



Lao People's Democratic Republic: LAO: GMS NAM THEUN 2 HYDROELECTRIC PROJECT

Project Name	LAO: GMS NAM THEUN 2 HYDROELECTRIC PROJECT		
Project Number	37910-014		
Borrower/Company	NAM THEUN 2 POWER COMPANY LIMITED NAM THEUN 2 POWER COMPANY LIMITED		
Country	Lao People's Democratic Republic		
Location	Bolikhamsai and Khammouane Provinces in Central Lao.		
Approval Number	7210/2161		
Type or Modality of Assistance	7210	Loan	USD 50.00 million Committed
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Strategic Agendas	Inclusive economic growth		
Drivers of Change	Private sector development		
Sector / Subsector	Energy - Large hydropower generation		
Gender Equity and Mainstreaming			
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Portfolio Management Division, PSOD		
Responsible ADB Officer	Kondo, Shinya		
Project Sponsor(s)	Government Of Laos Electricity Generating Public Co., Edf International Italian-Thai Development Public		
Description	<p>The Project includes the development, construction and operation of a 1,070 megawatt (MW) trans-basin diversion power on the Nam Theun River, a tributary of the Mekong, in the central region of the Lao People's Democratic Republic (Lao PDR). A 450 square kilometer reservoir will be formed on the Nakai Plateau by constructing a dam 39 meters high northwest of the plateau. Water from the reservoir will drop about 350 meters to a powerhouse. The Project will divert about 260 cubic meters of water per second through a power station to the Xe Bang Fai River Basin, also a tributary of the Mekong. The water discharged from the power house will be released to the Xe Bang Fai through a 27 kilometer channel and a regulating pond.</p> <p>The Project will export 5,354 gigawatt-hours (GWh) of electricity to Thailand and will provide revenue to the Lao PDR through taxes, royalties, and dividend. About 200 300 GWh will be supplied to electricity consumers in the Lao PDR. The Project is structured as a build-own-operate-transfer, with a concession period of 31 years, of which the operating period is 25 years. At the end of the concession period, the project facilities will be transferred to the Government free of charge.</p>		
Objectives and Scope	<p>The Project:</p> <ul style="list-style-type: none"> (i) supports the Government of Laos' poverty alleviation efforts by generating income of about \$1.9 billion over the life of the Concession to support Government poverty reduction programs; (ii) supports the Government's energy policy of developing hydropower resources to generate revenues from the export of power; (iii) promotes private sector participation in infrastructure; (iv) will supply Thailand with long-term and competitively priced power and strengthen its security of supply; and, (v) promotes regional cooperation as the Project is part of the GMS Master Plan for power generation. 		
Linkage to Country/Regional Strategy	ADB's country strategy and program for the Lao PDR aims to promote sustainable economic growth and development through infrastructure investments. Specifically, ADB will continue to help to develop the country's energy resources, including hydroelectric power resources in a sustainable manner.		

Status of Development Objectives Will be evaluated upon completion of the project.

Safeguard Categories

Environment	A
Involuntary Resettlement	
Indigenous Peoples	

Summary of Environmental and Social Aspects

Environmental Aspects	<p>The Project involves three ADB safeguard policies on involuntary resettlement, indigenous peoples, and environment. It also involves operational provisions in sector and thematic policies such as forestry, water, energy, and gender and development. The key safeguard documents are (i) the environmental assessment and management plan (EAMP), which assesses project impacts and details plans to minimize, mitigate, or compensate for these impacts; (ii) the SDP, to manage social impacts, including those related to resettlement, health, gender, and downstream impacts and to address special issues related to ethnic minorities; and (iii) the social and environment management framework and operational plan (SEMFOP), to manage the NNT NPA, including its corridors. The Government, NTPC, and IFIs also prepared the summary environmental and social impact assessment, cumulative impact assessment (CIA), and NT2 contributions, safeguard due diligence on the Thai transmission lines, social and environment cost benefit analysis, and capacity assessment. All NTPC obligations, including those related to social and environmental mitigation, are detailed in the safeguard documents and summarized in schedule 4 of the concession agreement.</p>
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	<p>ADB has promoted the informed participation of the Government, civil society, and other stakeholders in an open and inclusive manner. Throughout implementation, consultations have been carried out with project-affected people in the major impact zones: Nakai Plateau, project land areas, downstream Xe Bang Fai, downstream of the dam, among others. Information on the compensation and resettlement plans, and livelihood options have been presented to the project-affected people by trained community and district facilitators through media they can understand, including radio broadcasts in minority languages, visual materials together with verbal explanations, site visits to proposed and pilot resettlement areas, and open discussions. The project design was adjusted to accommodate concerns of the project-affected people, such as location of the plateau resettlement area, village layout, housing design, and types of crops under the livelihood program as well as livelihood options for project lands and downstream areas. Resettlement is ongoing and making progress. Measures to mitigate environmental impacts related to construction activities are being implemented and closely monitored.</p> <p>Significant consultations were carried out with affected persons and international community prior to Board presentation and approval. Stakeholder workshops are organized annually.</p>

Timetable for assistance design, processing and implementation

Concept Clearance	19 May 2003
Due Diligence	16 Feb 2005
Credit Committee Meeting	28 Feb 2005
Approval	04 Apr 2005
PDS Creation Date	06 Apr 2006
Last PDS Update	26 Sep 2014

Project Page	https://www.adb.org/projects/37910-014/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=37910-014
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