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Proposed Extension of Facility Availability Period Pakistan: Power Transmission Enhancement Investment Program

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CURRENCY EQUIVALENTS

(as of 2 November 2016)

Currency unit	–	euro/s (€)
€1.00	=	\$1.1055000840
\$1.00	=	€0.904568

ABBREVIATIONS

ADB	–	Asian Development Bank
AFD	–	Agence Française de Développement (French Development Agency)
DMF	–	design and monitoring framework
kV	–	kilovolt
MFF	–	multitranche financing facility
NTDC	–	National Transmission and Despatch Company

NOTE

In this report, "\$" refers to US dollars.

Vice-President	W. Zhang, Operations 1
Director General	S. O'Sullivan, Central and West Asia Department (CWRD)
Director	F. Kawawaki, Energy Division, CWRD
Team leader	J. Hwang, Principal Portfolio Management Specialist, CWRD
Team members	A. Barry, Principal Procurement Specialist, Operations Services and Financial Management Department (OSFMD) M. Favis, Associate Project Officer, CWRD Y. Hirao, Financial Control Specialist, Controller's Department H. Ikemoto, Principal Planning and Policy Economist, Strategy and Policy Department A. Mehta, Principal Financial Management Specialist, OSFMD B. Mirbabaev, Senior Financing Partnerships Specialist, Office of Cofinancing Operations C. Png, Principal Counsel, Office of the General Counsel M. Wolf, Energy Specialist, CWRD L. Zhang, Senior Energy Specialist, CWRD

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I. PROPOSED AVAILABILITY PERIOD EXTENSION

1. An extension of the availability period of the multitranche financing facility (MFF) for the Power Transmission Enhancement Investment Program in Pakistan is proposed for Board consideration.¹ The proposed 3-year extension—from 31 December 2016 to 31 December 2019—will help complete the project under the fourth tranche.² The revised design and monitoring frameworks (DMFs) are in Appendix 1.

2. The paper also describes the proposed administration of a loan to be provided by the Agence Française de Développement (AFD) during the extension period. If the Board approves the proposed extension, then the President, acting under the authority delegated to him by the Board, approves the administration of the loan for the project. All ADB loans under the MFF will be closed on 31 December 2016 and the residual costs for the project paid by executing agency of the investment program—the National Transmission and Despatch Company (NTDC)—and AFD cofinancing. There are no cost overruns.

II. BACKGROUND

3. **Multitranche financing facility.** The ADB Board of Directors approved the MFF on 12 December 2006. The MFF was designed to support the Government of Pakistan's Medium-Term Development Framework, 2005–2010 and long-term power generation plan by rehabilitating, augmenting, and expanding the primary transmission network. Financing was also provided to help prepare subsequent tranches and manage and monitor MFF implementation.

4. The impact of the MFF will be sustained economic growth and social development. The outcome will be reliable and quality power supplied and service coverage expanded. The target outputs are (i) rehabilitation, augmentation and expansion of the 220 kilovolt (kV) and 500 kV transmission systems, and removal of system bottlenecks; and (ii) restructuring of NTDC into a commercial entity.

5. The Board approved the MFF for up to \$800 million equivalent to finance the investment program, including (i) \$790 million from ordinary capital resources for physical projects, and (ii) \$10 million equivalent from the Asian Development Fund for the investment program support component under tranche 1. The MFF availability period ends on 31 December 2016. The MFF planned at least four tranches, with the government's last periodic financing request expected to be submitted by 31 December 2014. The President approved four tranches totaling \$639.53 million: tranche 1 for \$138.75 million, tranche 2 for \$156.84 million, tranche 3 for \$220.24 million, and tranche 4 for \$123.7 million.³

6. NTDC, through the borrower, the Ministry of Finance, has requested AFD cofinancing for the project. AFD in turn requests the Asian Development Bank (ADB) to administer its cofinancing loan.

