

# Nam Ngiep 1 Power Company Limited Responses to Independent Advisory Panel Report No. 7

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## Nam Ngiep 1 Hydropower Project (Lao People's Democratic Republic)

Prepared by Nam Ngiep 1 Power Company Limited for the Asian Development Bank.

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## Nam Ngiep 1 Hydropower Project

# Response to the Independent Advisory Panel Report Number 7 of 25 July 2016

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## Response to the Independent Advisory Panel Report Number 7 of 25 July 2016

### Introduction

This document contains the response of Nam Ngiep 1 Power Company to the findings and recommendations of the Independent Advisory Panel (IAP) expressed in their Report No 7 of 25 July 2016. It should be noted that where NNP1PC is silent about a statement, comment or recommendation of IAP, this does not imply acceptance or agreement.

The Nam Ngiep 1 Power Company is committed and obligated to strictly comply with the environmental and social safeguards of ADB and the Government of Lao PDR. In particular, as a borrower of loans from ADB, the Company, in accordance with the ADB Safeguard Policy Statement of 2009, is required to engage an Independent Advisory Panel to monitor the project and provide balanced and objective technical opinions on the Project's compliance with the environmental and social safeguard requirements of ADB and the Government of Lao PDR.

In the period from 15-22 May 2016, the IAP conducted their seventh monitoring mission to the Nam Ngiep 1 Hydropower Project. The findings and recommendations of the IAP are publicly available and their reports can be downloaded from the website of Nam Ngiep 1 Power Company, <http://namngiep1.com/>

The Nam Ngiep 1 Hydropower Project is located on the Nam Ngiep River, which flows about 160 km from the mountainous area of Xieng Khuang Province in the centre of Lao PDR through Xaysomboun Province to the plains of Borikhamxay Province until its confluence with the Mekong River. The Project consists of a 166 m high main dam and a smaller 20 m high re-regulating dam downstream of the main dam. The Project will have two powerhouses, one at the main dam with an installed capacity of 272 MW and the other powerhouse at the re-regulating dam with an installed capacity of 18 MW. The main dam will form a 70 km long and 67 km<sup>2</sup> large reservoir which will inundate four villages in the lower part of the reservoir and impact agricultural land belonging to three villages in the upper part. The re-regulating pond formed by the small dam will inundate one village.

The construction works started in August 2014 and the overall progress of work is about 42% complete. The inundation of the reservoir is planned to start in July 2018 and the Project will commence generation of electricity by January 2019.

The Company is working closely with the Government of Lao PDR at all levels, international organisations and local people to adhere to the Company's obligations under the Concession Agreement, national legal framework, Lenders' environmental and social safeguard policies and international best practices. The ultimate goal is to avoid and minimise the Project's footprint on the environment, and in line with the policies laid down in the National and Provincial Socio-Economic Development Plans, contribute to the long-term sustainable development of the country and in the Provinces where the Company operates.

For further reading and understanding about the environmental and social management of the Project, please visit the Company Website <http://namngiep1.com/> where detailed information about the design and progress of implementation of the environmental and social management plans and programmes are available.

Nam Ngiep 1 Power Company's Response to Report Number 7, dated 25 July 2016 of the Independent Advisory Panel on the Nam Ngiep 1 Hydropower Project, Lao PDR

Independent Advisory Panel Seventh Site Visit, 15-22 May 2016

Summary of Resettlement Issues

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>1</sup>	NNP1PC Response
R1	Depleted and degraded soil at the Houay Soup resettlement site is the single most important issue for PAP to be resettled Need to redesign land use in the Houay Soup resettlement area	NNP1PC staff is addressing this issue. PAP from Ban Hatsaykham are being paid to add bio-fertilizers and other soil additives to improve their own paddy lands.	Significant progress has been made. <b>Recommendations:</b> <ul style="list-style-type: none"> <li>NNP1PC should reconsider its decision to terminate activities at the Houay Soup demonstration farm (Pilot Plan). This is a highly visible location and even a small level of demonstrations of mixed farming and agroforestry should be continued.</li> </ul>	Low	<ul style="list-style-type: none"> <li>NNP1PC has not terminated the activities at the Houay Soup Resource Centre, but the activities were suspended for a few months during the time of construction of the irrigation channel and the temporary access road. By the end of 2016, following the completion of the construction works, NNP1PC will renovate the Resource Centre and resume the activities to demonstrate the potentials of dry season cultivation to generate income. The Resource Centre will be further developed as a training centre and demonstrating farm both for PAPs who resettle at HSRA and for self-resettlement households</li> </ul>

<sup>1</sup> Level of Concern: Low - action recommended within 6 months; Medium - action recommended within 1-2 months; High - immediate action recommended

