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NAM THEUN 2

Case Study

Public Private Partnership

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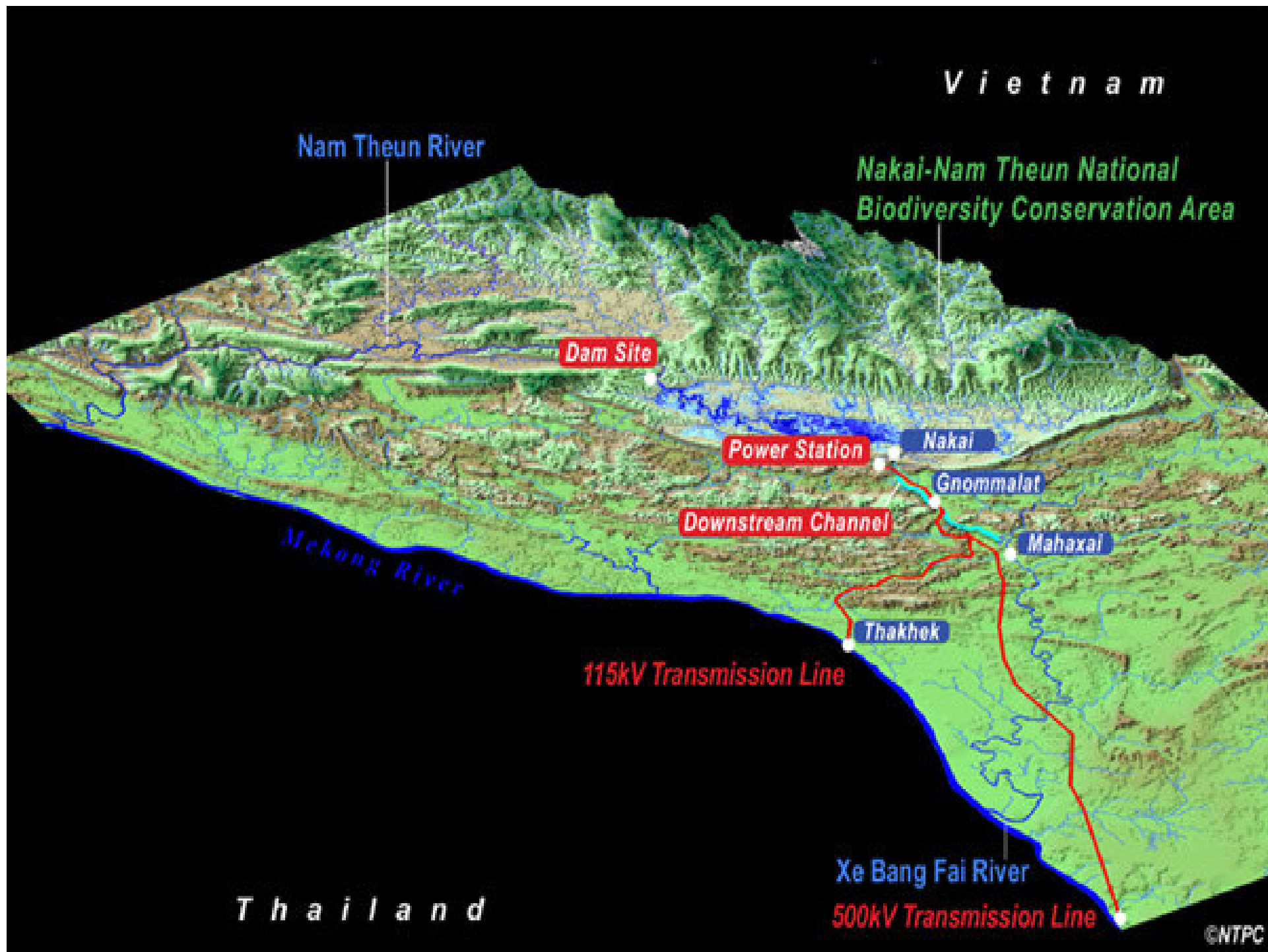