7. **Tranche 4.** The loan for tranche 4 was approved for \$248 million on 3 December 2014

¹ ADB. 2006. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility to the Islamic Republic of Pakistan for the Power Transmission Enhancement Investment Program*. Manila.

² The ADB Board of Directors has the authority to approve MFF availability period extensions beyond 10 years. ADB. 2015. *Multitranche Financing Facility. Operations Manual*. OM D14/OP. Manila (para. 32).

³ The loan amounts are net of partial cancellations. For tranche 4, see footnote 4.

to partly finance the total project cost of \$335.3 million. After two partial loan cancellations totaling \$124.3 million, the current loan amount is \$123.7 million.⁴ NTDC was expected to finance up to \$87.3 million for safeguards requirements (para. 9), project management, and taxes and duties. The loan was declared effective on 6 March 2015. The implementation period is only 2 years to coincide with the end of the MFF availability period of 31 December 2016 (para. 5). The loan was approved with an implementation period of only 2 years based on the improved project performance of the third tranche with all major contracts awarded and the strong request from the government and NTDC to provide financing for the project under tranche 4 to expand the transmission system to evacuate the planned additional generation capacity. Because of the short implementation period, it was agreed with the government that ADB would finance only the expenditures incurred within the MFF availability period and alternative funds would be sought to complete the project. ADB has an obligation to monitor the project to completion under the loan agreement to ensure compliance with ADB policies. Advanced action was taken and a tight implementation schedule was agreed with the commitment of NTDC and the government.

8. The project under tranche 4 supports the investment program objectives through an expanded and reliable 500 kV and 220 kV power transmission system (outcome). The target outputs are (i) extension and augmentation of the 500 kV grid stations at Jamshoro, Gujranwala, and Rewat; and (ii) addition of four new 220 kV grid stations and associated transmission lines at Chakdara, D.I. Khan, Lalian, and Nowshehra.

9. The project is classified as category B for environment, A for involuntary resettlement, and C for indigenous peoples. Safeguards monitoring consultants, engaged under the investment program support component, are assisting NTDC in updating the initial environmental examinations and land acquisition resettlement plans to comply with the safeguards requirements.

III. IMPLEMENTATION PROGRESS

10. **Multitranchise financing facility.** Despite some delays, mainly as a result of changes in scope and procurement issues,⁵ the MFF performance is rated *on track*.⁶ The project financed under tranche 1 was completed in February 2013, and the project financed under tranche 2 in February 2016. The project financed under tranche 3 and the investment program support component are due for completion in 31 December 2016.

11. Achievement of the DMF targets (Appendix 1) is ongoing. Transmission system losses have been reduced from 7.6% to less than 3.0%, with supplied energy increased from 55,000 to

⁴ ADB approved the government's requests for two partial loan cancellations: (i) \$63.3 million on 28 July 2016 to cancel three subprojects: (a) a supply package for grid station transport equipment, which was not endorsed by the government; (b) an engineering, procurement, and construction package for static var compensators in Quetta that was impeded by security issues; and (c) a works package, which was moved to the Second Power Transmission Enhancement Investment Program, tranche 1 (para. 12) after being rebid; and (ii) \$61 million on 5 October 2016 to align the loan amount with the expected contract amounts by 31 December 2016.

⁵ Additional subprojects were added to tranches 1 and 2 in August 2009. Tranche 2 was extended three times following construction delays resulting from security and contractual issues. Contract packages under tranche 3 were rebid on the grounds of misprocurement, because of leakages of bidding information and other irregularities, which prompted a 6-month loan extension.

⁶ MFF performance is rated based on (i) MFF delays, (ii) compliance of undertakings, and (iii) tranche performance by using the Board-approved score card system. The MFF has to meet the three criteria to be considered "on track". Refer to ADB. 2011. Project Performance Monitoring. *Project Administration Instructions*. PAI 5.08. Manila; and ADB. 2014. Multitranchise Financing Facility. *Compendium of Staff Instructions*. Manila.