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>1</sup>	NNP1PC Response
R2	Need to upgrade up to 500 ha designated for grazing of large livestock; prior to resettlement of PAP with cattle and buffalo	NNP1PC staff is clearing the land and preparing it for seeding of tropical grass and legume seed to establish improved pasture for PAP. This will be achieved during the 2016 wet season.	Significant progress has been made.	Closed	<ul style="list-style-type: none"> <li>NNP1PC appreciates the recognition of the hard work undertaken on the issue and intends to continue to develop the grazing land area according to the plans</li> </ul>
R3	<ul style="list-style-type: none"> <li>Designation of the Houay Soup area as resettlement site by GOL authorities</li> <li>Inclusion of adjusted size and land use plan for Houay Soup in the revised IEE</li> <li>Significantly smaller size of Houay Soup area that is available for PAP resettlement</li> <li>Designation of 3,715 ha in the PFA for sole use of PAP settling at Houay Soup</li> </ul>	<ul style="list-style-type: none"> <li>GOL certificate granted to NNP1PC for 1,745 ha at Houay Soup resettlement area outside national protection forest area (PFA); an additional 648 ha also has been degazetted from PFA by MONRE. Total area for resettlement is 2,393 ha</li> <li>3,715 ha remains in PFA; will be managed through an integrated Natural Resources Management Plan</li> </ul>	<p>The IAP is pleased that this matter has been resolved. NNP1PC staff is to be congratulated for following up so thoroughly on this issue.</p> <p><b>Recommendations:</b> NNP1PC should diligently follow up on the clarification from MONRE and obtain authorization for the PFA to be used exclusively by resettlers to the Houay Soup resettlement site.</p>	Closed	<ul style="list-style-type: none"> <li>MONRE has issued Land Use Certificates to NNP1PC covering the entire Houay Soup Resettlement Area including the 3715 ha inside National Protection Forest. The certificate for that area states that the land is conservation area and a source of livelihood for the people affected by NNP1. The land may not be used for any other purpose without agreement with the Government</li> </ul>
R4	A large number of PAP in Zone 2LR have stated repeatedly that they prefer not to resettle at the Houay Soup resettlement area; that instead they will self-resettle	<ul style="list-style-type: none"> <li>According to the CA, NNP1PC is responsible for two options: (i) resettle PAP at Houay Soup; or, (ii) pay cash to PAP for self-resettlement based on unit compensation</li> <li>Official cut-off-date for the project area is 11 April 2014</li> <li>PAP at 2LR have stated that the cut-off-date is date they receive compensation payment for assets</li> <li>For those refusing to decide, GoL would require them to move to Houay Soup.</li> </ul>	<p>The IAP reminds NNP1PC that resettlement should take place no less than one year before reservoir inundation.</p> <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>The IAP recommends that NNP1PC work with Hom District officials and Xaysomboun Provincial authorities to appease the anger of PAP in 2LR, specifically 44 PAP hold-outs</li> <li>NNP1PC should consult with district and provincial officials and ADB to define a self-resettlement</li> </ul>	High	<ul style="list-style-type: none"> <li>NNP1PC works and coordinates closely with the PRLRC, RMU of Xaysomboun and Hom District to solve the issues related to the 44 households in Namyouak. The GOL will take the leading role and make decision with support from NNP1 to resolve the issues;</li> <li>Prior to self-resettlement, NNP1PC will develop training and livelihood restoration support plans for self-resettlers.</li> <li>Compensation payment is scheduled to be initiated in</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>1</sup>	NNP1PC Response
		<ul style="list-style-type: none"> <li>44 families are holding out and not allowing NNP1PC staff to conduct asset registration. The GOL is facilitating arbitration.</li> </ul>	<ul style="list-style-type: none"> <li>plan template for use with self-resettlers.</li> <li>Self-resettlers should be offered an opportunity to receive/reject occupational training related to self-resettlement plans.</li> <li>The IAP recommends that compensation payments be initiated soon after the asset survey, the choice survey, and the self-resettlement livelihood plans are completed.</li> <li>NNP1PC should prepare a mini-RAP for self-resettlers based on the self-resettlement template in the Zone 3 update; to authorized Mouang Hom district self-resettlement sites that specify roles for NNP1PC and GOL.</li> </ul>		<p>September 2016 after obtaining ADB's approval of the Updated REDP for Zone 2LR and after completing Compensation Agreements, Final Choice Survey and Family/Household Development Plans;</p> <ul style="list-style-type: none"> <li>NNP1PC will discuss and prepare necessary plans and preparations with PRLRC and relevant district authorities once there is clear indication on the number of self-resettlement households and where to they intend to move</li> </ul>
R5	<p>Extraordinary delay in resettlement of PAP from Ban Hatsaykham Need for PAP from Hatsaykham to cultivate crops beginning in March 2016 PAP will be occupied with wet season cropping in August 2016, when resettlement is now scheduled PAP are concerned about the size of their new houses in the Houay Soup resettlement area</p>	<ul style="list-style-type: none"> <li>A social management action program (SMAP) is being effectively implemented at Ban Hat Gniun village and Ban Hatsaykham hamlet to minimize impacts from nearby construction camps.</li> <li>Ban Hatsaykham will not be moved to the Houay Soup resettlement site until August 2016</li> <li>Based on the indicative choice survey, 19 of 38 PAP families from Hatsaykham now agree to move to Houay Soup.</li> </ul>	<ul style="list-style-type: none"> <li>The IAP has recommended since 2013 that PAP at Ban Hatsaykham be moved early to the Houay Soup resettlement area or be relocated temporarily to another part of Ban Hat Gniun village to minimize impacts from construction activities. This move has not taken place for various reasons. The IAP is very disappointed that a temporary relocation was not undertaken.</li> <li>The IAP is pleased that 50% of the PAP at Hatsaykham have</li> </ul>	High	<ul style="list-style-type: none"> <li>A Task Force comprising staff from the RMU, DCC (Bolikhon District) and NNP1PC has been established to manage the physical resettlement of the PAPs;</li> <li>Self-resettlement Households have been informed that they can change to resettlement at HSRA. At the moment 6 households submitted letters requesting to resettle at HSRA. They are welcome but need to payback the difference between self-resettlement compensation</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>1</sup>	NNP1PC Response
		<ul style="list-style-type: none"> <li>GOL has created a task force to talk to PAP as part of the negotiation process for the final choice survey. For those refusing to decide, GoL would require them to move to Houay Soup</li> <li>GOL and NNP1PC have prepared a flow chart concerning how to deal with PAP who refuse to make a choice about moving to Houay Soup or not, which is being used by GOL authorities.</li> <li>PAP understand that they are not entitled to move into a large house even though they now live in a large house.</li> </ul>	<p>decided to move to Houay Soup. The remaining will self-resettle.</p> <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>The IAP repeats the recommendation that NNP1PC establish a special task force to manage the Hatsaykham resettlement, including preparing an emergency food and nutrition security program.</li> <li>The IAP recommends that NNP1PC inform 19 self-resettlement PAP that resettlement at Houay Soup is still an option.</li> <li>The IAP recommends that NNP1PC document an understanding with Bolikhan District and Bolikhamxay RMU that if self-resettlement leads to poverty/vulnerability, PAP can be resettled at Houay Soup even if they already received compensation; but PAP will receive fewer benefits. NNP1PC should clarify and document its duties.</li> <li>NNP1PC and the RMUs should review the CA carefully and note that PAP with big houses are entitled to an equivalent house depending on the quality of materials, even if they have small families. This issue needs</li> </ul>		<p>payment and HSRA resettlement payment.</p> <ul style="list-style-type: none"> <li>NNP1PC has informed the self-resettlement PAPs in Hatsaykham that resettlement in Houay Soup is still an option and one household has changed its mind and decided to resettle at Houay Soup with the resettlement package instead of self-resettlement package.</li> <li>NNP1PC is aware of the issue regarding the size of replacement houses and together with RMU will find a way to deal with it which is acceptable to the concerned parties</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>1</sup>	NNP1PC Response
			to be clarified with PAP who are giving this as one reason for not resettling at Houay Soup.		
R7	<ul style="list-style-type: none"> <li>• Demarcation of full supply level of the Nam Ngiep 1 reservoir in villages in Zone 2UR</li> <li>• Livelihood restoration of PAP in three villages in Zone 2UR</li> <li>• Policy level clarification is needed related to islands in the NNP1 reservoir and use of drawdown zones</li> <li>• Development of replacement agricultural lands for PAP</li> <li>• Expropriation of additional land around the NNP1 reservoir to construct embankments</li> </ul>	<ul style="list-style-type: none"> <li>• A suitably detailed demarcation of the full supply level of the reservoir has not yet been completed and is causing serious concern to PAP and district officials</li> <li>• NNP1PC &amp; RMU need to clarify to PAP about expropriation of additional land around the NNP1 reservoir to construct erosion control embankments</li> <li>• Issues related to use of islands and drawdown zones remain unresolved and is causing serious concern to PAP and district authorities</li> <li>• Livelihood development team at 2UR is being strengthened</li> </ul>	<p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• The IAP recommends that the detailed demarcation of the full supply level of the NNP1 reservoir by NNP1PC engineers should be completed immediately. As pointed out six months ago, the current demarcation is insufficient to finalize the asset survey and is causing confusion among PAP and district authorities.</li> <li>• NNP1PC Technical Division should immediately clarify the need for expropriating additional land around the NNP1 reservoir to construct erosion control embankments.</li> <li>• NNP1PC managers and Thathom district officials and the Xaysomboun RMU should decide about the need and urgency of developing agricultural replacement land for PAP at 2UR.</li> </ul>	High	<ul style="list-style-type: none"> <li>• Noted, NNP1PC is dealing with the demarcation issue</li> <li>• NNP1PC has completed preliminary studies and field surveys in Zone 2UR to identify erosion control areas and to determine erosion protection measures. No additional land acquisition is foreseen.</li> <li>• Thathom District has decided not to provide replacement agriculture land to PAPs as part of the compensation package as this may create land disputes between PAPs and non-PAPs. The District supports that the PAPs are given the choice between: (1) replacement land; and (2) cash compensation</li> </ul>
R8	<ul style="list-style-type: none"> <li>• Organizational and institutional issues related to both NNP1PC and the GOL</li> <li>• Effectiveness of the Xaysomboun RMU</li> </ul>	<ul style="list-style-type: none"> <li>• Field activities of the Xaysomboun RMU have improved</li> <li>• Hom District officials report insufficient support for transport to work in Zone 2LR</li> </ul>	<ul style="list-style-type: none"> <li>• Performance of the Xaysomboun RMU has improved from the perspective of district officials.</li> <li>• Any delay in pre-resettlement activities in Zone 2LR will damage the image of NNP1PC and</li> </ul>	Medium	<ul style="list-style-type: none"> <li>• NNP1PC will review the allocation of vehicle in consultation with the RMU of Xaysomboun</li> </ul>



No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>1</sup>	NNP1PC Response
	<ul style="list-style-type: none"> <li>Hom District officials have not been well informed by Xaysomboun RMU about resettlement issues and procedures</li> </ul>		<p>discredit management and staff, and cause confusion among PAP</p> <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>The IAP recommends that NNP1PC review the assignment of vehicles to the Xaysomboun RMU and reassign one vehicle to be based permanently at Mouang Hom district to support pre-resettlement activities for which district officials and NNP1PC staff are responsible.</li> </ul>		
R9	<ul style="list-style-type: none"> <li>The NNP1PC internal management and organization needed to implement resettlement are weak</li> <li>Procurement procedures needed to facilitate important and time-sensitive field operations are complex and slow; and, may effect resettlement activities</li> <li>Flow of funds are being delayed by ESD managers, not by the Finance and Accounting Department</li> </ul>	<ul style="list-style-type: none"> <li>These issues seem to have been addressed satisfactorily by administration and finance department staff.</li> </ul>		Closed	<ul style="list-style-type: none"> <li>NNP1PC appreciates the recognition of the hard work undertaken on the issue and intends to continue to monitor the situation and take additional measures if required.</li> </ul>
R10	Outstanding grievances from PAP at Ban Hatsaykham	<ul style="list-style-type: none"> <li>Payment of compensation is outstanding.</li> <li>Grievances of PAP for additional compensation are outstanding.</li> </ul>	<ul style="list-style-type: none"> <li>The IAP understands that NNP1PC is obligated by its grievance procedures to respond to and resolve grievances within 15 days of submission by PAP, or to submit grievances to the next</li> </ul>	High	<ul style="list-style-type: none"> <li>NNP1PC in cooperation with the District Grievance Committees will take immediate actions to resolve grievances.</li> <li>Most of the grievances are related to the land labour quota.</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>1</sup>	NNP1PC Response
			<p>level in the consideration process. Ban Hatsaykham PAP informed the IAP that numerous grievances remain outstanding and unresolved for several months nor have grievances been submitted to the next level for consideration.</p> <ul style="list-style-type: none"> <li>The IAP understands that the CA requires that NNP1PC provide compensation in full for all affected land at replacement cost if PAPs self-resettle. Land being used during the cut-off date should be compensated in full regardless of number of labor in the family.</li> </ul> <p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>The IAP recommends that NNP1PC take immediate action to resolve grievances or to submit them to the next level of consideration.</li> <li>The IAP recommends that NNP1PC resolve the land compensation issue immediately, wherein previous compensation payments may need to be reviewed; and, additional payments made to PAP in zones 3 and 5 who have land in this category.</li> </ul>		<p>Previously, compensation was made based on compensation policy No 1170 and compensation unit rate No. 1003 issued by PRLRC, which recognizes customary land use rights with restrictions to the size of the land holding based on labour in the family. The PRLRC has recently amended the policy and issued Addendum No. 792 dated 20 July 2016 to the Compensation Policy, which recognizes customary land use rights without the restriction on labour in the family. NNP1PC is currently checking all past compensation payments and will rectify the compensation in accordance with the Addendum. This will solve most of the grievances from Zone 3 and Zone 5.</p> <ul style="list-style-type: none"> <li>Grievance resolution is ongoing in collaboration with district grievance committee and the RMU</li> </ul>