Rationale

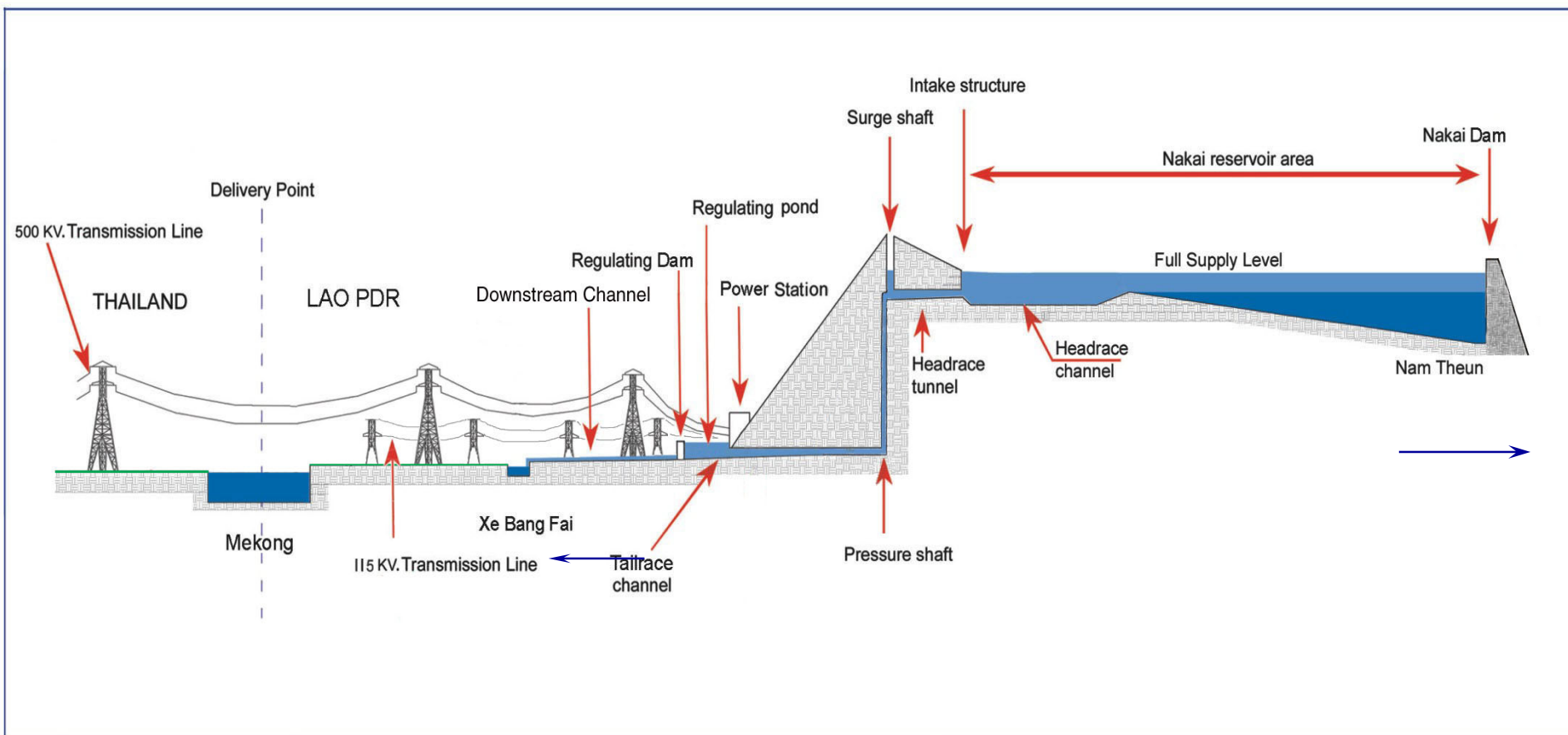
- **Sustainable Economic Growth**
- **Poverty Reduction**
- **Environment Protection**
- **Regional Cooperation**

The Project

- **Development of a 1070 MW power plant on Nam Theun River, a tributary of Mekong**
- **Create a 450 km² reservoir**
- **Discharge diverted water into Xe Bang Fai river**
- **Export to Thailand (95%), domestic use (5%)**



The Project







Nakai Dam



Description:

A 437m long, 39m high, concrete gravity dam (RCC)