98,000 gigawatt hours. The addition of transformer capacity (11,000 megavolt-amperes) and transmission lines (500 kilometers) has reduced overloading, removed bottlenecks, and improved compliance with the grid code. Compliance with most undertakings in the framework financing agreement and covenants in the loan agreements is ongoing.

12. The MFF's overall progress and strengthened capacity of NTDC for procurement and management led to the approval of the Second Power Transmission Enhancement Investment Program on 2 August 2016.⁷

13. **Tranche 4.** With ADB and NTDC stepping up to the challenge of completing the scope under tranche 4 (para 8) within the 2-year loan period, NTDC performance has significantly improved and the project is rated *on track*.⁸ The project followed a tight schedule to maximize disbursements within the loan and MFF availability period. Of the total nine contract packages comprising 59 contracts in the procurement plan, implementation of three contract packages for 220 kV and 500 kV transmission line subprojects (13 contracts) are at advanced stage, with transmission line material delivery expected by 31 December 2016. The remaining packages have been recently awarded or are in various stages of procurement, with some packages delayed by pre-bid and post-bid clarifications, rebidding, and representations.⁹ Given the improved capacity of NTDC, completion of the project is expected by 31 December 2019. The project DMF targets remain feasible if the project is extended.

14. As of 2 November 2016, cumulative contract awards totaled \$89.7 million and disbursements \$11.35 million out of a revised net loan amount of \$123.7 million. Total contract awards for equipment and civil works are expected to reach \$148 million as envisaged, of which \$43 million are projected for award and \$98 million for disbursement beyond the MFF availability period. Based on these projections, the government requested AFD cofinancing to help finance the balance cost during the proposed extension.

IV. RATIONALE FOR THE PROPOSED AVAILABILITY PERIOD EXTENSION

15. Extending the MFF availability period by 3 years, from 31 December 2016 to 31 December 2019, enables NTDC to use cofinancing from AFD to complete the project under tranche 4 and achieve the MFF's target outcome to improve Pakistan's power reliability through the investment program, while maintaining the 10-year MFF period for ADB funds. The longer-term engagement for the MFF, coupled with the MFF for the Second Power Transmission Enhancement Investment Program (footnote 7), will reinforce ADB as the government's lead partner to support development of Pakistan's energy sector.

16. This extension does not cover the ADB loan under tranche 4, for which the loan closing date will remain 31 December 2016. It allows ADB to administer financing under the MFF for the extended period (1 January 2017 to 31 December 2019) with funds from AFD. ADB will continue implementation oversight until project completion, as envisaged. Although it is not

⁷ ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility to the Islamic Republic of Pakistan for the Second Power Transmission Enhancement Investment Program*. Manila.

⁸ Projects are rated based on portfolio performance indicators. A project is rated *on track* when disbursements and contract awards are within 90% of the projection, and the following are considered satisfactory: financial management, quality standards, key project conditions, implementation arrangements, cost management, and safeguards compliance.

⁹ Of the 59 contracts, 30 contracts have been awarded to date, 5 are approved for contract award, 5 are under bid evaluation, and 19 are being rebid at the request of NTDC.

included in the ADB country operations business plan, 2016–2018 for Pakistan,¹⁰ ADB's proposed administration of the cofinancing is consistent with the government's priority of completing the investment program.

V. DUE DILIGENCE

17. **Impact, outcome, and outputs.** Extending the MFF availability period and administering the AFD cofinancing for tranche 4 will not change the approved impact, outcome, and outputs in the investment program and project DMFs. The only changes will be in some target dates.¹¹ Because the project scope is unchanged, it is not necessary to conduct new technical, safeguards, and financial due diligence.¹²

18. **Implementation arrangements.** Other than extending the MFF availability period, there will be no other changes to the implementation arrangements for the MFF and the project. Implementation of the project will continue to follow ADB policies and procedures.