## Summary of Social Issues

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>2</sup>	NNP1PC Response
S1	<ul style="list-style-type: none"> <li>Livelihood Programs</li> <li>Agricultural products and markets</li> </ul>	<ul style="list-style-type: none"> <li>Livelihood programs support important activities for the PAP. In Zone 5, Ban Thaheua, programs have significantly improved the quality of life of the PAP. Their lives are much better than in the past. They earn more money from the programs and better manage and adjust themselves into the modern economy.</li> <li>In Zone 2UR, PAP of Ban Pou have requested the Project to support the village as follows: village water supply tanks; village meeting room; vegetable and mushroom growing; fish, chicken, pig, and duck raising; better school classrooms; and, a community market. The PAP require organic and mixed agricultural farming. According to PAP of Ban Pou, the most important issues are village water supply tanks and village meeting room.</li> </ul>	<p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>The IAP recommends that the livelihood programs be supported more strongly, specifically: modern rice seeds and planting techniques, fish, duck, pig, and chicken raisings, mushroom, rattan, and vegetable growing; all are important sources of food and generate income for the PAP. The PAP of Zone 3 are satisfied and appreciated the programs. PAP of Zone 2UR are also requesting the Project support programs for them, as well. These PAP in the 2 zones might exchange information with one another.</li> <li>The livelihood programs are about building good image and reputation for the Project. The Project should support the livelihood programs for the PAP in every zone as many as possible.</li> </ul>	Very high	<ul style="list-style-type: none"> <li>NNP1-PC will continue all these livelihood activities for food security and income generation including with respect to Zone 2UR.</li> <li>In HSRA agriculture land (paddy field, cash crop and tree planting) has been developed and allocated to individual households for cultivation. All resettlers at HSRA have received training and material support for agriculture production and are currently successfully cultivating their land.</li> </ul>

<sup>2</sup> Level of Concern: Low - action recommended within 6 months; Medium - action recommended within 1-2 months; High - immediate action recommended

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>2</sup>	NNP1PC Response
S2	Hmong graves removal and compensation	So far, only 36 elder graves require to be moved in Zone 2LR: 26 graves in Ban Namyuoak, 5 graves in Ban Sopyuoak, and 5 graves in Ban Sopphuane. The remaining more than 400 graves will require the IP (Hmong) spiritual ceremonies to be performed. The compensation payment for the graves has been delayed and this has caused delays in moving the graves. The PAP cannot do anything further.	<b>Recommendations</b> The IAP recommends that in Zone 2LR the graves compensation be paid as soon as possible. The Deputy Governor of Xasomboune Province (Mr. Laopao Xiong) has promised the IAP that the graves compensation shall be paid the next day after meeting with IAP.	Very high	<ul style="list-style-type: none"> <li>All eligible graves in Zone 2UR and Zone 2LR have been compensated in June 2016</li> </ul>
S3	<ul style="list-style-type: none"> <li>Resettle to Resettlement Site (Houay Soup) and self-resettlement</li> </ul>	So far, there are 19 PAP households (23 families) at Ban Hatsaykham, Zone 3 who decided to resettle to Houay Soup resettlement site. The other 19 households chose self-resettlement. In the meeting with the headman and committees of Ban Namyuoak, Zone 2LR, the PAP are waiting for compensation payments prior to making decisions whether to resettle into Houay Soup or not.	<b>Recommendations</b> The IAP recommends that compensation be paid for the PAP of the 4 villages of Zone 2LR as soon as possible. There will be several households (or many households) in Zone 2LR who are waiting and considering to resettle to Houay Soup. The IAP still insists the Project should continue to improve the soil and infrastructure at Houay Soup as planned. This will convince more PAP of the Zone 2LR to move to Houay Soup.	Very high	<ul style="list-style-type: none"> <li>NNP1PC strictly follows the compensation process step by step in full compliance with legal and contractual requirements; and NNP1PC is putting all efforts into ensuring that this process is executed in a smooth and orderly manner without undue delays and as expeditiously as practically possible.</li> <li>NNP1PC will continue improving soil in HSRA for agricultural purpose;</li> </ul>
S4	Food security is still the most important issue for the IP Hmong in the sites. And rice is the most important staple food for the Hmong people.	The PAP of Ban Namyuoak, Zone 2LR who choose self-resettlement have requested the Project to provide rice for them for one year after resettlement. According to the PAP, this is to ensure that they can survive in the first year after self-resettlement.	<b>Recommendation</b> The IAP recommends that NNP1PC comply with the Concession Agreement.	High	<ul style="list-style-type: none"> <li>NNP1PC is committed to comply with the Concession Agreement, the REDP and the Compensation Policy of PRLRC No. 1170.</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>2</sup>	NNP1PC Response
S5	PAP of Zone 3 stated that some construction workers do not comply with safety rules at the site, such as: driving fast (in the morning around 07.00-08.00 hours) and do not use safety equipment: hard hats, reflective safety shirts, etc.	These factors have caused accidents in Zone 3, such as, cows being hit by cars; and, have created problems between the Project and PAP.	<b>Recommendation</b> The IAP recommends that the Project supervise the construction contractors and sub- contractors to comply with safety rules. It is required to enforce Lao Law and it is required that the names and nationalities of all workers from all companies be reported to the police and other local administration officials.	High	<ul style="list-style-type: none"> <li>Contractors are required to comply with safety rules and Lao Law on Labour Management.</li> <li>NNP1PC inculcates these requirements in the contractors through induction training and orientation sessions; and NNP1PC monitors the compliance on a regular basis.</li> <li>NNP1PC is not responsible to enforce Lao Law. This is the sole prerogative of the GOL. However, NNP1PC provides support to Provincial and District police to base 6 police officers (of whom 2 are female) at Hat Gniun Police Station (constructed by NNP1PC).</li> <li>The names and nationality of all workers are reported to the police based in Hat Gniun on a monthly basis.</li> </ul>
S6	Drug abuse, prostitution, crimes, etc. are occurring at an increasing rate in Zone 3.	According to the PAP: the problems are under control.	<b>Recommendation</b> The IAP recommends that Lao Law be enforced and complied.	High	<ul style="list-style-type: none"> <li>These issues are well-known to the police and the District Authorities, who, with financial and material support from NNP1PC, are implementing a special programme on this issue.</li> </ul>
S7	In Zone 2LR, 6 of 9 new items of assets have been accepted by GOL and the Project. Three items are under consideration by the	According to the PAP in both zones: they have requested these assets be paid since they have invested and looked after these assets for a long time. Delaying payment of compensation has	The IAP recommends that the GOL, the Project, and PAP representatives set up a committee to seriously discuss these issues and find a solution together. There should be compliance to Lao Laws and the Concession Agreement.	High	<ul style="list-style-type: none"> <li>NNP1PC will continue to support the RMU of both Xaysomboun and Bokikhamxay provinces to finalize unit rates of the items that were not included in the compensation policy issued by the PRLRC. Once agreed</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>2</sup>	NNP1PC Response
	<p>GOL. During this Site Visit, PAP of Zone 3 in Ban Hatsaykham requested another 3 new items for compensation: rubber seedlings, pepper trees, and pineapples. Furthermore, 4-5 PAP of Ban Hatsaykham have submitted grievance letters for the GOL and the Project.</p>	<p>caused the loss of the assets, such as the rubber seedlings and the pineapples.</p>			<p>upon, the PRLRC will issue a declaration on the unit rates. NNP1PC will make compensation payment in accordance to the declared unit rates.</p>
S8	<ul style="list-style-type: none"> <li>In Zone 3 currently there are 19 PAP households (23 families) in Ban Hatsaykham who decided to resettle in Houay Soup.</li> <li>In Zone 2LR, the majority of the PAP in the 4 villages have chosen self-resettlement, whereas several households are waiting for the compensation payment prior to making a decision</li> </ul>	<ul style="list-style-type: none"> <li>The GOL (the Hom District Governor and the Deputy Governor of Xaysomboun Province) insist that the PAP will choose to self-resettle either within the province or in Houay Soup. According to the headman and village committees of Ban Namyuoak, the PAP are waiting for compensation payments before making a decision to move to Houay Soup. It is expected that there will be more PAP who decide to move to Houay Soup.</li> <li>Houay Soup currently belongs to the Project.</li> </ul>	<p>Some of the PAP of Zone 2LR have visited Houay Soup often, even during the IAP 7<sup>th</sup> Site Visit. This means the PAP are interested in resettling in Houay Soup. During this Site Visit, the IAP observed the soil in Houay Soup is better than the PAP reported in the past. The PAP who came to clear their land in Houay Soup said that they are satisfied with the quality of soil.</p> <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>The IAP recommends it is important to accelerate development of Houay Soup, infrastructure and socio-economic components.</li> <li>The IAP recommends that Lao Laws and the Concession Agreement must be obeyed.</li> </ul>	Very high	<ul style="list-style-type: none"> <li>NNP1PC is accelerating construction of infrastructure in HSRA.</li> <li>The development of Houay Soup Resettlement Area strictly follows the Concession Agreement and the REDP. This includes soil improvement and development of agriculture lands, and construction of houses, roads and school.</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>2</sup>	NNP1PC Response
	<p>to move to Houay Soup or not.</p> <ul style="list-style-type: none"> <li>Some Hat Gniun villagers who used to own land in Houay Soup do not allow the PAP of Ban Hatsaykham to use their land.</li> </ul>				
S9	<p>Currently 44 households in Ban Namyuoak of Zone 2LR refuse to have their assets registered with the Project. They require: (i) a higher unit compensation rate; (ii) a better resettlement site than Houay Soup; and, (iii) cash payment – no payment into a bank account.</p> <ul style="list-style-type: none"> <li>In Zone 2LR, PAP from 4 villages have requested 9 new items of assets to be considered for compensation from the Project. Ban Sopphuane of Zone 2LR has requested cultivated land above 320 meters be</li> </ul>	<p>During the 7<sup>th</sup> Site Visit, representatives of the 44 PAP households were invited to attend meetings in Hom District; they did not join. The IAP learned the 44 hhs are holding out for their demands. This issue has created tensions and problems between the 44 hhs and others who agreed to join the Project. The Ban Namyuoak headman and village committees request the GOL to separate the 44 hhs since they cause delays in compensation payments and in implementing plans.</p> <p>During the IAP 7<sup>th</sup> Site Visit, the Vice President of the Lao Front for National Construction (Mr. Tong Yer Thao), a Hmong-Lao High Official was going to visit Zone 2LR to discuss the problems with the 44 hh.</p>	<p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>The IAP recommends that the Project work through the RMU, Vice Governor and Governor of Xaysomboun Province. Whenever Project staff visit the site, they should visit and inform the Governor of Hom District and related district officials. Project staff should visit village leaders, IP elders, the head of women’s group, head of the youth group, etc. This is also a strong recommendation from Vice President of the Lao Front for National Construction.</li> <li>The IAP is waiting for the result of the discussion between the Vice President of the Lao Front for National Construction and 44 hhs of Ban Namyuoak. The IAP recommends that tension between PAP and GOL, PAP and Project, and PAP and PAP be avoided.</li> <li>The IAP recommends that GOL (district and provincial levels), the Project, and PAP representatives set up a committee to discuss and find solutions to unit rates</li> </ul>	Very high	<ul style="list-style-type: none"> <li>23 out of the 44 households have joined asset registration;</li> <li>The PRLRC, through the Vice Governor of Xaysomboun and the Hom District Governor has taken leading roles in solving the issue. NNP1PC consultant Mr. Thongyarthor and Mr. Vanhna, well-known and respected national Hmong leader continue to find a solution to the issue. NNP1PC staff stationed in Zone 2LR together with NNP1PC Management are supporting the efforts of the PRLRC with frequent consultations with the 44 households to encourage them to join asset registration. PRLRC instruction No 694 is requesting to accelerate asset registration to be finished by 10 July 2016 and start compensation to Zone 2UR and Zone 2LR by September 2016.</li> <li>Addendum No. 792 dated 20 July 2016 to the Agreement on Compensation Unit Rates No. 1003</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>2</sup>	NNP1PC Response
	considered for compensation because cultivated land cannot be used anymore.		issues. The issues could spread to other villages and create more problems.		<p>was issued by PRLRC covering all 9 items and other items not covered by the 1003. The Addendum was initially disseminated to representatives of the 4 villages from Zone 2LR and district authorities during meeting in Hom District on 26 July 2016. The RMU of Xaysomboun will disseminate the rates in the 4 villages in Zone 2LR in August 2016.</p> <ul style="list-style-type: none"> <li>There is no restriction on cultivation of land above 320 m and such land can therefore continue to be cultivated; however the Company will compensate for land above 320 m if the PAP wants to abandon such area. The land will then be handed over to GOL and converted to forest land.</li> </ul>
S10	Cut-off-date	The last cut-off date was August 15, 2015 and PAP have been informed.		Closed	
S11	Hmong staff	The situation has improved significantly.		Closed	<ul style="list-style-type: none"> <li>NNP1PC appreciates the recognition of the hard work undertaken on the issue and intends to continue to monitor the situation and take additional measures if required</li> </ul>
S12	Asset registration	<ul style="list-style-type: none"> <li>Demarcation in 2UR remains unclear.</li> <li>44 households in 2LR refuse asset registration.</li> <li>See R4 and R7 (above)</li> </ul>	<p>Although the situation has improved somewhat, significant issues remain. Recommendation: The IAP recommends that NNP1PC address the outstanding asset compensation issues in a timely manner.</p>	High	<ul style="list-style-type: none"> <li>See NNP1PC's response to item S9</li> </ul>