Will store 3,500 Mm³ of water on plateau

Progress at January 07 : 55%

- River diversion occurred on March 4th, 2006
- Reservoir impounding mid 08





July 2006

























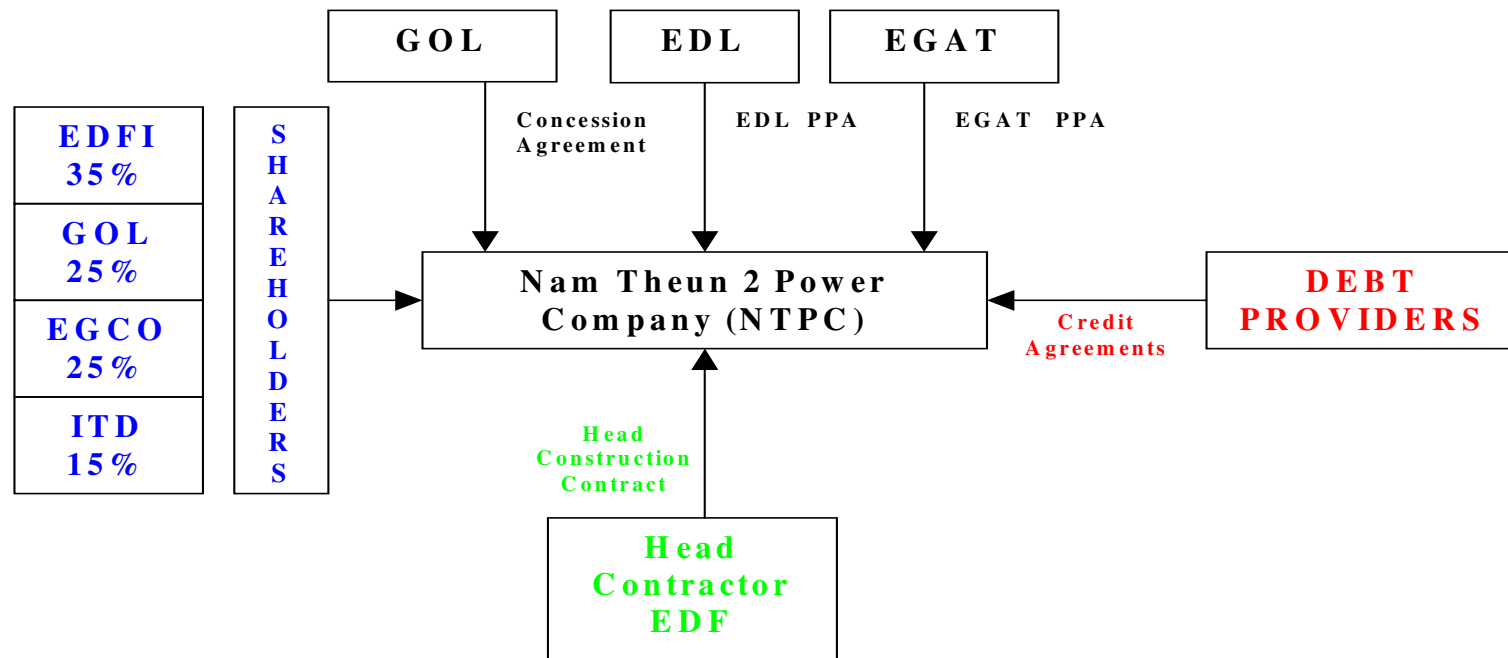




The Sponsors

- **Nam Theun Power Company (NTPC):**
 1. Electricite de France International (EdFI) - 35%
 2. Government of Lao PDR (GOL) - 25%
 3. Electricity Generating Company (EGCO) - 25%
 4. Italian-Thai Development Company (Ital-Thai) - 15%
- **Structured on BOOT - concession with 25 year operation period. All assets transferred to GOL free of costs after concession period**
- **Commercial operations expected in 2009**

Contractual Arrangements



The Project Cost

- **Base Project cost: \$1.25 billion**
 - 1. 72:28 base debt-equity ratio**
 - 2. Debt \$900 million**
(50% Thai Baht, 50% US dollar)
 - 3. Base Equity \$350 million**