19. **Revised investment and financing plans and cofinancing modality for tranche 4.** The revised investment and financing plan for the project with AFD cofinancing are in the table. The total project cost will remain unchanged (\$245.50 million). The ADB loan will finance eligible expenditures incurred within the loan period ending 31 December 2016, which are estimated at \$50 million. Any unused loan amounts will be cancelled during financial closing. AFD will finance up to €75 million (around \$82.5 million equivalent) of eligible expenditures to be incurred during the extended MFF availability period (1 January 2017 to 31 December 2019). The agreed targets and implementation framework under the framework financing agreement and loan agreement will continue to apply, even if the financing source is changed. NTDC will continue financing the costs for safeguards, project management, taxes and duties, and any additional costs above ADB and AFD financing.

¹⁰ ADB. 2015. *Country Operations Business Plan: Pakistan, 2016–2018*. Manila.

¹¹ The DMF for the project was updated after the partial loan cancellation (footnote 4).

¹² The financial management action plan agreed on for the Second Power Transmission Enhancement Investment Program (para. 12) will improve NTDC's overall financial management, including for the cofinancing. The plan includes an enterprise resource planning system, which is being piloted in 2016, and will be fully operational by 2023. NTDC will also continue engaging qualified auditors, and improving financial reporting.

Revised Investment and Financing Plan
(\$ million)

Item	Total	Current Amount ^a		With AFD Financing ^b		
		NTDC	ADB ^c	NTDC	ADB ^d	AFD ^e
A. Investment Costs^e						
1. Equipment	109.00	34.50	74.50	12.00	47.50	49.50
2. Civil works	39.00	0.00	39.00	9.00	2.00	28.00
3. Environment and social mitigation	0.11	0.11	0.00	0.11	0.00	0.00
4. Land acquisition and resettlement plan	1.97	1.97	0.00	1.97	0.00	0.00
5. Project management	17.31	17.31	0.00	17.31	0.00	0.00
6. Taxes and duties	41.40	41.40	0.00	41.40	0.00	0.00
Subtotal (A)	208.79	95.29	113.50	81.79	49.50	77.50
B. Contingencies^f	9.69	4.38	5.31	4.69	0.00	5.00
C. Financing Charges During Implementation^g	27.02	22.13	4.89	26.52	0.50	0.00
Total (A+B+C)	245.50	121.80	123.70	113.00	50.00	82.50
Financing Percentage	100.0%	49.6%	50.4%	46.0%	20.4%	33.6%

ADB = Asian Development Bank, AFD = Agence Française de Développement, NTDC = National Transmission and Despatch Company.

^a As of 2 November 2016, includes taxes and duties of \$41.4 million, which will be financed by NTDC.

^b Includes taxes and duties of \$41.4 million, which will be financed by NTDC.

^c Net of taxes and duties, which will be financed by NTDC.

^d Expected maximum disbursement within the current multitranches financing facility availability period. Unused loan balance will be cancelled during financial closing. Net of taxes and duties, which will be financed by NTDC.

^e €75 million converted to US dollar equivalent. Net of taxes and duties, which will be financed by NTDC.

^f Physical contingencies were reestimated based on awarded contracts and actual bids.

^g End-2014 estimate, includes interest and commitment charges. Interest during construction for the ADB loan was computed at the 5-year forward London interbank offered rate plus a spread of 0.50%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.

20. ADB will administer the AFD loan not exceeding €75 million following the cofinancing agreement to be entered into between ADB and AFD. The allocation of AFD loan proceeds is in Appendix 2.

VI. RECOMMENDATION

21. The President recommends that the Board approve the extension of the availability period of the multitranches financing facility for the Power Transmission Enhancement Investment Program in Pakistan from the current end date of 31 December 2016 to 31 December 2019.

