

## INTEGRATED SAFEGUARDS DATASHEET APPRAISAL STAGE

### I. Basic Information

Date prepared/updated: 12/07/2009

Report No.: AC4949

### 1. Basic Project Data

Country: Lao People's Democratic Republic	Project ID: P109736
Project Name: TA for Capacity Development in Hydropower and Mining Sector	
Task Team Leader: Craig B. Andrews	
Estimated Appraisal Date: November 23, 2009	Estimated Board Date: January 12, 2010
Managing Unit: COCPO	Lending Instrument: Technical Assistance Loan
Sector: Renewable energy (50%);Mining and other extractive (50%)	
Theme: Export development and competitiveness (100%)	
IBRD Amount (US\$m.):	0.00
IDA Amount (US\$m.):	8.00
GEF Amount (US\$m.):	0.00
PCF Amount (US\$m.):	0.00
Other financing amounts by source:	
<u>BORROWER/RECIPIENT</u>	0.00
	0.00
Environmental Category: B - Partial Assessment	
Simplified Processing	Simple <input type="checkbox"/> Repeater <input type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)	
Yes <input type="checkbox"/> No <input type="checkbox"/>	

### 2. Project Objectives

Development objective is to increase human capacity and improve the performance of Government oversight institutions for the hydropower and mining sectors.

### 3. Project Description

The Project will support (i) a joint hydropower and mining sector learning program offering continuing learning for government staff, support to the tertiary education sector as well as outreach initiatives, (ii) hydropower sector development including hydropower planning and concession management together with safeguards mitigation and management, and (iii) mining sector development comprising sustainable sector governance and management as well as promotion of the industry.

### 4. Project Location and salient physical characteristics relevant to the safeguard analysis

Since the Project will support technical assistance, the project is not location-specific, although project administration will be based in Vientiane, while fieldwork will target 4-5 selected provinces with highest hydropower and mining activity. The Project will not

include civil works, apart from rehabilitation of existing office space and provincial information centers. The intended beneficial impacts associated with technical assistance and capacity building is expected to apply country-wide.

## **5. Environmental and Social Safeguards Specialists**

Ms Manida Unkulvasapaul (EASTS)

Mr Daniel R. Gibson (ECAVP)

Ms Helene Monika Carlsson Rex (PRMGE)

<b>6. Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>
<b>Environmental Assessment (OP/BP 4.01)</b>	X	
<b>Natural Habitats (OP/BP 4.04)</b>		X
<b>Forests (OP/BP 4.36)</b>		X
<b>Pest Management (OP 4.09)</b>		X
<b>Physical Cultural Resources (OP/BP 4.11)</b>		X
<b>Indigenous Peoples (OP/BP 4.10)</b>		X
<b>Involuntary Resettlement (OP/BP 4.12)</b>		X
<b>Safety of Dams (OP/BP 4.37)</b>		X
<b>Projects on International Waterways (OP/BP 7.50)</b>		X
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		X

## **II. Key Safeguard Policy Issues and Their Management**

### **A. Summary of Key Safeguard Issues**

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts: As technical assistance, the project will not finance any direct investment in exploration, feasibility study or development of mineral or hydropower operations. Consequently, the project has no direct environmental impacts. However, development of hydropower and mining operations in Lao PDR, as well as elsewhere, has proven, at times, to be controversial and to bring significant impacts on the environment and on local communities (negative as well as positive).

In recent years, the Government of Lao PDR (GOL) has experienced a strong pressure from an increasing number of investors which show interest in hydropower and mineral exploitation. The surge in investor interest has put severe strains on GOL to effectively manage the developments and to ensure that benefit-streams are used to further the overall development objectives for the country. Weaknesses in the legal and regulatory frameworks pertaining to investments in both sectors, overlapping mandates of central and provincial government oversight institutions are significant challenges which need to be addressed. In addition, insufficient resources to enforce environmental and social requirements and practices of benefit-sharing, particularly at the community level, also pose challenges for GOL. The present project intends to address these gaps and build on work already carried out under parallel projects (Lao Environment and Social (LEnS, NT2, and others).

In general, a multitude of Lao agencies are involved in approval, inspection, and enforcement of regulations in the hydropower and mining sector, therefore delegation of responsibility is unclear, and operators risk either being subjected to dual regulation and inspection requirements or not being regulated and monitored at all. Currently, various initiatives (Decree on Environment and Social Impacts Assessment, ESIA, revision of sector laws, etc.) confirm GOL's intent on improving sector performance. Nonetheless, practices and procedures have yet to be established and institutionalized.

Government agencies responsible for the two sectors suffer from a shortfall of professional staff, since the number of staff has remained constant in recent years despite the rapid increase in sector activities. More importantly, the capacity level of existing staff needs upgrading, since most staff have been forced to develop their skills by taking on increasingly complex tasks but with no formalized training and continued learning programs. Lack of budget has limited site surveys, field visits, and monitoring/inspections.

Disclosure and consultation practices are critical gaps in the planning and exploitation of natural resources in Lao PDR. Standard procedures are being developed, with good practice examples from various high-profile developments (NT2, Theun-Hinboun hydropower companies and Lane Xang Minerals Limited), and legislation is being updated. However, adoption of best practices may not be implemented at local levels because of limited dissemination, training, and tool-kits for following guidelines. Conflicts have also emerged between developers and villagers since land and livelihood compensation procedures are based on land titling practices that have not always been rolled out in the local areas. Similarly, benefit-sharing and revenue management have proven complicated to implement, since capacities and management tools at the local level have not been provided to manage and execute the entire chain of participatory consultation, implementation and monitoring of local development plans.