No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>2</sup>	NNP1PC Response
S13	Community participation	<ul style="list-style-type: none"> <li>• PAP participation with Project and GOL has improved. Activities have moved forward: assets survey and registration, IP graves registration, livelihood programs, crimes have been reduced.</li> <li>• PRLRC follows a participatory process to establish unit rates consistent with ADB requirements</li> <li>• NNP1PC has engaged a well-respected Hmong leader to help engage PAP to participate in activities, especially asset registration.</li> </ul>	Continuing to encourage PAP to participate at all levels of activities with the Project and the GOL.	Medium	<ul style="list-style-type: none"> <li>• NNP1PC continuous to involve PAPs in the various livelihood and social programmes</li> </ul>

## Summary of Environmental Issues

No.	Issue	Status	IAP comments and recommendations	Level of Concern <sup>3</sup>	NNP1PC Response
E1	There are four hydropower projects under construction that will affect water quality, water use and water availability along the Nam Ngiep river. An organizational arrangement is needed to manage the watershed resources and enable communications and cooperation between the hydropower companies.	<ul style="list-style-type: none"> <li>The Watershed Management Plan started in May 2015 and is on-going. The focus of the action plan is to develop a WMP and undertake necessary surveys and establish the WRPO. Overlapping concessions, cumulative and trans-boundary impacts from hydropower, mining, and other development projects within the watershed necessitate consideration of an integrated management and monitoring plan for the Nam Ngiep watershed.</li> <li>NNP1 Watershed Team has been meeting with MONRE, provincial and district officers, to discuss management issues of the watershed. At a planning workshop in March 2016, NNP1, WRPC-WRPO agreed to a draft outline and version of the WMP. Baseline profiling is progressing from the ISP (land zoning map) and includes all key stakeholders. A draft WMP is expected in Q3 together with a Provincial Regulation. This should lead to a Final WMP in Q4 2016.</li> </ul>	<p>The IAP is encouraged by progress being made in land use zoning within the watershed (product of Integrated Spatial Planning).</p> <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>It is recommended that NNP1PC continues its efforts to write-up the Watershed Management Plan and Regulations, with inputs from the four hydropower projects being developed along the Nam Ngiep River.</li> <li>NNP1PC should then host the first annual meeting to discuss sharing water flow and water quality data and other issues of interest to the four Project Proponents and concerned Provincial and District government agencies.</li> </ul>	Low	<ul style="list-style-type: none"> <li>Please refer to B12, B18, and B22 related to the progress of the development of Nam Ngiep 1 Watershed Management Plan.</li> <li>WRPC has initiated the writing of provincial regulations on watershed management. The draft regulations were discussed during the technical workshop on 28-30 June 2016. The draft will be further improved to also consider the concerns and comments from other hydropower project developers.</li> <li>On 27 June 2016, NNP1PC together with relevant authorities from Xaysomboun Province attended a consultation meeting organized by Nam Ngiep 2 Power Company (NNP2) to deal with coordination and collaboration on water release and flood warning and protection. NNP1PC will host the next consultation meeting.</li> </ul>

<sup>3</sup> Level of Concern: Low - action recommended within 6 months; Medium - action recommended within 1-2 months; High - immediate action recommended