REVISED DESIGN AND MONITORING FRAMEWORKS

A. Multitranche Financing Facility

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<p>Impact</p> <p>Current program</p> <p>Sustained economic growth and social development</p> <p>Overall program</p> <p>Unchanged</p>	<p>Current program</p> <p>a. GDP grows by 6-7% annually in 2007–2015</p> <p>b. Village and rural electrification program is implemented by 2012</p> <p>Overall program</p> <p>By 2022:</p> <p>a. GDP grows by 6-7% annually in 2007–2022</p> <p>b. Village and rural electrification program is implemented</p>	<p>Annual national statistics report</p> <p>Energy sector yearbook</p> <p>Roshan Pakistan Program progress report</p>	<p>Assumptions</p> <p>Macroeconomic growth remains stable</p> <p>Federal and provincial governments remain committed to power sector reforms</p> <p>Planned generation projects commissioned</p>
<p>Outcome</p> <p>Current program</p> <p>Reliable and quality power supplied and service coverage expanded</p> <p>Overall program</p> <p>Unchanged</p>	<p>Current program</p> <p>a. Full compliance with grid code and transmission license by 2009</p> <p>b. 10.5 GWh of additional power annually supplied through the grid by 2011</p> <p>c. Electricity outages reduced by 30% in 2011</p> <p>d. Grid-connected customers increased to 70% of the population in 2011</p> <p>Overall program</p> <p>By 2019:</p> <p>a. Full compliance with grid code and transmission license</p>	<p>a. NEPRA reports</p> <p>b. Amount of power evacuated and transmitted through the 220 and 500 kV systems</p> <p>c. WAPDA/NTDC grid systems monthly report</p> <p>d. Distribution companies' monthly reports</p>	<p>Assumptions</p> <p>Continued progress on policy, regulatory and institutional reforms</p> <p>Investment in strengthening distribution companies operations is made on time</p> <p>Power demand continues to grow by 8% annually</p> <p>Risk</p> <p>NEPRA yields to political pressures and tariffs set below cost-recovery levels</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	<p>b. 10.5 GWh of additional power annually supplied through the grid</p> <p>c. Electricity outages reduced by 30%</p> <p>d. Grid-connected customers increased to 70% of the population</p>		
<p>Outputs</p> <p>Output 1</p> <p>Current program 220 and 500 kV transmission systems rehabilitated, augmented and expanded – system bottlenecks removed</p> <p>Overall program Unchanged</p> <p>Output 2</p> <p>Current program NTDC becomes a true commercial entity</p> <p>Overall program Unchanged</p>	<p>Current program</p> <p>1a. Subprojects commissioned according to schedules indicated in the investment and expansion plan</p> <p>Overall program</p> <p>1a. Subprojects commissioned by 2019</p> <p>Current program</p> <p>1b. Distribution company tariffs determined and notified by 2006</p> <p>Overall program</p> <p>1b. Unchanged</p> <p>Current program</p> <p>2a. NTDC restructuring completed and operational and financial autonomy achieved by 2007</p> <p>Overall program</p> <p>2a. NTDC restructuring completed and operational and financial autonomy achieved by 2019</p>	<p>1a. WAPDA, NTDC, NEPRA reports</p> <p>Implementation progress reports and loan review mission findings</p> <p>Commissioning licenses</p> <p>1b. Government decision on tariff notification</p> <p>2a-b. WAPDA, NTDC, NEPRA reports</p> <p>Implementation progress reports and loan review mission findings</p>	<p>Assumptions</p> <p>Government notifies tariffs applicable to distribution companies</p> <p>Government approves required investment programs</p> <p>Counterpart funds mobilized on time</p> <p>NTDC takes full ownership of the transmission sector development program</p> <p>Risks</p> <p>Unexpected increase in prices of commodities and raw materials, and construction delays</p> <p>Procurement and recruitment of consultants delayed due to government approvals</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks										
	<p>Current program</p> <p>2b. NTDC implements adequate project management and information systems by 2007</p> <p>Overall program</p> <p>2b. NTDC implements adequate project management and information systems by 2019</p>												
<p>Key Activities with Milestones^a</p> <ol style="list-style-type: none"> 1. Complete bidding for tranche 1 subprojects by March 2012 (changed) 2. Complete detailed feasibility studies (including resettlement plans and bidding documents) for tranche 2 subprojects by September 2007 (unchanged). 3. Submit and approve PFR for tranche 2 by December 2007 (changed) 4. Construct tranche 1 subprojects beginning March 2008 (changed) 5. Recruit project implementation and preparation consultants by July 2014 (changed) 6. Complete tranche 1 subprojects by June 2014 (changed) 7. Complete tranche 2 subprojects by February 2016 (changed) 8. Complete tranche 3 subprojects by December 2016 (changed) 9. Complete tranche 4 subprojects by December 2019 (changed) 													
<p>Inputs</p>													
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Asian Development Bank</th> </tr> <tr> <th style="width: 50%; text-align: center;">Ordinary capital resources loan</th> <th style="width: 50%; text-align: center;">Asian Development Fund loan</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$790.0 million (current)</td> <td style="text-align: center;">\$10.0 million (current)</td> </tr> <tr> <td style="text-align: center;">\$0.0 (additional)</td> <td style="text-align: center;">\$0.0 (additional)</td> </tr> <tr> <td style="text-align: center;">\$790.0 million (overall)</td> <td style="text-align: center;">\$10.0 million (overall)</td> </tr> </tbody> </table>				Asian Development Bank		Ordinary capital resources loan	Asian Development Fund loan	\$790.0 million (current)	\$10.0 million (current)	\$0.0 (additional)	\$0.0 (additional)	\$790.0 million (overall)	\$10.0 million (overall)
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Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<p>Assumptions for Partner Financing</p> <p>Current program Not applicable</p> <p>Overall program Unchanged.</p>			

