

External Social Monitoring Report

Project Number: 48078-003

Loan Number: 3677-PAK

External Semi-Annual Report: January-June 2021
May 2022

Pakistan: Second Power Transmission Enhancement Investment Program – Tranche 1

Prepared by National Transmission & Despatch Company Limited for the Asian Development
Bank

NOTES

- (i) The fiscal year (FY) of the Government of the Islamic Republic of Pakistan and its agencies ends on 30 June.
- (ii) In this report "\$" refer to US dollars.

This external social monitoring report is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.



**NATIONAL TRANSMISSION AND DESPATCH COMPANY NTDC
PAKISTAN**

**Second Power Transmission Enhancement Investment Program
(PTEIP 2) Funded by Asian Development Bank (ADB) through Multi-
tranche Financing Facility 2 (MFF 2)**

Tranche 1 Loan No. 3419/3420

**3rd Social Safeguards Compliance Monitoring Report for the period
from January 2021 to June 2021**

Prepared By:

Abdul Hameed, External Monitoring Consultant (EMC) of National Transmission and Dispatch Company (NTDC), Environment & Social Impact Cell (ESIC), WAPDA House, Lahore for MFF2, Power Transmission Enhancement Investment Program 2(PTEIP 2).

Abbreviations	Description
ADB	Asian Development Bank
DP	Displaced Person
EMC	External Monitoring Consultant
ESIC	Environment and Social Impact Cell
FMC	Facility Management Consultant
GRC	Grievance Redress Committee
GRM	Grievance Redress Mechanism
LAA	Land Acquisition Act 1894
LAR	Land Acquisition and Resettlement
LARF	Land Acquisition and Resettlement Framework
LARP	Land Acquisition and Resettlement Plan
MFF	Multi-Tranche Financing Facility
NTDC	National Transmission and Despatch Company
PKR	PAK Rupees
PMU	Project Management Unit
PTEIP	Power Transmission Enhancement Investment Program
ROW	Right of Way
SPS	Safeguard Policy Statement 2009
SMR	Safeguards Monitoring Report
TL	Transmission Line

Glossary:

Key Terms and Definitions

Affected Household: All members of a project affected household residing together and operating as a single economic unit, who are adversely affected by the Project or any of its components; may consist of a single nuclear family or an extended family group.

Compensation: Money or payment in kind to which the affected masses are entitled in order to replace the lost asset, resource or income.

Cut-off-Date: The completion date of the census of project-displaced persons is usually considered the cut-off date. A cut-off date is normally established by the borrower government procedure that establishes the eligibility for receiving compensation and resettlement assistance by the project displaced persons. In the absence of such procedures, the borrower/client will establish a cut-off date for eligibility.

Displaced Persons: In the context of involuntary resettlement, displaced persons are those who are physically displaced (relocation, loss of residential land, or loss of shelter) and/or economically displaced (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.

Entitlement: Range of measures comprising compensation, income restoration, transfer assistance, income substitution, and relocation which are due to displaced persons (DPs), depending on the nature of their losses, to restore their economic and social base.

Meaningful Consultations: is a process that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues.

Replacement Cost: The rate of compensation for acquired housing, land and other assets will be calculated at full replacement costs. The calculation of full replacement cost will be based on the following elements: (i) fair market value; (ii) transaction costs; (iii) interest accrued, (iv) transitional and restoration costs; and (v) other applicable payments, if any. In applying this method of valuation, depreciation of structures and assets should not be considered.

Land Acquisition and Resettlement plan: A resettlement plan elaborates displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.

Vulnerable groups: Distinct group of people who may suffer disproportionately from resettlement effects. The policy defines vulnerable groups as households below the poverty line, the elderly, those without legal title to assets, landless, women, children and indigenous people.

A. Project Background and LARP Implementation Analysis

1. **About the Report:** This is the 3rd social safeguards compliance monitoring report prepared by the Independent External Monitoring Consultant (EMC) of the National Transmission and Despatch Company (NTDC); the project executing agency of the 2nd Power Transmission Enhancement Investment Program (PTEIP 2) funded by Asian Development Bank (ADB) through the 2nd Multi-tranche Financing Facility (MFF 2). This is a short compliance report and it validates the full implementation of the resettlement plans and corrective action plans (CAP) for a period of implementation from January 2021 to June 2021. Earlier, a detailed compliance monitoring report of tranche 1) was disclosed to the ADB website at <https://www.adb.org/projects/documents/pak/48078-003-smr-5> after clearance by ADB SDSS. The said detailed report was disclosed in April 2021 but it covered full implementation of RPs and CAPs of Tranche 1 subprojects as of December 2020.

