

## InfraCo Asia's Coc San Hydropower project in Vietnam



### KEY FACTS

29.7MW run-of-river plant located in the low-income Lao Cai province, Vietnam, close to the border with China

First foreign direct investment in the province

Part of a provincial power development plan that seeks to reach production capacity of 1,000 MW by 2020

Has strong local support

Will supply clean renewable energy into the local grid

**“We will benefit due to increased electricity reliability, which will support Industrial Zone developments and attract investments in mineral processing facilities to support existing mining projects.”**

Chairman of the Lao Cai Provincial Peoples Committee  
Mr. Doan Van Huong

### Context

Electricity demand in Vietnam is growing 15% annually, creating huge pressures to increase capacity of generation, transmission and distribution. Vietnam is focused on developing generation of renewable energy, and establishing a competitive electricity market. Hydropower accounts for about 44% of energy generated, followed by oil and gas thermal with 34%, and coal with 19%.

The project has been developed and will be operated by a local company, the Lao Cai Renewable Energy (Vietnam) Joint Stock Company (LCRE).

### What InfraCo Asia did

Work had started on Coc San, prior to InfraCo Asia involvement, but had to be stopped in 2011, when the initial capital was expended and the project company was unsuccessful in securing long-term loan financing.

InfraCo Asia was able to overcome the project company's high leverage and address insufficient due diligence and safeguard issues which were exacerbated by adverse macro-economic conditions at the time.

InfraCo Asia invested \$7.54m itself, mobilising \$49.9m further investment in the process.

The project has also been supported by PIDG's **Technical Assistance Facility (TAF)** which funded a prefeasibility study. The study confirmed that Coc San would generate substantial social and economic benefits for local people on low incomes, without unduly subsidising private investors or distorting local markets. On this basis TAF allocated a one-off grant of \$5m to cover a financing gap during the project's construction and operation phases.

The new plant is expected to start generating electricity in 2016.

### Development impact

- 130,000 people are expected to benefit from access to this new power source
- 250 temporary jobs will be created during construction, 40 permanent jobs during operation
- will underpin an expansion of iron mining, copper industries and fertilizer production from apatite mines
- will reduce the need to import expensive, unreliable power from mainland China
- generation of clean energy from hydropower resources will reduce pollution