AFD = Agence Française de Développement, GWh = gigawatt-hour, kV = kilovolt, MFF = multitranches financing facility, NEPRA = National Electric Power Regulatory Authority, NTDC = National Transmission and Despatch Company, PFR = periodic financing request, Q = quarter, T = tranche, WAPDA = Water and Power Development Authority.

^a All activities that take place after 31 December 2016 will be financed by NTDC with cofinancing from AFD. The Asian Development Bank will not finance any such activities.

Source: Asian Development Bank.

B. Tranche 4 (Loan 3203-PAK)

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<p>Impact</p> <p>Current program Enhanced power transmission operations and management</p> <p>Overall program Unchanged</p>	<p>Current program</p> <p>a. Full compliance with grid code and transmission license by 2018 (baseline: noncompliant in 2005)</p> <p>b. 10,500 GWh of additional power annually supplied through the grid by 2016 (baseline: 55,278 GWh in 2005)</p> <p>Overall program</p> <p>By 2019:</p> <p>a. Full compliance with grid code and transmission license (baseline: noncompliant in 2005)</p> <p>b. 10,500 GWh of additional power annually supplied through the grid (baseline: 55,278 GWh in 2005)</p>	<p>NTDC's Annual Report</p>	<p>Assumptions</p> <p>Macroeconomic growth remains stable</p> <p>Federal and provincial governments remain committed to power sector reforms</p> <p>Planned generation projects successfully commissioned</p> <p>Power demand continues to grow by 8% annually</p>
<p>Outcome</p> <p>Current program An expanded and reliable 500-kV and 220-kV transmission system</p> <p>Overall program Unchanged</p>	<p>Current program</p> <p>a. 500-kV and 220-kV transmission losses reduced from 2.92% in 2013 to 2.62% in 2018</p> <p>b. Transmission capacity to evacuate 2,000 MW additional power by 2018 from base line capacity of 22,000 MW in 2005</p> <p>Overall program</p> <p>By 2019:</p> <p>a. 500-kV and 220-kV transmission losses reduced to 2.62% (baseline: 2.92% in 2013)</p>	<p>NTDC's Annual Report</p>	<p>Assumptions</p> <p>Continued progress on policy, regulatory and institutional reforms in the power sector</p> <p>Operations of distribution companies are strengthened</p> <p>Power demand continues to grow by 8% annually</p> <p>Risk</p> <p>Lack of capacity in NTDC to operate and maintain the systems</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	b. Transmission capacity to evacuate 2,000 MW additional power (baseline: capacity of 22,000 MW in 2005)		
<p>Outputs</p> <p>Output 1</p> <p>Current program</p> <p>Transmission lines and substations commissioned</p> <p>Overall program</p> <p>Unchanged</p>	<p>Current program</p> <p>1a. Extension of the 500-kV grid stations at Jamshoro and Gujranwala, and augmentation of the 500-kV Rewat grid station by 2018</p> <p>Overall program</p> <p>By 2019:</p> <p>1a. Extension of the 500-kV grid stations at Jamshoro and Gujranwala, and augmentation of the 500-kV Rewat grid station</p> <p>Current program</p> <p>1b. Addition of four new 220-kV grid stations and 195 km associated in/out transmission lines at Chakdara, D.I. Khan, Lalian, and Newshehra completed by 2018</p> <p>Overall program</p> <p>By 2019:</p> <p>1b. Addition of four new 220-kV grid stations and 195 km associated in/out transmission lines at Chakdara, D.I. Khan, Lalian, and Newshehra completed</p>	<p>1a-b. Implementation progress reports and loan review mission findings</p> <p>Commissioning licenses</p>	<p>Assumptions</p> <p>Availability of qualified contractors</p> <p>Risks</p> <p>Security uncertainties</p>