2. **Scope of Investment Program:** The objective of the program is to improve Pakistan's power transmission infrastructure and its management through new transmission lines and grid stations. Tranche 1 of MFF comprises of 5 subprojects, two of which involve installation of new transmission lines (TL) while remaining three involve only the augmentation and rehabilitation of the existing grid stations (GS). The two new TL projects further involved construction of 354 towers and installation of 294 km long new TL which resulted in temporary impacts to crops cultivated area and felling of trees. Table 1.1 of this report provides a list of subprojects below.

Table 1.1 Tranche 1 List of Subprojects and Contract Packages

Serial No.	Tranche 1 subprojects and scope of work	Status of RP/CAP implementation
A. Extension and Augmentation of Existing Grid Stations/Substations not involving any LAR impacts		
1	Subproject 1: Extension of 600 MVA, 500/220kV Auto Transformer at 500kV Sahiwal Substation. Contract package ADB 100: Procurement of plant, design, supply, installation, testing & commissioning of 500/220kV auto transformer bay at 500kV Sahiwal substation. Contract was signed in December 2018 and will be completed in February 2020.	RP/CAP not required. Extension and augmentation work at existing substation did not involve any LAR impacts.
2	Subproject 2: Extension of 1x250 MVA, 220/132kV Auto Transformer at 500kV Rawat Substation (Original Scope). Revised: Procurement of 4 Nos. 220/132kV, 250 MVA Auto transformers. Contract package ADB 101A: Procurement of 4 Nos. 220/132kV, 250 MVA Auto transformers. BER submitted to ADB on 24 th July 2019. Comments of GM (P&CM) are still awaited. Contract is yet to be awarded.	RP/CAP not required. Extension and augmentation work at existing substation did not involve any LAR impacts.
3	Subproject 3: Rehabilitation of protection equipment at 11 Substations of South area along with installation of 22 MVAR shunt reactor at 500kV Dadu (South Area). Two contract packages as below: a. Contract package ADB 102: Procurement of plant, design, supply, installation, testing & commissioning of 22 MVAR shunt reactor at 500kV substation Daddu. b. Contract package ADB 103: Procurement of plant, design, supply, installation, testing & commissioning of protection relays, fault recorders, fault locators & event recorders at 11 substations in south area. Contract was signed in August 2018 and completion is in March 2020.	RP/CAP not required. Extension and augmentation work at existing substation did not involve any LAR impacts.

B. New Transmission Lines in Punjab and Sindh Provinces		
4	<p>Subproject 4: New 500kV Faisalabad West Transmission Line (Phase-II) involving the following:</p> <ul style="list-style-type: none"> i) 500kV D/C T/L in/out of 500kV Multan – Gatti at 500kV Faisalabad West (36km) ii) 220kV D/C T/L Faisalabad West – Lalian (80km). <p>The contract package of subproject 4 (contract number ADB 105) covered procurement of plant, design, supply, installation, testing & commissioning of 500 kV Q/B TL for looping In & Out of existing 500 kV Multan – Gatti SC TL at 500 kV Faisalabad West Substation (Approx. 36km). Contract was signed in September 2018 and the work was completed in January 2020. TL from Faisalabad west to Lalian (contract package ADB 105-R) was dropped from the scope of tranche 1.</p>	<p>The 500kV D/C T/L in/out of 500kV Multan – Gatti at 500kV Faisalabad west (36km) involved temporary impacts to crops and felling of trees. LARP was fully implemented and the updated (final RP validation report was issued/disclosed in April 2021.</p>
5	<p>Subproject 5: New 500kV Guddu – Muzaffargarh TL 118.7 km for dispersal of Power from 747 MW Power Plant at Guddu. Has two contract packages and multiple lots as below:</p> <ul style="list-style-type: none"> a. Contract packages 106, lot I: Civil works, erection, testing & commissioning of 500kV T/L Guddu-Muzaffargarh (74KM) Location No.1 – 199. <u>Contract signed in Jan 2017 and completed in Dec 2018.</u> b. Contract package 108, lot I: Civil works, erection, testing & commissioning of 500KV T/L Guddu – Muzaffargarh Location No. 597 to 664 (22.7km). <u>Contract signed in Dec 2017, completion Dec 2018.</u> c. Contract package 108 lot II: Civil works, erection, testing & commissioning of 500KV S/C T/L(i) 500kV S/C T/L Guddu – Muzaffargarh from Location No. 664 to 725 (22km), (ii) 500 kV D/C T/L In-Out of DG Khan, Multan T/L (7.6+7.6 km) and Interfacing of 500 kV circuit at Muzaffargarh. <u>Contract signed in Dec 2017 and completion in Oct 2018.</u> 	<p>Subproject 5 also involved temporary impacts to the crop cultivated area and felling of trees. LARP was fully implemented and the updated (final RP validation report was issued/disclosed in April 2021.</p>

