



Regional: Ban Sok-Pleiku Power Transmission Project in the Greater Mekong Subregion

Project Name

Ban Sok-Pleiku Power Transmission Project in the Greater Mekong Subregion

Project Number

41450-012

Country / Economy

- Regional

Project Status

Closed

Project Type / Modality of Assistance

- Technical Assistance

Source of Funding / Amount

TA 6481-REG: Preparing the Ban Sok-Pleiku Power Transmission Project in the Greater Mekong Subregion

<u>Source</u>	<u>Amount</u>
Japan Special Fund	US\$ 1.00 million

Strategic Agendas

- Inclusive economic growth
- Regional integration

Drivers of Change

- Private sector development

Sector / Subsector

- **Energy** / Electricity transmission and distribution

Gender

No gender elements

Description

The Project will establish a 500 kV power transmission line between Lao PDR and Viet Nam forming an essential link of the GMS power grid.

Project Rationale and Linkage to Country/Regional Strategy

Lao PDR is among the poorest countries in Asia with a gross domestic product per capita of \$490 in 2005. The country has significant hydropower potential, estimated at about 18,000 megawatts (MW), but only 663 MW has been harnessed so far. Thirty-three potential hydropower sites have been evaluated for development, and 11 projects with a total capacity of 4,000 MW are expected to be developed in the next 15 years. Realizing the country's hydroelectric power potential is challenging due to

domestic resource constraints on financing its development. Recognizing the need to attract financing, the Government is strongly promoting private sector involvement; as such, most of the future projects were developed by independent power producers under concession agreements with the Government. Due to a fairly low domestic power demand and a rapidly growing power demand in other parts of Southeast Asia, most of the country's hydropower is destined for export, which provides an opportunity to generate much-needed foreign currency revenues to the Government. These revenues will enable investments in rural electrification as well as in other social development and poverty reduction programs. Lao PDR's export of hydropower also benefits other Southeast Asian countries like Thailand and Viet Nam by providing economically efficient and

climate-friendly power sources as compared to more expensive thermal power generation.

1. Viet Nam's economic growth over the past decade was in average about 7.5% per annum. This growth was achieved through sustained business-led growth in economic output and employment. Viet Nam faces a growing electricity supply deficit as a result of strong economic growth. The Sixth power development plan (2006-2020) projects electricity demand to grow at 16% per annum (base-case scenario) during 2006-2010, slow to 11% per annum during 2011-2015, and be at 9% per annum for the remainder of the period. Such high growth rates reflect the country's high level of economic activity. In order to meet its demand Viet Nam is exploring possibility to import electricity from its neighboring country, especially Cambodia, Lao PDR, and People Republic of China (PRC) where investments in hydropower projects make import competitive compare to local coal and gas fired power generation. The governments of Lao PDR and Viet Nam signed a framework agreement to trade power that provides power sale arrangements of up to 7,000 MW by 2020.

2. Regional electricity trade through interconnectivity of electric power grids will provide significant economic benefits for individual countries. Such trade will enable Viet Nam to (i) reduce national investments in the power reserves maintained to meet peak demand; (ii) provide a more reliable supply of electricity, including power supply from an interconnected network in case of power failure; (iii) reduce operational costs; (iv) reduce greenhouse gas emissions and other pollutants; and (v) increase consumers' access to the cheapest and most environment-friendly sustainable source of electricity. In Lao PDR, it will provide foreign revenues from taxes on sale of electricity and from wheeling charges that will help the country to implement among others its rural electrification program.

The Country Strategy and Program for Lao PDR has recognized the importance of developing its hydropower for export to generate foreign currency income through royalties, taxes, and dividends to the Government, which will in turn contribute to the country's broader social and economic development. In addition, the Regional Country Strategy Program

(2007-2009) for the Greater Mekong Subregion (GMS) focuses on (i) strengthening physical infrastructure for cross-border connectivity, and (ii) integrating national markets for promoting economic efficiency and private sector development. The GMS's power market is moving toward effective regional cooperation, and Lao PDR is one of the pioneering countries in bilateral

Impact

Increased export capacity of electricity from Lao PDR to Viet Nam

Project Outcome

Description of Outcome

Agreed project design and financing arrangement that covers the parties' necessary legal and contractual obligations

Progress Toward Outcome

Implementation Progress

Description of Project Outputs

Technical assessment completed

Financial and economic assessment completed

Social and environmental documentation completed

Legal and contractual documentation developed and negotiated

Contractual reporting

Status of Implementation Progress (Outputs, Activities, and Issues)

Consultant's draft final report (DFR) has been submitted and a tripartite meeting was held in September 2011 to discuss the findings and recommendations of DFR. Due diligence will also be done, specifically on environment. The revised final report is submitted in Feb 2012. Due to change in environmental and social requirements by the governments of Lao PDR and Viet Nam, another separate work is underway.

Geographical Location

Regional

Safeguard Categories

Environment

B

Involuntary Resettlement

A

Indigenous Peoples

B

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services

The PPTA will require about 48 person months of consulting services, including 22 person-months of international and 28 person-months of national consulting services. The consulting team will consist of power system planning, transmission line, substation, financial, economics, legal, environmental, and social development specialists.

Contact

Responsible ADB Officer

Bui, Duy-Thanh

Responsible ADB Department

Southeast Asia Department

Responsible ADB Division

Energy Division, SERD

Executing Agencies

Asian Development Bank

Timetable

Concept Clearance

17 Mar 2008

Fact Finding

14 Feb 2008 to 21 Feb 2008

MRM

-

Approval

26 Aug 2008

Last Review Mission

-

PDS Creation Date

17 Apr 2008

Last PDS Update

25 Sep 2012

Funding

TA 6481-REG

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
26 Aug 2008	-	26 Aug 2008	01 Jun 2009	29 Feb 2012	27 Dec 2012

Financing Plan/TA Utilization

Counterpart

ADB	Cofinancing	Counterpart				Total
		Gov	Beneficiaries	Project Sponsor	Others	
1,000,000.00	0.00	300,000.00	0.00	0.00	0.00	1,300,000.00

Cumulative Disbursements

Date	Amount
17 Jun 2022	997,733.25

Project Page <https://www.adb.org/projects/41450-012/main>Request for Information <http://www.adb.org/forms/request-information-form?subject=41450-012>

Date Generated 04 August 2024

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.

Source URL: <https://www.adb.org/projects/41450-012/main>