No.	Issue	Status	IAP comments and recommendations	Level of Concern <sup>3</sup>	NNP1PC Response
E2	<p>NNP1PC is expected to contribute to capacity building of MONRE and assist in establishing the EMU staffed by provincial and district representatives from project affected areas.</p>	<ul style="list-style-type: none"> <li>IAP discussions with the EMU of Bolikhamxay indicate that NNP1 is the priority project for GOL and EMU wants to continue to join in the monthly monitoring site visits to contractors' camps and construction work sites.</li> <li>Funds have been received at DONRE from NNP1PC to permit payment of daily allowances to the EMU for joint site visits, but funds are inadequate to permit purchasing water quality monitoring equipment. Requests were made from the EMU to MONRE for additional funds.</li> <li>The EMU will utilize the NNP1 monthly monitoring data as its database for reporting to DONRE and for writing their compliance monitoring reports. The EMU confirms that it is receiving NNP1 Monthly monitoring reports (both English and Lao versions).</li> <li>Although the IAP were unable to visit the EMU of Xaysomboun Province, it is assumed that they also are receiving monthly monitoring reports.</li> <li>The status of funding to the EMU of Xaysomboun is unknown. Their monitoring inputs should include the biomass removal</li> </ul>	<ul style="list-style-type: none"> <li>The IAP is satisfied with the efforts that the EMO is making to include training for the EMU in compliance monitoring and reporting on a monthly basis. This same type of training (capacity building) is needed for the EMU of Xaysomboun Province.</li> </ul> <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>Monitoring reports of the EMU (both provinces) should be sent to both NNP1PC and MONRE and include their assessment of the adequacy and effectiveness of implemented mitigation measures and monitoring program being made by the company. The EMU lacks any monitoring equipment, but they can be made aware of what parameters are relevant and how the EMO Compliance Monitoring team samples the environment to measure and analyze the protective measures being implemented by both the company and its contractors.</li> <li>The training program in compliance monitoring for the Xaysomboun EMU should include the Biomass Removal Plan. The EMO should use joint site inspections of the removal work as part of its capacity building efforts in the AIP 2016.</li> <li>It is important for the Bolikhamxay EMU to see the improvements being made to the wastewater treatment plants at the various construction camps and to verify that the improved treatment systems are producing</li> </ul>	Medium	<ul style="list-style-type: none"> <li>EMO will invite the EMU of Xaysomboun Province to participate in the joint site inspection for biomass removal and train them on the compliance inspection aspects. The Biomass Removal will be included in the training packages for Xaysomboun Province's EMU.</li> <li>EMO has previously trained the EMU of Xaysomboun Province on water quality monitoring.</li> <li>EMO will continue to encourage the active participation of EMU staff in the site inspections and monitoring of the camps' waste water treatment systems, NNP1 Project and Houay Soup landfills as well as the sewage disposal site at Spoil Disposal Area No. 6. The external consultant's report (Mr. Pipat) will be shared with the EMU and clarifications will be provided where needed. EMU staff will be engaged in the design of Houay Soup Waste Management Program (for Houay Soup Resettlement Area. These will be updated in the AIP 2016.</li> <li>The Independent Monitoring Agency (IMA) is planning to conduct training of the EMU. The IMA training programme will also include possible exchange of experiences with other EMUs (Nam Theun 2, Theun Hinboun Expansion). This will be discussed at</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of Concern 3	NNP1PC Response
		<p>program and biomass reuse by impacted communities.</p> <ul style="list-style-type: none"> <li>Capacity building of the EMU of Xaysomboun is still an outstanding obligation of the EMO.</li> </ul>	<p>an effluent that meets the Lao effluent standards. The EMU should be briefed on the waste treatment technologies being implemented at the various camp sites (management of both black and grey wastewaters, how the systems work and how they should be maintained). More frequent monitoring of the effluents from the WWTPs is needed (once per week) until the EMO is satisfied</p> <ul style="list-style-type: none"> <li>Likewise, the EMU should be included in discussions with communities on management of solid wastes and witness the project landfill and black wastewater disposal areas being implemented for the contractors and their construction camps.</li> <li>The IAP commends NNP1PC for its efforts to include separation, recycle and reuse of all waste materials, with the goal to create new job opportunities for community members (raising pigs with waste food, making compost for soil improvement, and selling various kinds of wastes to recycle industries). Separation and recycle will save considerable landfill capacity and result in cost savings for the company as well as creating new jobs, income and new product opportunities for the resettlement communities.</li> <li>Similar planning and training should be included for the EMU of Xaysomboun as resettlement work proceeds in the province.</li> </ul>		<p>the upcoming IMA Debriefing on 05 August 2016.</p> <ul style="list-style-type: none"> <li>NNP1 will invite EMU representatives from both provinces to the stakeholder workshop to finalize the NNP1 Watershed Management Plan which is planned to be conducted in September or October 2016. NNP1 will also consider to invite representatives of MONRE to provide the lesson learn on hydropower development in relation to watershed management.</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of Concern 3	NNP1PC Response
			<ul style="list-style-type: none"> <li>The AIP 2016 should clarify and detail the training programs to be introduced to the EMUs of both provinces. The training should include all environmental issues that need to be improved in 2016 by the Contractor. Training includes joining in monthly joint inspections made by the EMO together with the Contractor and involvement in discussions of the proposed changes by the Contractors to correct outstanding environmental issues and non-compliances. The two EMUs can thus witness the compliance and monitoring approach used by EMO to ensure that the Contractor and all Sub-contractors meet with the conditions of Annex C of the CA and the ADB SPS.</li> <li>The IAP again recommends that NNP1PC convene a workshop combining the EMUs of both provinces and MONRE to review duties of the EMU for Nam Ngiep watershed. MONRE should be invited as workshop organizer to review “lessons learned” from Nam Theun 2 and the Theun-Hinboun projects, and include the expanded mandate of MONRE to oversee integrated environmental conservation interests of water, forest, and biodiversity protection at the regional level. Site visits to witness mitigation measures and analyze findings would be beneficial for capacity building efforts of the project.</li> </ul>		

No.	Issue	Status	IAP comments and recommendations	Level of Concern <sup>3</sup>	NNP1PC Response
E3	<p>The management of the Environment is not in compliance with (1) the CA Obligation 2.2 Obligation to Implement Environmental Measures which states that the Company (NNP1PC) must ensure that the HCCEMMP is prepared by the Head Construction Contractor in accordance with the Concession Agreement . . . , and ensure that the Head Construction Contractor implements the approved HCCEMMP; and, (2) the ADB Safeguard Requirements 1: Environment, Section 2. Environmental Planning and Management, para. 15, which states that when a third party's involvement (meaning a contractor, or an operator of an associated facility) will influence</p>	<ul style="list-style-type: none"> <li>The Main Contractor (CWC) has three staff designated to manage and oversee the environmental, health and safety (EHS) obligations of the CWC and its Sub-contractors (Mr. Santi Sayakoummane, Environmental Specialist; Mr Taguchi Tomohiro, EHS Manager; and Mr Lester Palarca, Safety Engineer) in accordance with the CA and the ADB Safeguards. The IAP is satisfied with the new arrangement as long as supervision of environment affected activities of the CWC and its Sub-contractors is carried out by CWC in accordance with best practices and commitments of the ESMMP-CP.</li> <li>CWC is still dependent upon NNP1 to provide all technical inputs, environmental monitoring, and reporting, plus meeting with the Sub-contractors to implement acceptable solutions to environmental issues. CWC is thus not operating in accordance with ADB Safeguards or IFI Performance Standards.</li> <li>The effluents from the CWC and Sub-contractors' wastewater</li> </ul>	<p>The IAP believes that the CWC is non-compliant with ADB's Environmental Safeguards and IFC Performance Standards. CWC's non-compliance is the borrower/client's (NNP1PC) non-compliance as far as ADB and other lenders are concerned.</p> <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>NNP1 must continue to pressure the CWC to carry out its environmental management obligations both for the CWC and its sub-contractors in accordance with best practices. This means that the Technical Division (TD) must work closely with and support the EMO requests for improved CWC environmental actions to manage both their obligations and those of their sub-contractors.</li> <li>The IAP recommends that the Environmental Engineering Consultant be invited back to resolve construction &amp; operation problems with the wastewater treatment plants (WWTP) of the sub-contractors and the CWC Camp. Only the WWTP of the Owner's Camp is properly operating. The revised wastewater treatment plants are not properly constructed and need to be modified to ensure operation efficiency and ability to produce an effluent that meets the Lao effluent standards.</li> <li>The EMO should have a set of drawings of the new WWTPs and should inspect that the construction is in accordance with the</li> </ul>	High	<ul style="list-style-type: none"> <li>There have been several meetings between the EMO and TD before and after the joint IAP/LTA/ADB mission carried out in May 2016 to discuss the WWTS issues and agree on the next steps including the implementation of the recommendations provided by a Thai external consultant. On 29-30 June 2016, a joint assessment involving the Thai external consultant, the Owner (TD and EMO) and the main Contractors (OC, HM and IHI) was carried. The Owner (TD and EMO) agreed with the consultant's recommendation on the use of chlorination to ensure compliance with the Standards. The external consultant will submit the final report in August 2016. The final report will then be discussed among TD, EMO and the Contractors to reach consensus on the measures that must be implemented.</li> <li>EMO is following-up closely with the construction of new camps to ensure that the WWTS follows the approved designs specified in the approved SS-ESMMP. For example, the EMO issued an Observation of Non-Compliance (ONC) to Lilama 10 (HM Hydro's sub-contractor) in June 2016 for the construction of the grey water ponds (WWTS) that did not follow the</li> </ul>