To ensure sustainable development of hydropower projects, the Government established the NPSH in 2005. Implementation of the NPSH was initiated with support from the LEnS project with DOE as the lead agency. Due to lack of effective regulations and institutional mechanisms and limited budget and qualified staff, implementation of the NPSH has faced obstacles and delay in start-up. To move forward, DOE prepared an action plan emphasizing compliance monitoring at existing sites, but the plan has to be finalized in line with the new ESIA decree expected to be approved by the government by the end of 2009.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The Project will not create any direct environmental or social negative impacts and no potential large scale, significant, and/or irreversible impacts are anticipated. The Project will increase technical and management capacity to address environmental and social safeguards issues arising from existing or future hydropower and mineral developments

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

N/A

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

As mentioned above, GOL has clearly confirmed its willingness to reform regulatory practices by adopting ambitious revisions of the sector laws as well as the Environmental Protection law. Through financing provided by multilaterals and other development partners, GOL has taken action to build technical and management capacity of key agencies to address safeguard issues related to hydropower and mining. At national level, the Government has made significant progress on the institutional and legal reforms by creating MEM and WREA. The Project will support continuation of this reform process.

The Project will support a suite of interventions designed to remedy the regulatory and institutional weaknesses in Lao PDR for effective management of the various safeguard issues related to hydropower and mining investments. Key Project activities and their contribution to safeguard capacity building are described in below.

Component 1 - Joint Hydropower and Mining Learning Program. Training courses on safeguards mitigation and management will be conducted on annual basis by international experts to an audience of senior-level officials as well as trainers which will disseminate the principles through on-site application as well as courses targeting tertiary education as well as provincial-level officers. Course content will include: (a) strategic environmental and social management relating to hydropower and mining, (b) application of impact assessments, community consultation, etc., (c) natural resource optimization and planning. Train-the-trainer programs will be conducted at NUOL and technical colleges and participants may include selected representatives of private sector, civil society and educational institutions. Training will be conducted at least one time per year for three years. A total of 120 beneficiaries are expected for the training. Public outreach through physical and virtual information centers will also be supported.

Component 2 - Hydropower Sector Development. the Project will support planning and monitoring capacity in respective departments of MEM to enhance analytical competencies in natural resource optimization and planning. Reporting tools for monitoring and evaluation of operators' compliance will be designed and tested at existing operations and disseminated among provincial offices. The existing template document for concession agreement (CA) will be adapted to include the provisions stipulated in the NPSH. Guidelines and reporting templates to implement the NPSH will be drafted, and the NPSH will be reviewed in light of the imminent revision of the ESIA Decree and Compensation and Resettlement Decree.

Component 3 Mining Sector Development. The Project will provide technical assistance to prepare regulations and technical standards to complement the new mining law and in line with the 2005 CAR decree and ESIA decrees. Capacity building in environmental

and social safeguards will take place at central and provincial level with emphasis on monitoring of compliance, and mines health and safety and environmental inspection through site visits and operationalization of reporting templates already drafted as the Monitoring and Evaluation Framework for Impact and Benefit Streams in the Mining Sector. Practices of community consultation will be designed on the foundation provided by projects like the NT2 and the Poverty Reduction Fund.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. Key beneficiaries of this Project are the MEM's agencies responsible for monitoring and inspection of compliance in the hydropower and mining sectors. Other stakeholders are key agencies of WREA, especially DESIA, DWR, DHM, and the local authorities and the local communities to be selected for the project activities. Consultation among these agencies will be made through meetings and consultation workshops. Reporting templates will be vetted by WREA before being implemented.

The Project design and safeguards measures were disclosed in a first draft form during a consultation in June, 2009, #Gender and Social Inclusion in the Mining Sector#. Subsequent disclosure practices have followed the schedule provided below.

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#### ***B. Disclosure Requirements Date***

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##### **Environmental Assessment/Audit/Management Plan/Other:**

Was the document disclosed <b>prior to appraisal?</b>	Yes
Date of receipt by the Bank	11/16/2009
Date of "in-country" disclosure	11/19/2009
Date of submission to InfoShop	11/20/2009
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	

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##### **Resettlement Action Plan/Framework/Policy Process:**

Was the document disclosed <b>prior to appraisal?</b>
Date of receipt by the Bank
Date of "in-country" disclosure
Date of submission to InfoShop

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##### **Indigenous Peoples Plan/Planning Framework:**

Was the document disclosed <b>prior to appraisal?</b>
Date of receipt by the Bank
Date of "in-country" disclosure
Date of submission to InfoShop

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##### **Pest Management Plan:**

Was the document disclosed <b>prior to appraisal?</b>
Date of receipt by the Bank
Date of "in-country" disclosure
Date of submission to InfoShop

\* If the project triggers the Pest Management and/or Physical Cultural Resources, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

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If in-country disclosure of any of the above documents is not expected, please explain why:

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**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

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**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?	Yes
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes

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**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	No
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	No

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**All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes
Have costs related to safeguard policy measures been included in the project cost?	Yes
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes

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#### *D. Approvals*

<b>Signed and submitted by:</b>	<b>Name</b>	<b>Date</b>
Task Team Leader:	Mr Craig B. Andrews	10/23/2009
Environmental Specialist:	Ms Manida Unkulvasapaul	10/24/2009
Social Development Specialist	Mr Daniel R. Gibson	10/23/2009
Additional Environmental and/or Social Development Specialist(s):	Ms Helene Monika Carlsson Rex	10/23/2009
<b>Approved by:</b>		
Regional Safeguards Coordinator:	Mr Bekir A. Onursal	12/04/2009
Comments:		
Sector Manager:	Mr Anwar B. Ravat	12/03/2009
Comments:		