Figure 1.1: Route MAP of 500kV Faisalabad West TL Sub-project.

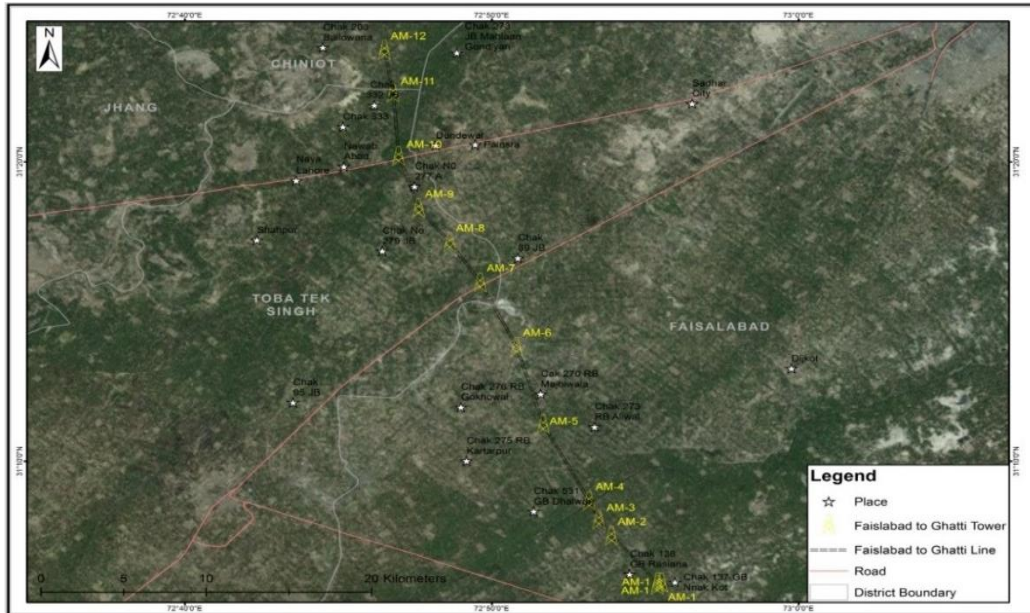
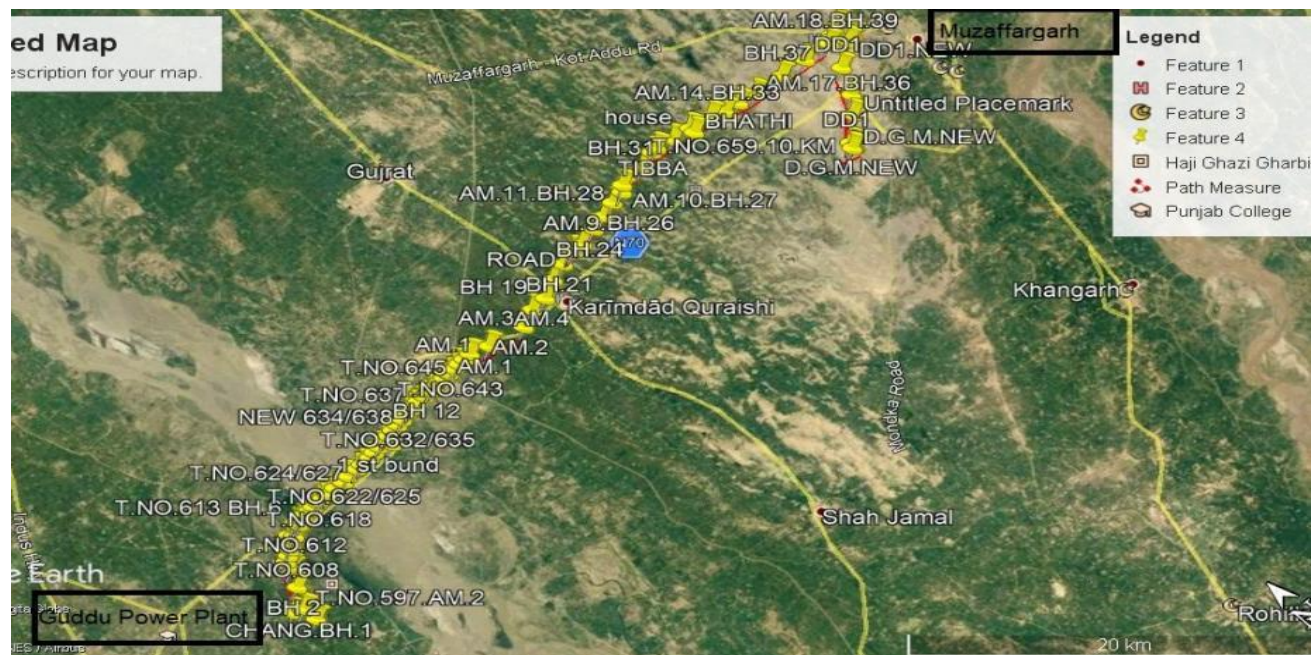


