

DAMS

Financing Is Endangered For Turkey's Ilisu Project

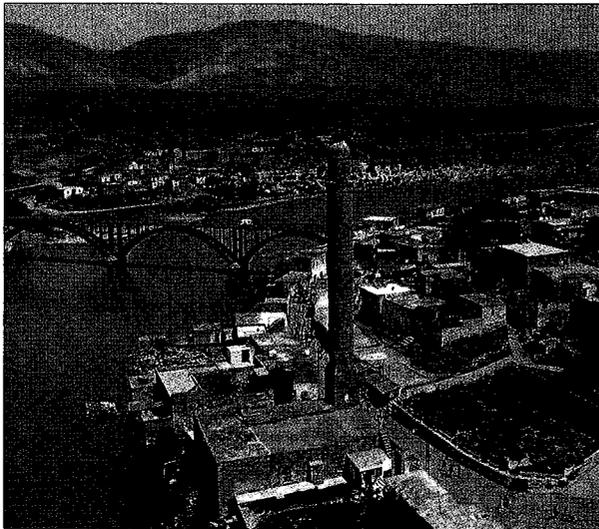
Turkey's \$2.7-billion Ilisu hydro scheme has once again been thrown into doubt as three European governments threaten to withdraw export insurance underpinning project financing. Turkey has failed to satisfy environmental and other conditions for the 1,200-MW project on the Tigris River, they claim.

Forming part of the 22-dam Great Anatolian Project, Ilisu is sited about 100 kilometers upstream of the Iraqi border. Its 32-sq-km reservoir would displace an estimated 20,000 Kurdish people. Of the total investment, about \$1.1 billion is targeted at mitigating wider impacts.

Nevertheless, earlier this month export credit agencies in Austria, Germany and Switzerland issued the project's developer a formal environmental failure notice, allowing 60 days for remedies to be proposed. An official at Swiss Export Risk Insurance, Zurich, claims the Turks also have breached agreed-upon procedures by starting construction "while considerable problems and delays have developed during the implementation of the [environmental] measures."

Construction consortium spokesman Alexander Schwab claims only access and preparatory work has begun at the site in southeast Turkey. The consortium is led by Austria's Andritz VA Tech Hydro A.G.

Design firms from Switzerland and Turkey are working on the scheme. Turkey's water agency, Devlet Su Isleri (DSI), signed the contract with the consortium in September 2007.



▲ **At Risk.** Historic site would be flooded from Ilisu construction.

A key part of financing is a \$610-million export credit, with Germany being the largest contributor. The guarantees were offered contingent upon the project satisfying World Bank standards.

Used in Turkey for the first time, these standards cover environmental safeguards, including at least three new wastewater treatment plants serving cities in the Tigris catchment. Resettlement of local communities and preservation of their cultural heritage also figure in the required safeguards.

This is a second major setback for the much-contested dam since Andritz VA Tech, under previous ownership, led a successful bid 11 years ago. Intense environmental lobbying earlier caused Sweden's Skanska A.B. and the U.K.'s Balfour Beatty Construction Ltd. to quit.

That withdrawal followed the World Commission on Dams' November 2000 radical new guidelines for major projects, which shaped standards being applied to Ilisu. The earth-and-rock dam is designed to be 135 m tall and 1.8 km long to create a 10.4-billion-cu-m reservoir. ■

By Peter Reina

CONTRACTS

Early Contractor Involvement Eyed

The U.S. Army Corps of Engineers is considering early contractor involvement for preconstruction and construction services for several \$250-million and \$500-million upgrades to Louisiana's Hurricane and Storm Damage Risk Reduction System in Orleans and St. Bernard parishes.

A Sources Sought notice has been posted on FedBizOpps.gov for levee and floodwall construction work being considered as fixed-price-incentive ECI contracts. Companies are asked to submit statements highlighting experience with and understanding of ECI processes, as well as confirming ability to secure bonding for \$250-million to \$1-billion projects. The Corps will use responses to help decide how to structure the contracts.

The Corp's Hurricane Protection Office will hold an ECI informational forum on Oct. 21 at the New Orleans District headquarters. Pre-registration is required.

Jim Barr, chief of the New Orleans District's contracting division, says the Corps is turning to ECI for classic reasons: "better, faster, cheaper." He made the remark during an industry day held in August. At that event the Corps proposed ECI for another project to raise flood protections on the Harvey and Algiers canals. It hopes to get design approval by November and start construction in early 2009, says Tom Podany, chief of the Corps' Protection and Restoration Office. That project is expected to surpass, in cost, complexity and speed of delivery, any civil project in the Corps' history.

Also called construction management at-risk, ECI lets the Corps engage a general contractor for preconstruction services on a fixed-price incentive basis, with the option of retaining the contractor for construction. "It's beneficial to the construction contractor because if he comes in under total cost, he shares in the savings," says Barr. ■

By Angelle Bergeron