under the Energy Policy to undertake clean energy investments of \$2 billion per year from 2013 (\$1 billion per annum until then). |

Safeguard Categories

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|--------------------------|---|
| Environment | B |
| Involuntary Resettlement | C |
| Indigenous Peoples | C |

Summary of Environmental and Social Aspects

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| Environmental Aspects | The project has been in commercial operation since 2013. The operation impacts include health and safety risks, noise, and bird mortality. The project has developed and implemented relevant environmental management plans to address operation impacts and risks. |
| Involuntary Resettlement | No impact on involuntary resettlement as no people or groups in the project area were affected by the project construction and operation. |

Indigenous Peoples

No impact on indigenous peoples. Since basic amenities are not available in the area, most of the local population resides in nearby villages (more than 3 km from the project site) where better educational, health, and commercial facilities are available. The land identified as the project site does not belong to any tribal group nor is it being claimed as ancestral domain. People residing in the nearby villages graze their cattle in the project area during summer when there is enough rain to allow for grazing of their animals. Since the boundary of the project area was not fenced, the local population continued to use the area as grazing ground for cattle. The project offered some employment opportunities for local villagers, primarily during the construction phase. It had a relatively short construction period, and required some skilled and semi-skilled workers, including crane and heavy equipment operators, engineers, electricians, electronic technicians, mechanical technicians, concrete workers, and laborers. The balance-of-plant contractor accommodated as much local labor as possible from the local area.

Stakeholder Communication, Participation, and Consultation

Public consultations were made in and around the project area to ascertain opinions concerning wind farm in the area; attitudes to specific aspects of wind energy, including visual, environmental, social, and economic dimensions; and acceptance of wind farms at the local level. The overall results of the public consultations are encouraging, with stakeholders generally very positive toward the development of the wind farm in the area. Stakeholder consultations continue during the operation phase, as part of the company's Community Development Plan.

Timetable for assistance design, processing and implementation

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| Concept Clearance | 26 Aug 2009 |
| Credit Committee Meeting | 18 Oct 2010 |
| Approval | 24 Nov 2010 |
| PDS Creation Date | 23 Sep 2010 |
| Last PDS Update | 27 Sep 2022 |

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