Figure 1.2: Route Map of 500KV Guddu – Muzaffargarh Subproject



B. Impacts and status of implementation/compensation: LAR impacts, entitlements and implementation as per LARF and LARPs

C.

3. According to the detailed engineering design and final route surveys of the new TL sections (details in table 1.1 above), the construction work temporarily impacted 2,185.5 acres of cropped area and removal of 866 trees owned by a total of 1769 (including 5 vulnerable DPs).

4. While final impacts of the two TL projects remained limited to temporary impacts of crops and removal of trees under towers and transmission lines, the MFF's LARF, the loan agreement schedule 5 and the covenants required NTDC to fulfill the following social safeguards requirements (i) updating of draft LARPs based on the final survey of TL routes (ii) disbursement of compensation and all other entitlements to all DPs before start of each of the three phases of TL work i.e. construction of towers foundation; erection of towers and stringing of wires, and (iii) issuance of external social monitoring report validating payment of compensation and entitlements to DPs by the external monitoring consultant. All of this was required to be fulfilled before the commencement of construction work in full or sectional right-of-way (ROW). NTDC fulfilled these requirements and demonstrated full safeguards compliance by implementing a detailed safeguards corrective action plan which is explained below:

5. **Status of compliance with safeguard requirements:** The loan agreement and social covenants, LARF and draft LARPs and award of the construction contract, all required draft LARPs and LARF updated and approved by ADB, payment of compensation paid to all DPs validated by EMC before the start of construction work has also been achieved the compliance of covenanted safeguard requirements in both TL projects.

6. **Status of compensation disbursement:** The NTDC's external monitoring consultant reviewed the NTDC's internal monitoring report of LARPs, held meetings with NTDC officials, consultants of compensation disbursement to DPs and confirmed that all 1769 DPs of both TL projects have been fully paid an amount of Rs. 73.74 million as payment of compensation and vulnerability allowance for the actual/final temporary impacts of both TL projects that are limited to only to 2,185.5 acres of cropped area and removal of 866 wood trees. The construction work in two TL projects (i.e. Guddu-Muzaffargarh TL project) has been fully completed.

7. **Grievance redress Management System:** The project based GRM is responsive to the issues of compensation that are related to non-land assets, e.g. affected crops, trees, and any structures affected by TL. DPs generally have better access to field based GRM where their issues and concerns related to compensation of crops and trees and restoration of affected land are well addressed. Their common concern is delay in payment of compensation which can be addressed well through advance transferring the compensation amount to the contractors by NTDC to ensure timely payments to DPs. This is being addressed through the payment related procedures in the SOP. However, for land acquisition matters and fixation of land compensation, the GRM is not much effective due to the legal constraints or limitations which NTDC faces in unilaterally enhancing land compensation or land litigation cases for which LAA provides a legal course and DPs generally prefer to seek resolution through the court. Nevertheless, in the interest of projects and DPs, NTDC should explore complaints resolution through negotiation with DPs out of court.