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	<p>implementation of the EMP, the borrower/client (meaning NNP1PC) has control or influence over the actions and behavior of the third party, and will collaborate with the third party to achieve the outcome consistent with the requirements for the borrower/client.</p>	<p>treatment plants (WWTPs) are not meeting the Lao effluent standards. The GOL thus has the rights to impose penalties on the Company for breach of its obligations regarding environmental safety.</p> <ul style="list-style-type: none"> <li>Likewise, the system to manage the disposal of solid wastes is not yet finalized. Questions remain about how to manage construction and hazardous wastes from the various work areas, fees to be charged to contractors for disposal at the project landfill, plans for separation of wastes at the project landfill, and long term storage of some hazardous wastes that cannot be recycled in Laos.</li> </ul>	<p>drawings of the Consultant. If not, they should issue a non-compliance for construction of the wastewater treatment plants. The designs are based on referenced international standards and thus CWC and its sub-contractors are obligated to build the treatment systems and install equipment as specified in the detailed design drawings.</p> <ul style="list-style-type: none"> <li>The EMO needs to increase the frequency of its sampling to check on the adequacy of the WWTPs. The samples need to be composite samples (representative of what is being discharged). A single grab sample of the effluent is not a reliable sample to judge what is being discharged from the WWTPs.</li> <li>The EMO should continue sampling the effluents from the WWTPs on a monthly basis. To ensure improvement at ground level, LTA and ADB will visit the sites in September 2016 to check the progress of recommendation made during the IAP mission. This should address the root cause of water quality violations.</li> </ul>		<p>approved specifications and required the construction to be on hold until corrective actions were implemented. This issue was addressed by the Contractor.</p> <ul style="list-style-type: none"> <li>From July 2016, the frequency of sampling for effluents from camps and construction sites has increased to twice a month (bi-weekly) as initially agreed during the wrap-up workshop with IAP, LTA, IMA and ADB at the Mercure hotel in Vientiane on 21 May 2016. Sampling of surface water (Nam Ngiep River) for the stations located upstream, within and downstream of the construction sites (i.e. NNG09, NNG04 and NNG05 respectively) are conducted on a weekly basis for physical parameters (pH and turbidity). Composite sampling of the effluents from the camps will be carried out once the EMO lab equipment is in operation.</li> </ul>
E4	<ul style="list-style-type: none"> <li>Management of wastes from construction sites and camps of sub-contractors is not yet compliant with guidelines of the ESMMP-CP the</li> </ul>	<p>Several violations of the standards are evident:</p> <ol style="list-style-type: none"> <li>Solid wastes are still being dumped into the temporary pits of the NNP1PC landfill without separation of recyclable wastes for reuse or sale to recycle firms;</li> <li>The temporary pits are unlined and do not have a leachate</li> </ol>	<ul style="list-style-type: none"> <li>The Main Contractor, Obayashi, understands that it is his responsibility to ensure that all sub-contractors meet waste treatment and waste management standards agreed upon in the CA and EMP for all types of construction and worker wastes (air, liquid, solids and hazardous wastes).</li> <li>The TD has provided technical assistance for CWC and its sub-contractors by hiring a</li> </ul>	High	<ul style="list-style-type: none"> <li>EMO will continue to provide training on waste management to the Contractors and sub-contractors as well as establishing clear Standard Operating Procedures to guide them on the management and disposal of different non-hazardous and non-hazardous wastes. Joint monthly hazardous waste inventories and</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of Concern 3	NNP1PC Response
	<p>requirements of Annex C to the CA.</p> <ul style="list-style-type: none"> <li>• NNP1 has not prepared and approved a SSES MMP for the Landfill Management Plan and submitted it to MONRE prior to commencing construction work covered by the SSES MMP (see <i>Clause 68 of Annex C to the CA</i>).</li> <li>• NNP1PC has obligations to minimize and recycle waste.</li> </ul>	<p>collection system. The pits should be covered and protected from rainwater seeping or draining into the pits; and,</p> <p>3) Septic tanks waste from sub-contractor septic tanks are being collected and disposed of by an outside contractor in the spoils disposal area #6. NNP1PC has approved the disposal method and site and instructed the contractor on lime treatment requirements. The EMO needs to check the disposal process and verify that the contractor is following the required standard.</p>	<p>licensed environmental engineer to provide designs for the wastewater treatment plants and the sanitary landfill needed for the NNP1 project.</p> <ul style="list-style-type: none"> <li>• The IAP is satisfied with the approved design of the project landfill and the leachate system. Construction just started a few days prior to this IAP Site visit.</li> <li>• The IAP commends the EMO on its efforts to separate and recycle wastes from contractors as well as communities and to support and encourage villagers to collect and separate wastes from service areas for recycle. Utilization of project wastes for recycle and reuse will pay for itself in future livelihood developments, save on investment &amp; operation costs at the sanitary landfill, and create a healthier and cleaner environment for the resettlement communities.</li> </ul> <p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>• The main focus of the solid wastes collection and treatment system for the construction and operation phases of the project should be on maximizing separation and recycle of waste materials; not disposal of solid wastes into the landfill. Some 90-95% of the wastes disposed in the landfill can be recycled.</li> <li>• It is far more economic for NNP1PC to invest in a recycle process (separation, compaction and recycling technologies for reusing solid wastes) than in expanding the sanitary landfill</li> </ul>		<p>audits with the Contractors will continue to be carried out.</p> <ul style="list-style-type: none"> <li>• As discussed during the mission wrap-up workshop with IAP, LTA, IMA and ADB on 21 May 2016, NNP1PC believes that the separation of recyclables and non-recycle waste (such as waste oil/oily rags) are most effective at the sources where the Contractors/sub-contractors can keep small proceeds from the selling of these materials. It also saves them some transportation costs and NNP1PC for the maintenance of the facility should a single storage location be set up. NNP1PC will consider storing the hazardous materials in one location at a later stage.</li> <li>• EMO has started the discussions with the livelihood development team of the SMO to revive the compost programme earlier implemented by SMO in the host villages. As a first step amounts of vegetable and fruit waste generated from the camps to make compost will be inventoried.</li> <li>• The fee collection for both NNP1 Project and Houay Soup landfills have been estimated based on initial information at \$32/ton for NNP1 Project landfill and \$12/ton for Houay Soup landfill. This will be adjusted as appropriate during the operation. The</li> </ul>



