

October 20, 2009

Japanese ODA Loan Signed for Bosnia and Herzegovina -The first flue gas desulphurization plant to reduce air pollution-

1. October 20, 2009, Japan International Cooperation Agency (JICA; President Sadako Ogata) signed a Japanese ODA loan agreement with Bosnia and Herzegovina for up to 12.633 billion yen for the Flue Gas Desulphurization Construction Project for Ugljevik Thermal Power Plant in Bosnia and Herzegovina. This is the second Japanese ODA loan to Bosnia and Herzegovina, coming 11 years after the 1998 loan of 4.11 billion yen for the Emergency Electric Power Improvement Project.
2. Under the Flue Gas Desulphurization Construction Project for Ugljevik Thermal Power Plant, the first flue gas desulphurization (FGD) plant in Bosnia and Herzegovina will be installed in the Ugljevik Thermal Power Plant to reduce sulfur dioxide and coarse particulates that pollute the air. In addition to improving the environment, it will contribute toward achieving the environmental standards required for joining the EU in the future. The loan will be allocated for installation of the FGD plant and related equipment as well as consulting services for detailed designs, assistance with tendering and supervision of construction works.
3. Bosnia and Herzegovina is composed of the two highly decentralized entities, the Federation of Bosnia and Herzegovina and Republika Srpska. The Ugljevik Thermal Power Plant produces one-fourth of the total electrical generation capacity for Republika Srpska, where the station is located, an amount equaling one-tenth of that for all of Bosnia and Herzegovina (as of 2007). Therefore, the thermal power plant is a critical part of the country's power supply. However, the facilities have aged and they use coal with high sulfur content and a low heat generation rate. Producing 25,000 mg/m³N of sulfur dioxide, the plant generates more than 60 times the EU emission standard of 400 mg/m³N (the Japanese standard is about 70 mg/m³N), which is the worst among all thermal power plants in the country. Prompt measures are needed for these reasons as well as for concerns about the harm that the air pollution has on the health of nearby residents.
4. In addition to markedly improving the level of air pollution, the FGD plant to be constructed in this project will be the first in the country, therefore serving as a model for the transfer of expertise in sulfur dioxide reduction and environmental monitoring to the country. It is also expected that the success of the project will create a ripple effect in which the transferred technology is adopted at other thermal power plants.
5. JICA is committed to support projects such as this one whose impact is expected to spread and in which measures are taken against global environmental problems.



(Reference)

Reference

Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)		Repayment period (years)	Grace period (years)	Procurement
Flue Gas Desulphurization Construction Project for Ugljevik Thermal Power Plant in Bosnia and Herzegovina	12,633	0.55	0.01	30	10	Untied

Executing agencies

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Planned implementation schedule

- (1) Completion of project: October 2014, with operation of the installed flue gas desulfurization plant
- (2) Issuing of letters of invitation for consulting services: March 2010
- (3) Tender announcement for initial procurement package for international competitive bidding on project work:
Procurement package title: Installation works of flue gas desulphurization plant and related equipment
Public announcement: February 2011