Key Activities with Milestones^a**1. Extension of two grid stations at Jamshoro, Muzaffargarh and Gujranwala, and augmentation of one grid station at Rawat**

- 1.1 Field surveys and bidding documents completed by Q3 2016 (changed)
- 1.2 Bidding for goods and works contract package completed by Q1 2017 (changed)
- 1.3 Design and procurement completed by Q1 2018 (changed)
- 1.4 Construction, erection, installation and commissioning of equipment completed with Government financing by Q4 2018 (changed)

2. Addition of four new 220 kV grid stations and 195 km associated in/out transmission lines at Chakdara, D.I. Khan, Lalian, and Nowshehra.

- 2.1 Complete field surveys and bidding documents by Q3 2016 (changed)
- 2.2 Complete bidding for goods and works contract package by Q1 2017 (changed)
- 2.3 Design and procurement completed by Q1 2018 (changed)
- 2.4 Construction, erection, installation and commissioning of equipment completed with Government financing by Q4 2019 (changed)

Inputs

Asian Development Bank - Ordinary capital resources loan
\$123.7 million (current)
\$50.0 (revised)

Agence Française de Développement
\$0.0 million (current)
\$82.5 (revised)

National Transmission and Despatch Company
\$121.8 million (current)
\$113.0 million (revised)

Assumptions for Partner Financing**Current program**

Not applicable

Overall program

Unchanged.

AFD = Agence Française de Développement, DISCO = distribution company, GWh = gigawatt-hour, km = kilo meter, kV = kilovolt, MW = megawatt, NTDC = National Transmission and Despatch Company, Q = quarter

^a All project activities that take place after 31 December 2016 will be financed by NTDC, with cofinancing from AFD. The Asian Development Bank will not finance any such activities.

Source: Asian Development Bank.

**ALLOCATION OF LOAN PROCEEDS FOR TRANCHE 4
FOR EXPENDITURES INCURRED FROM 2017**

Category		Amount Allocated for AFD Financing (€)	Basis for Withdrawal from the Loan Account
No.	Item		
1.	Works (civil works)	45,000,000	100% of total expenditure claimed ^a
2.	Equipment	25,500,000	
3.	Unallocated	4,500,000	
Total		75,000,000	

AFD = Agence Française de Développement.

^a Excluding taxes and duties imposed within the territory of the borrower.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/MC/?id=37192-013-3>

1. Performance Overview for the Power Transmission Enhancement Investment Program (MFF007-PAK)
2. Performance Overview for the Power Transmission Enhancement Investment Program, Tranche 4 (Loan 3203-PAK)
3. Revised Project Administration Manual for the Power Transmission Enhancement Investment Program, Tranche 4 (Loan 3203-PAK)