8. In terms of complaint redressing status of subprojects, a total of 216 complaints (46 in ADB 105 contract, 99 in ADB 106 contract and 71 in ADB 108 contract) were logged in the project area and all have been resolved as reflected in Table 1.2 below. Notify to mention is that most of the complaints were logged against the delay in payment in all three contracts. It is understood that the payments are made to DPs after the completion of work and the DPs have to wait a long so they registered a complaint against this specific category. Delay in payment to DPs is mainly due to the 3-5 months' time which NTDC takes to approve the payment invoice of contractors from preparation of invoice by

contractors and submission to NTDC and its approval. The good thing is that now all the complaints have been resolved and all the DPs are satisfied with it. Moreover, despite the fact that projects have been completed and all complaints have been resolved, GRM is still in place by NTDC to record any residual complaints by DPs but during the current reporting period (January-June 2021), there is no new complaints received or reported to NTDC or ADB as reflected in the SMR (internal) and discussion with NTDC and FMC.

Table 1.2: Detail of status of complaints logged in the Project Area

Contract package ADB 105			
Nature of the complaints	Total	Resolved	Un-resolved
Land Not Cleared	3	3	None
Delay in Payments	35	35	None
Reassessment	-	-	None
Rate Issue	2	2	None
Damages & assessment	6	6	None
Contract package ADB-106			
Land Not Clear	8	8	None
Delay in payment	57	57	None
Reassessment	-	-	None
Rate Issue	2	2	None
Damages & assessment	32	32	None
Contract package ADB-108			
Land Not Clear	5	5	None
Delay in payment	38	38	None
Reassessment	10	10	None
Rate Issue	6	6	None
Damages & assessment	12	12	None
Sub-Total	71	71	None

C. Conclusion and Recommendations

Conclusions:

9. Based on the review of internal SMRs and discussions with the NTDC, ESIC and FMC, it is confirmed that all 1769 DPs of both TL projects (245 DPs of ADB 105 and 1524 DPs of ADB 106 and 108) have been fully compensated based on the final TL routes and impacts that are limited to temporary impact to a combined cropped area of 2185.27 acres and 639 trees. A total of Rs. 63.64 million was payable to 1,769 DPs for affected crops and trees and 5 vulnerable DPs which have been fully paid out by NTDC through the contractors and no DPs remain unpaid. All compensation rates were based on the net market rates and no value depreciation or deduction of governmental fees is applied to any compensation item and unit rate. All entitlements are fully in accordance with entitlements provided in approved LARF and LARPs.

Recommendations:

10. The EMC offers following recommendations and an action plan to prevent safeguards noncompliance in subsequent tranches and subprojects:

-
- a. The tranche 1 subprojects have been fully implemented and all DPs fully compensated. There are no complaints that are pending. Therefore, tranche 1 is considered to be fully implemented and fully compliant with social safeguard requirements of MFF. Keeping this in view, further social monitoring reports may not be required for tranche 1.
 - b. NTDC to update the LARF and LARPs of subsequent tranches in accordance with approved standard operating procedures for ROW compensation including the advance or upfront payment of compensation to DPs before construction work and follow procedures for LARP monitoring and safeguards compliance before requesting ADB for issuance of no objection to construction work.
 - c. Impart safeguards training to the staff of contractors and consultants and relevant units of NTDC dealing with land acquisition and safeguards before moving onto the projects under tranche 2 and tranche-3.
 - d. Deploy sociologists with experience of safeguards implementation at PIUs, contractors and ESIC and improve their outreach to the field and DPs.
 - e. Devise coordination nodes with clear roles and responsibilities to ensure that all stakeholders; contractors, PIUs FMC and ESIC and directorate of land strictly adhere to the procedures required to undertaken TL route survey, update LARP, make payments to DPs based on updated LARP as approved by ADB, issue monitoring reports to validate payment of compensation to DPs and after fulfilling these requirements approach ADB for issuance of no objection to initiation of civil works.
 - f. Make sure that above is strictly followed. Increase field monitoring and supervision intensity to ensure that these procedures are well understood by contractors and followed without any slippage.
 - g. Prepare a reliable LAR database of final DPs and final impacts before starting disbursing compensation. Provide a session on LAR database to FMC during the safeguards training.