No.	Issue	Status	IAP comments and recommendations	Level of Concern 3	NNP1PC Response
			<p>to meet projected solid wastes generation volumes throughout the CA.</p> <ul style="list-style-type: none"> <li>• The AIP 2016 should focus on a “green technology” approach to management of solid wastes from the contractors and from all project impacted communities.</li> <li>• The EMO needs to ensure that CWC and all sub-contractors strictly follow the Guidelines for hazardous materials and hazardous wastes separation, identification, and storage. The IAP and ADB does not perceive any negative impact of the present arrangement provided it is conducted with strict compliance with the regulations and good practices. The IAP recommends that NNP1PC include provisions of EMO / TD clearance and approval before such wastes are disposed through authorized recyclers.</li> <li>• NNP1PC needs to calculate a disposal fee with concurrence of CWC and all subcontractors to cover the cost of operation of the sanitary landfill for the NNP1 project. The fee should cover the costs of workers who will check on incoming wastes, carry out additional separation for recycle and safety reasons, and operate the project landfill.</li> <li>• Options for recycle of food wastes, raising pigs, making plastic pellets for recycle and sale to extruders, and other “green” technologies should be introduced and encouraged as livelihood options to interested villagers. All recycle options will reduce the need for expanding the project</li> </ul>		<p>fee collection for Houay Soup landfill would be considered after COD.</p> <ul style="list-style-type: none"> <li>• NNP1PC has established a comprehensive recycling program for the Project construction sites where different types of recyclables are being separated and stored at various camps’ recycling centres and, the Community Recycle Bank at Ban Hat Gniun in the case of the Owner’s Site Office and Village, for sale to a Khunmixay Factory on a regular basis. Contracts have been made between the Khunmixay Factory and the Contractors/Owner’s Site and Village Camps to ensure that recyclables are separated and regular collected by the Factory. A weekly inventory of recyclables generated and collected by the Factory as well as the amount of food wastes collected by local villagers in Hat Gniun village for use as pig feeds from various camps have recently been established to understand the effectiveness of the waste recycling program.</li> <li>• The NNP1PC also ensures that new workers arrived on site receive appropriate briefing on the waste management including waste separation for recycling and disposal.</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of Concern <sup>3</sup>	NNP1PC Response
			<p>landfill in the future and result in capital savings for NNP1PC.</p> <ul style="list-style-type: none"> <li>• NNP1PC will operate the landfill throughout the CA using the collected fees to pay for operation. Communities using these facilities in the future need to be instructed on the Guidelines for solid wastes collection and disposal. Disposal fees would vary over time to reflect the net costs of collection, separation, recycle and residual disposal costs.</li> </ul>		
E5	<ul style="list-style-type: none"> <li>• Cooperation and support from TD to EMO is necessary to implement corrective actions by CWC and sub-contractors on outstanding environmental issues in timely manner.</li> <li>• Compliance Monitoring frequency and parameters to be monitored needs to be re-evaluated in a new Annual Implementation Plan (AIP) for 2016.</li> <li>• The new Environmental Lab should be completed as soon as possible</li> </ul>	<ul style="list-style-type: none"> <li>• Visits to construction camps and work sites by the IAP and LTA Environmental Specialists showed improved awareness and attention to environmental issues by CWC and its sub-contractors.</li> <li>• Inspection monitoring is taking place regularly between EMO, CWC, and sub-contractors, with scheduled meeting times so that contractors can respond to non-compliances with agreed upon corrective actions and within an acceptable time frame for implementation.</li> <li>• The CWC's Environmental Manager is now inspecting work sites and camps of subcontractors together with EMO Compliance team members to ensure</li> </ul>	<p>Review of EMO Monitoring and Inspection Team activities is showing improved support and cooperation from TD to implement corrective actions by CWC and sub-contractors on outstanding environmental issues. This needs to be extended to the newly redesigned wastewater treatment systems. TD needs to insist the CWC and its sub-contractors follow the design drawings and specifications of the environmental engineering consultant and build the required treatment systems to meet the standards specified in the consultant's reports.</p> <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• The IAP strongly endorses the involvement of NNP1PC environment managers in field inspections to ensure full cooperation of senior EHS manager support from the CWC and its sub-contractors.</li> <li>• Outstanding environmental issues should be monitored frequently using relevant parameters to verify adequacy of</li> </ul>	Low	<ul style="list-style-type: none"> <li>• The Deputy Manager of Environmental Compliance and Monitoring has been participating on behalf of the EMO manager in the Monthly Safety and Environmental Patrol organized by the CWC as well as the weekly Coordination Meeting with all the Contractors where key environmental issues were raised and discussed in follow up-meetings between EMO/TD and Contractors.</li> <li>• The Annual Implementation Plan (AIP) 2016 is an internal management tool used as a basis for monitoring progress on implementation of action plans, compliance and budget spending. The AIP 2016 as such will not be revised, but individual action plans will be updated based on the feedback from the internal monitoring. The AIP is not the place for design of environmental</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of Concern <sup>3</sup>	NNP1PC Response
	and equipment procured to permit more ambient (in the field) monitoring by the Compliance Monitoring team.	environmental performance standards	<p>mitigation measures and to document results achieved.</p> <ul style="list-style-type: none"> <li>The overall environmental monitoring program needs to be revised and updated in a new AIP 2016. The monitoring program should be flexible and modified to clarify the extent of an adverse environmental impact or to prove acceptability of an implemented mitigation measure.</li> </ul>		<p>monitoring programmes – this belongs to the ESMMP-CP; which is a public document approved by MONRE. Any further revisions to the monitoring programmes will be prepared separately for MONRE’s approval; however, the action plans and budgets necessary to implement the monitoring programmes will be reflected in the AIP. NNP1PC will start preparing the AIP 2017 in September 2016.</p>
E6	<ul style="list-style-type: none"> <li>The Biomass Removal Plan for the reservoir has been approved by all parties and the selected contractor, LAUNC, has set up camp in Ban Sopyouak, Hom District, to start biomass clearance blocks and develop an effective work force and management team.</li> <li>The EMO needs to monitor the clearance work, and the AIP 2016 should address this new activity and clarify all</li> </ul>	<ul style="list-style-type: none"> <li>NNP1 has obtained a site specific ESMMP from the BRP Contractor for each of the 18 priority biomass removal areas. The SSESMMMP contain updated biomass removal area maps and plans for utilization of NTFPs and waste biomass by villagers. Local government agencies have been informed about the plan and expressed interests to be involved in monitoring its implementation.</li> <li>A government approved UXO clearance team is being employed to first clear designated areas of any residual explosives prior to any biomass removal. Villagers are allowed to plant rice on cleared biomass areas before inundation.</li> </ul>	<p>The IAP is satisfied with the updated biomass removal area maps and the management of the Biomass Removal Plan by the selected LAUNC Contractor. Involvement of local villagers, training, provision of safety equipment, and an attractive daily wage has enticed local villages to participate as laborers for the contractor. Villagers are collecting waste timber for beneficial use (mostly as future firewood), but there is no company plan to convert waste biomass to biochar and use it at resettlement village sites where such biochar can be used to enhance soil fertility or to develop other villager livelihood options, such as making biochar to improve soils and agricultural yields, saving and cutting timber for construction of chairs and tables for schools, development of village nurseries, or collecting and saving valuable seedlings for future agro-forestry development, etc.</p>	Low	<ul style="list-style-type: none"> <li>NNP1PC had several discussion with Xaysomboun Provincial Authority related to utilization of reservoir biomass waste with the following highlights: <ul style="list-style-type: none"> <li>NNP1PC EMO conducted a coordination meeting on 01 February 2016 with Xaysomboun Provincial Authority and it was recommended by the Vice Governor that the villagers should also be allowed for rice cultivation or crop plantation on the cleared biomass areas before the reservoir impoundment which will also limit the vegetation re-growth.</li> <li>On 17-18 February 2016, NNP1PC EMO and SMO conducted village consultation meetings at 3 villages (Ban Nam Youak, Sopyouak and Ban Sop Phouan) and noted that: 1) villagers are interested to collect the</li> </ul> </li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of Concern <sup>3</sup>	NNP1PC Response
	environmental and safety requirements.		<p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>• The IAP advises that NNP1 should organize a special meeting among key SMO and EMO staff to discuss potential uses of the waste reservoir biomass that would benefit impacted villages and consider pilot projects for livelihood options. The results of the meeting should be incorporated into the biomass removal implementation plan by LAUNC Contractor and overseen by a designated team from within EMO/SMO. Each resettlement village (or interested villagers themselves) could make a storage area for safeguarding useful removed biomass for future self or community use.</li> <li>• The EMO/SMO Auditing team needs to be familiar with and oversee the Environmental and Social Safeguards of the BRP as described in the Code of Practice for Biomass Removal (pp. 49-56 of the BRP for NNP1, July 2015). The IAP recommends that the EMO review the Code of Practice with the Biomass Contractor to ensure that there is no use of hazardous materials within the reservoir area, no maintenance of vehicles, zero tolerance for hunting or poaching of any kind, etc. and that he understands what he must do to implement the Code of Practice. This Compliance Monitoring work will require a new team of dedicated EMO staff to work within the reservoir area and the AIP 2016 needs to address this new activity in considerable detail.</li> </ul>		<p>remaining firewood after the first burning of biomass; 2) villagers are also interested for doing rice cultivation or crop plantation in the cleared biomass areas and agreed to the terms and condition recommended by the Provincial authorities such as there shall not be land title claims and no further expansion of the cultivation area.</p> <ul style="list-style-type: none"> <li>- NNP1 EMO conducted coordination meeting with NNP1 Xaysomboun WRPO on 05 May 2016 and it was recommended by Hom District Governor to conduct joint inspection/inventory for the lesser valued trees with a diameter of more than 20 cm particularly before further action of burning while Hom District GOL will make contact with local entrepreneur for the sale of lesser value trees in the area.</li> <li>• By June 2016</li> <li>- There are 142 households from 3 villages (Nam Youak, Sopyouak and Sop Phouan) registered for doing crop plantation in the cleared biomass area and more than 120 households have started integrated crop plantation (rice, maize, ginger, chili, cucumber, melon, etc.).</li> <li>- The joint inspection at some priority clearance area by NNP1 EMO, DAFO</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of Concern <sup>3</sup>	NNP1PC Response
					and DONRE of Hom District estimated that there is around 1,500 m <sup>3</sup> of the cut lesser value tree with a diameter of more than 20 cm that required for further action before the burning schedule in September and December 2016.

## Summary of Biodiversity Issues

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>4</sup>	NNP1PC Response
B1	Options for implementing a biodiversity offset (long-term issue)	Watershed biodiversity surveys completed –no suitable offset site in watershed. Three other sites proposed by provinces also not suitable	<b>Recommendations</b> <ul style="list-style-type: none"> <li>Verify suitability of Nam Mouane in BKX and/or another suitable site outside project provinces. The implementation of this recommendation is on-going.</li> </ul>	Very High	<ul style="list-style-type: none"> <li>NNP1 and ADB has issued the official confirmation on 6 and 7 June 2016 accepted Nam Mouane Watershed as the primary designated biodiversity offset site of the Project.</li> <li>NNP1PC and ADB has agreed on a boundary confirmation survey to be undertaken in September and October 2016. The primary objective of the survey is to obtain baseline info to assess and confirm the boundaries of the offset site.</li> <li>In addition, NNP1PC is preparing the full scale biodiversity baseline survey which will form the basis for the development of the Biodiversity Offset Management Plan.</li> </ul>
B2	Activities along the dam access road need to be managed to reduce impacts (ongoing issue)	Degradation, logging and forest clearance for agriculture along access roads. EPF grant allocated (Dec 2015). Ongoing for life of project	<b>Recommendations</b> <ul style="list-style-type: none"> <li>Work with provincial authorities to limit forest clearance along new dam access road (still an issue).</li> <li>Company to monitor effectiveness of PONRE implementation of EPF grant.</li> </ul>	High	<ul style="list-style-type: none"> <li>In June 2016, the Environmental Protection Fund approved a sub-project of Bolikhamxay Province on management of Houy Ngoua Provincial Protected Area including enforcement of</li> </ul>

<sup>4</sup> Level of Concern: Low - action recommended within 6 months; Medium - action recommended within 1-2 months; High - immediate action recommended