IFI Involvement

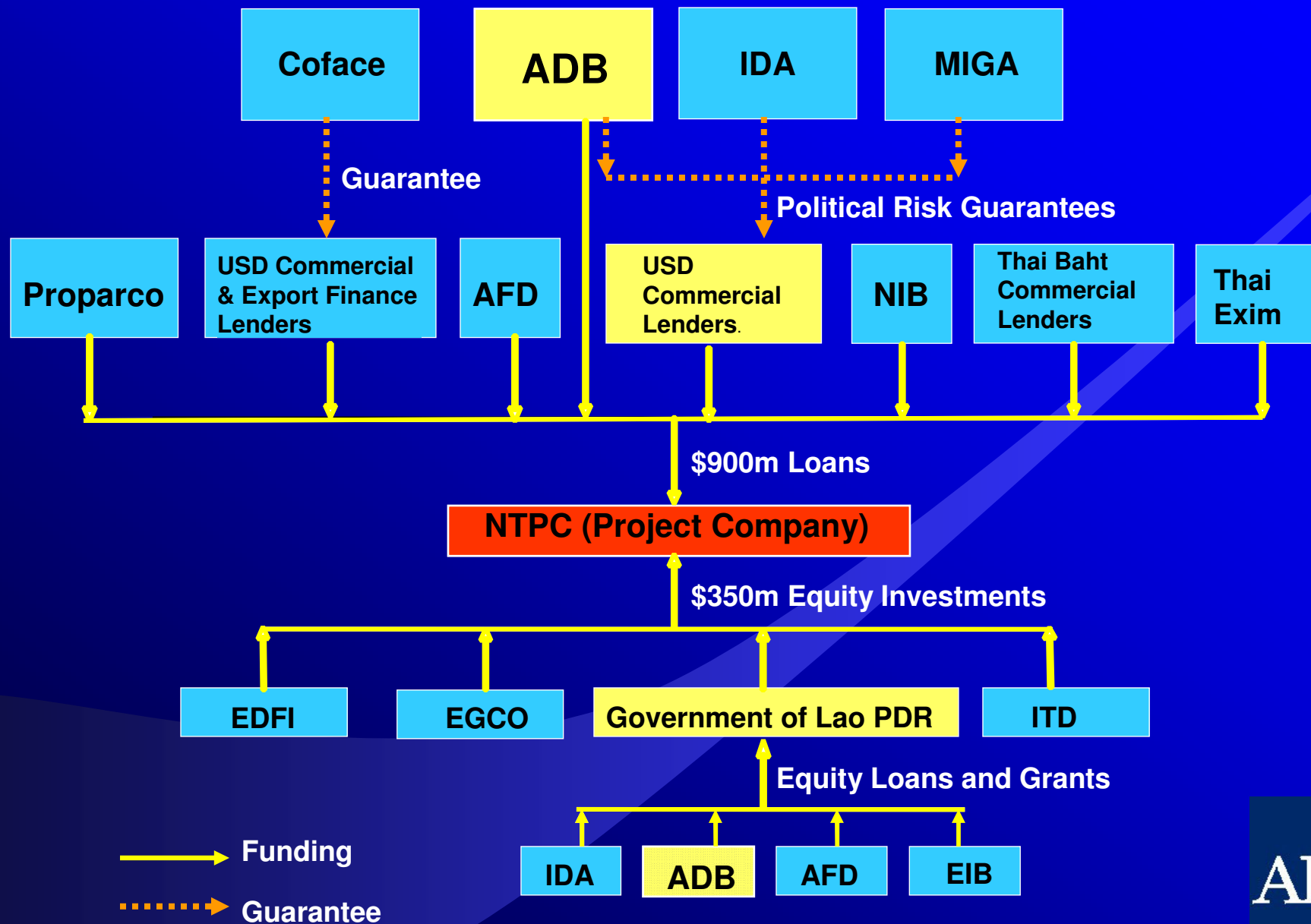
- **ADB Involvement**

1. Public sector loan of \$20 million to GOL for its equity payment (OCR/LBL terms)
2. Private sector direct loan of \$50 million to the developer (LBL terms)
3. PRG of up to \$50 million

- **WB Involvement**

1. IDA grant of \$20 million to GOL for its equity payment
2. Political Risk Guarantee (PRG) of up to \$50 million by IDA
3. PRG of up to \$50 million by MIGA

Financing Structure



Significance of NT2

- **Large infrastructure project in a small country**
- **Private Public Partnership**
- **Mobilizing private sector financing**
- **First large water project since WCD**
- **Weak capacity**
- **Significant Impact (Env/Social)**
- **Revenue Management**
- **Seeking public acceptance**

Areas of Due Diligence

- **Macroeconomic**
- **Economic and financial**
- **Safeguards review**
- **Procurement**
- **Cumulative impact assessment**
- **Commercial due diligence**
- **Consultation**

Safeguards Harmonization

The WB

Environment Assessment
Involuntary Resettlement
Indigenous Peoples
Natural Habitats
Forests
Pest Management
Cultural Property
Safety of Dams
Disputed Areas
International Waterways

ADB

Environment
Involuntary Resettlement
Indigenous Peoples
Environment/Forestry
Forestry
Agriculture
Indigenous Peoples
Water/Energy/etc
Consultation/Participation
Consultation/Participation/Water

Public Private Partnership

- Good example of PPP Project
- Risks managed by parties best able to manage them
- Mobilization of large commercial funding for a project in an untested environment

Thank you....