Early Warning System

MIGA-12346

Upper Trishuli-1 Hydropower Project

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Quick Facts

Countries	Nepal
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Bank Risk Rating	A
Voting Date	2019-03-14
Borrower	Korea South-East Power Co. Ltd
Sectors	Energy, Hydropower
Investment Type(s)	Guarantee

Project Description

This new scrape is duplicated with existing snapshot https://ewsdata.rightsindevelopment.org/projects/MIGA-13516/ Noted a change in project number.

PROJECT DESCRIPTION

On December 6, 2019, the Multilateral Investment Guarantee Agency issued a guarantee for US$87.4 million to Korea South-East Power Co., Ltd. (KOEN) of Korea covering its equity investment in the Upper Trishuli-1 Hydropower Project ("UT1" or the "Project"). The MIGA guarantee provides protection against the risk of Breach of Contract for a period of up to 15 years. MIGA will share the exposure risk by utilizing the MIGA Guarantee Facility under the Private Sector Window.

The Project consists of construction, operation, and maintenance of a 216-megawatt run-of-river hydropower plant on the Upper Trishuli river in Nepal, owned by a special purpose vehicle, Nepal Water & Energy Development Company Pvt. Ltd. The Project will sell power to Nepal Electricity Authority, the national utility, for domestic supply under a 30-year power purchase agreement ("PPA"). The Project will be developed on a Build, Own, Operate and Transfer ("BOOT") basis under a 35-year concession agreement (Project Development Agreement or "PDA") with the Government of Nepal represented by the Ministry of Energy, Water Resources and Irrigation.

The Project is of strategic national importance and will be the largest Foreign Direct Investment ("FDI") in Nepal to date, increasing the country's domestic power supply by approximately 20% compared to today's levels and providing about 40% of its expected 1,456 GWh of net annual output during the dry season, which includes the peak winter demand months. The Project's expected commissioning date is March 2024.

ENVIRONMENTAL CATEGORIZATION

THE PROJECT IS A CATEGORY A UNDER MIGA'SPOLICY ON ENVIRONMENTAL AND SOCIAL SUSTAINABILITY.CLICKHERETO VIEW THE ENVIRONMENTAL AND SOCIAL REVIEW SUMMARY PREPARED BY THE INTERNATIONAL FINANCE CORPORATION (IFC) FOR THEIR INVESTMENT IN THE PROJECT.

DEVELOPMENT IMPACT

The Project is expected to have positive impacts at both a sector and project level: (i) Demonstration effect: First, UT1's PDA and PPA are expected to become model project documents for FDI in Nepal's hydropower sector. Second, efforts on managing cumulative impacts, impact on aquatic habitat and benefit sharing through local share ownership are expected to set a sustainable benchmark for future hydropower development. (ii) Increased electricity generation: The Project is expected to supply baseload power for domestic consumption of 1,446 GWh per year to reach about 9 million people and reduce dependence on power imports. A large share (nearly 40%) of UT1's output is expected to be in the dry season, which includes the peak winter demand months. (iii) Climate change mitigation and adaptation: The Project includes substantial capital expenditures for design elements that improve the Project's resilience to potential climate change impacts. (iv) Benefits to local economy and livelihood: The Project's benefits include construction-phase employment of 1,100 workers, a local skills training program, 0.5% of Project costs for community development, up to 10% of Company shares offered to Project Affected People, and 20 kWh of monthly free rural power given to nearby/eligible households.

Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

Contact Information

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://www.miga.org/contact/access_to_information

You can also request general information about MIGA and for information on guarantees by emailing: migainquiry@worldbank.org

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org

Other Related Projects

- MIGA-13516 Upper Trishuli-1 Hydropower Project