

Written by Administrator
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 **THIS** Wednesday, Pakistan will be marketing its largest-ever project — the Diامر-Bhasha dam — for private sector financing in a dedicated Business Opportunity Conference being organised by USAID in Washington. It would be a Sell Pakistan initiative, offering a great business opportunity to global investors.

The actual fund-raising would follow some time later based on feedback from international private and institutional lenders. It will also be the first-ever attempt by Islamabad to offer a major infrastructure project (worth \$14bn) to international investors on a commercial basis, unlike past practice of raising funds for such projects from institutional lenders.

Finance Minister Ishaq Dar and Water and Power Minister Khawaja Muhammad Asif would lead the marketing team, comprising officials from Wapda, economic affairs division and the finance ministry. The group would also attend the annual meetings of the World Bank and the Asian Development Bank, and on the sidelines try to salvage the \$6.8bn IMF package, which has been in limbo since the political sit-ins started in Islamabad.

It will be a marketing event for the project to raise funds, Wapda Chairman Zafar Mehmood told Dawn. Based on its feedback, Wapda would take a summary to the Economic Coordination Committee (ECC) of the Cabinet with a comprehensive policy for mega hydropower projects, he said. The project was approved by the Council of Common Interests in July 2010.

A plan to set up the Diامر-Bhasha Dam Project Company, by transferring the cost of land of the dam and the operating assets of the Ghazi-Barotha hydropower station, has been approved by the prime minister

Mr Mahmood said Pakistan would market Wapda's strengths and the Bhasha dam project and its importance for the country given its 8.1m acre feet water storage and 4,500MW power generation capabilities. It would seek international support for the strategic project that was selected with consensus after having waited for 30 years, after Mangla and Tarbela dams.

It will deliver 18bn units and generate \$2.216bn in revenue per annum, repaying its cost in just eight years, according to Mr Mehmood. It will also enhance the life of Tarbela dam by at least 35 years; the 30,000 affected people will be settled in three model villages.

The proposed new policy for mega hydropower projects would be given final touches when the high-level delegation returns from Washington. More projects are to be sequenced after Diامر-Bhasha with 20-25pc financing to be arranged by the government for acquisition of land and providing an enabling environment. The remaining 75-80pc project financing will be raised through the private sector.

To make the project cost-effective and attractive to investors, the government would ensure exemptions in duties and taxes during the construction phase and provide a complete income tax holiday for the first five years of operation. The project offers about 17pc return on equity through an estimated levelised 30-year tariff for the private sector at 7.57 US cents per unit. This is cheaper when compared with per-unit tariffs of Rs8.76 per unit for coal, Rs13.20 for wind and Rs16.31 for solar.

The plan is to formally offer the Diامر-Bhasha dam to investors for financing latest by June 2015, with the project completion deadline set for June 2024. This will be followed by the \$11.5bn Bunji hydropower project in December 2015 for completion in December 2024. With a gap of six months, the \$1.8bn Pattan hydropower project would be taken to the market for financing in June 2016, for completion in June 2022. The \$8bn Thakot project will hit the market in June 2017, for completion in June 2023.

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minister. This would require formal approval by the ECC for the company's registration with the SECP on the pattern of the Neelum-Jhelum Hydropower Co. </p> <p>Published in Dawn, Economic & Business, October 6th, 2014</p> </div>