

Early Warning System

IFC-37567

GEC

Quick Facts

Countries	Vietnam
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	A
Voting Date	2016-05-12
Borrower	GIA LAI ELECTRICITY JOINT STOCK COMPANY
Sectors	Hydropower
Investment Type(s)	Equity
Investment Amount (USD)	$ 9.98 million

Project Description

Gia Lai Electricity JSC (“GEC” or “the Company”), founded in 1989, is one of the Vietnam’s largest private-sector independent small hydroelectric power producers. GEC owns and operates 15 existing hydro power projects (“HPPs”) totaling 84MW in installed capacity. The majority of GEC’s portfolio is small hydro power projects, ranging from 0.3MW to 16MW. It has around 278 staff.

GEC’s business model mainly consists of the development and acquisition of small HPPs, wind and solar projects. While GEC’s ownership varies from project to project, it usually assumes an active leading role in design, construction, and operation depending on the project stage.

The International Finance Corporation (IFC) – the private sector investment arm of the World Bank Group – is considering an equity investment in GEC to support renewable energy development in Vietnam.

Investment Description

- International Finance Corporation (IFC)

GEC is 87 % controlled by Thanh Thanh Cong Group (“TTC” or “the Sponsor”), a Vietnamese conglomerate founded by Mr. Dang Van Thanh in 1979, through various intermediate companies. The remaining 13% are held by around 310 individual shareholders.

TTC is Vietnam’s largest private sugar manufacturer. TTC also has 79 MW of biomass power plant portfolio owned by its various sugar business units (and to which GEC provides technical assistance and O&M services). Mr. Thanh was also the founder and Chairman for 20 years of Sacombank, one of the largest commercial banks in Vietnam and an IFC investee bank between 2002 and 2008. Mr. Thanh currently does not hold any shares in Sacombank.

Private Actors Description

Thuong Lo Hydropower Plant – Thua Thien Hue

In 2008: Truong Phu Joint Stock Company planned to build Thuong Lo hydropower plant in Thuong Lo commune with 7.5 MW capacity and 29.41 million Kwh.

In 2013: GEC became shareholder with Truong Phu company and together, founded Thuong Lo Hydropower Joint Stock Company in Hue. GEC contributed 20 billion VND (787,000 USD) as 50% share in Thuong Lo Company. Up to now, GEC has 87.42% share, approximately 40 billion Vietnam Dong (1.8 million USD). The Thuong Lo Hydropower plant after that was constructed under the name of Thuong Lo Company.

Da Khai Hydropower Plant – Lam Dong province

June 28th, 2013: GEC purchased the Da Khai Hydropower Company, which is located in Da Chay commune, Lac Duong district, Lam Dong province (30km North from Da Lat city) from Cienco 4 (Civil Engineering Construction Corporation No. 4 Ltd).

H'mun Hydropower Plant – Gia Lai Province

In February 2008, GEC started to build the H'Mun Hydropower Company with 16.2 MW capacity. The dam is located in Bar Maih commune, Chu Se district, Gia Lai province. The dam is built on the Ayun River. The investment includes: PC3, GEC, TIC – Tay Nguyen electricity investment joint stock company, and EDC with 30% from TIC.

Ayun Thuong 1A HPP – Gia Lai Province

The Ayun Thuong 1A hydropower plant is built on the Ayun river (a tribute of Ba River) , invested by Ayun Thuong Hydropower Plant Joint Stock Company with GEC and other 2 companies and GEC has 90% of share. The dam construction started in February 2009 and finished by 2011. The construction company is Song Da 4 Corp.

The hydropower plant was operated on August 30th, 2011. The dam is located in Lo Pang and H'Noi communes, Gia Lai province. The project cost 290 billion VND (12.8 million USD) with Dak Lo Hydropower Company, GEC, and Tay Nguyen electricity investment joint stock company (the share is unclear).

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Gia Lai Electricity Joint Stock Company	Parent Company	-
-	-	-	-	Gia Lai Hydropower Joint Stock Company	Client	-
-	-	-	-	PC3 - Investment Joint Stock Company	Parent Company	-
-	-	-	-	Song Da 4 Joint Stock Company	Contractor	-
-	-	-	-	Tay Nguyen Electricity Investment Joint Stock Company	Parent Company	-
-	-	-	-	Thuong Lo Hydropower Joint Stock Company	Client	-

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ACCOUNTABILITY MECHANISM OF IFC

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