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>4</sup>	NNP1PC Response
					<p>relevant forest laws and regulations.</p> <ul style="list-style-type: none"> <li>NNP1PC will support and monitor the effective use of this fund.</li> </ul>
B3				Closed	
B4				Closed	
B5	Workers and construction traffic removing forest resources, illegal logs and wildlife	Prohibition of illegal harvesting and trade is covered in the Developer's Code of Conduct (ongoing issue)	<p><b>Recommendations</b></p> <p>The Developer should enforce a zero tolerance policy on illegal logging, hunting and wildlife trade by the employees of the Developer, Contractor, and all sub-contractors. Ongoing need. – EMO to report on any infractions</p>	High	<ul style="list-style-type: none"> <li>NNP1PC is enforcing a zero tolerance policy on illegal logging, hunting and wildlife trade to all staff of NNP1PC and its contractors and sub-contractors</li> <li>Any incident of non-compliance will be reported to the employer and relevant authorities for the prosecution under the law of Lao PDR and the violators will be automatically dismissed without excuse, notice or severance pay.</li> </ul>
B6	Introduction of potentially invasive species as part of reforestation, agriculture schemes	Plans for aquaculture in reservoir to improve livelihoods (ongoing)	<p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>The Developer should check to make sure that the proposed species to be introduced are NOT potentially invasive</li> <li>Need careful review to ensure no introduction of exotic species with likely negative impact on native fish fauna.</li> </ul>	Low	<ul style="list-style-type: none"> <li>The plans for aquaculture development will include prevention of introduction of invasive species in project areas.</li> <li>Propagation of native fish species included in the plans.</li> </ul>
B7	NTFPs used by PAP for food security and cash income	<ul style="list-style-type: none"> <li>PAP at all impacted villages are highly dependent on NTFPs</li> <li>NRM report for Houay Soup recommends zoning of forest according to land capacity and</li> </ul>	<p><b>Recommendations</b></p> <p>Protect sufficient natural forest within and adjacent to the resettlement sites for villagers to harvest NTFPs or provide alternative sources of income</p>	Closed	

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>4</sup>	NNP1PC Response
		advocates another consultancy to assess NTFPs at Houay Soup			
B8	<ul style="list-style-type: none"> <li>Monitoring of biodiversity</li> <li>Capacity of provincial and district EMUs for monitoring</li> <li>Community engagement in monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Biodiversity values are not monitored by anyone</li> <li>EMUs in project provinces have limited capacity and resources</li> <li>Hmong villagers have good local knowledge</li> <li>Long term issues</li> </ul>	<p>Reservoir will give access to new areas above water line</p> <p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>Additional wildlife surveys should be undertaken in the upper watershed during construction to define protection and monitoring needs</li> <li>Hmong villagers should be hired to assist with monitoring biodiversity within resettlement areas and nearby forests</li> <li>Strengthen capacity of provincial EMUs to monitor impacts on biodiversity and environment. (still valid for BIORAP)</li> </ul>	<p>Medium</p> <p>High</p>	<ul style="list-style-type: none"> <li>Additional biodiversity survey will be carried out as part of NNP1 Watershed Management Plan implementation, if required, a Corrective Action Plan will be developed and implemented for specific sites and species.</li> <li>The NNP1 Watershed Management Plan is being developed with participation of local authorities and communities. The resettles, mainly Hmong communities will be engaged for the monitoring of biodiversity in the forest within and near the resettlement area.</li> <li>EMU is being engaged in the development of NNP1 Watershed Management Plan by involving in the meetings and other consultations.</li> </ul>
B9				Closed	
B10	<ul style="list-style-type: none"> <li>Appropriate and integrated watershed management activities</li> <li>Initiate development of ISP for XSB</li> </ul>	<ul style="list-style-type: none"> <li>The watershed now falls mainly within the boundaries of XSB Province which lacks an integrated spatial plan</li> <li>ISP due June 2016</li> </ul>	<p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>Work with MONRE and environmental offices in XSB to develop ISP</li> <li>NNP1PC work with XSB to prioritize and complete planning for districts within watershed as critical input to watershed management plan</li> </ul>	Very high	<ul style="list-style-type: none"> <li>The draft District ISP reports have been submitted to Xaysomboun ISP Technical Committee in the middle of June 2016.</li> <li>NNP1PC is closely working with the committee for data</li> </ul>



No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>4</sup>	NNP1PC Response
					<p>verification and analysis in finalizing the draft Province ISP report.</p> <ul style="list-style-type: none"> <li>Some information from the report have been referred for the development of NNP1 Watershed Management Plan</li> </ul>
B11	Construction activities and increased access will lead to further habitat loss in watershed and along ROW for transmission lines	Villagers already clearing forests around dam site to expand agricultural activities	<p><b>Recommendations</b></p> <p>Develop guidelines and mitigation plans to minimise habitat loss due to construction activities and for restoration and rehabilitation of impacted areas. NNP1PC to monitor habitat infractions in watershed</p>	High	<ul style="list-style-type: none"> <li>NNP1PC is closely monitoring all its construction activities to ensure that there are no clearing of forest beyond the areas that need to be cleared as part of the construction works</li> <li>Instructions and requirements in terms of controlling and limiting vegetation clearance and on rehabilitation of decommissioned construction sites are dealt with in the ESMMP-CP and further detailed in the Detailed Work Plans and the Site Specific ESMMPs</li> <li>Habitat loss in the NNP1 Watershed is expected to be monitored by the competent authorities as part of the NNP1 Watershed Management Plan; however, NNP1PC will consider undertaking its own monitoring of areas critical to the maintenance of the</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>4</sup>	NNP1PC Response
					reservoir and provision of adequate water flows
B12	Working with MONRE to manage watershed management activities	<ul style="list-style-type: none"> <li>• Current budget request from MONRE focuses mainly on vehicles and salary supplements, – need to refocus on actions.</li> <li>• Watershed Management Plan is not completed</li> </ul>	<b>Recommendations</b> <ul style="list-style-type: none"> <li>• Little progress with WMP (Dec 2015) Provinces implementing early actions with NNP1PC funding.</li> <li>• No further activities should be supported before approval of the WMP.</li> <li>• Urgent that Watershed Management Plan is completed with 1<sup>st</sup> draft due July 2016.</li> </ul>	Urgent	<ul style="list-style-type: none"> <li>• NNP1PC together with WRPO continue working on NNP1 Watershed Management Plan development while in parallel settling the procurement of GOL National Consultant and NNP1PC International Consultant.</li> <li>• The technical workshop with participant from NNP1, WRPC, WRPO, Xaysomboun District ISP Team, NNP1 Biodiversity and Fishery consultant was conducted on 28-30 June 2016 with the primary objectives: <ul style="list-style-type: none"> <li>- to revisit and agree on the vision of the NNP1 Watershed Management Plan</li> <li>- to cross validate the current issues analysis that further link with the formulation of activity packages (goals, objectives, indicators and activities) for the thematic areas of Land use, Biodiversity, Water resource, Fishery, Soil erosion &amp; sedimentation and Livelihood</li> </ul> </li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>4</sup>	NNP1PC Response
					<ul style="list-style-type: none"> <li>- to discuss the initial content for drafting provincial watershed regulation based on experience of Xaysomboun and Bolikhamxay Province.</li> <li>• Noted that no further activities to be supported before approval of the NNP1 Watershed Management Plan. In addition, NNP1PC and GOL has established financial monitoring of budget utilization against the plan implementation</li> </ul>
B13	Capacity of environmental units at MONRE to manage watershed management activities	<ul style="list-style-type: none"> <li>• MONRE has very limited capacity at all levels (especially at province and district levels).</li> <li>• Training on village mapping and watershed boundary demarcation delivered.</li> </ul>	<b>Recommendations</b> Developer's EMO to work with MONRE to seek capacity and mentoring opportunities Ongoing	Medium	<ul style="list-style-type: none"> <li>• NNP1PC continues to work with DFRM for development of the watershed management activities and engage EMU for the monitoring of the programme.</li> </ul>
B14				Closed	
B15	Watershed Management Plan should include Houay Soup forests and be integrated with ISP for XSB	Dec 2015 DoLA has agreed PAPs should have sole use of Houay Soup forests	<b>Recommendations</b> <ul style="list-style-type: none"> <li>• Activities in protection forest in Houay Ngua and Houay Soup to be implemented in accordance with WMP objectives. Forest activities at Houay Soup to be funded under Resettlement Plan</li> <li>• Initiate community participatory planning for forest use and zoning with PAPs at resettlement site</li> </ul>	Very High	<ul style="list-style-type: none"> <li>• The Forest Management Plan in Houay Soup resettlement area will be under the umbrella of the Watershed Management Plan but will not be covered by Xaysomboun ISP, because Houay Soup area is in Borikhamxay Province. The Houay Soup forest management activities will be</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>4</sup>	NNP1PC Response
					<p>funded under the resettlement program.</p> <ul style="list-style-type: none"> <li>Houay Ngua Provincial Protected Area is being funded by EPF/NNP1 budget.</li> </ul>
B16	Collaboration with NNP2 on watershed management	Developments at NNP2 impact on watershed, including water quality and aquatic biodiversity Limited recent contact with NNP2	<p><b>Recommendations</b></p> <p>Continue contact with NNP2 to facilitate collaboration and complementarity of watershed management</p>	High	<ul style="list-style-type: none"> <li>As part of the Watershed Management Planning, NNP1PC will facilitate stakeholder workshops involving concerned projects in Nam Ngiep Watershed.</li> <li>NNP1PC maintains cooperation with NNP2 in terms of hydraulic monitoring (see response to E1)</li> </ul>
B17				Closed	
B18	Watershed Management Plan	Watershed Management Planning team is not yet mobilized	<p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>NNP1PC should focus on WMP as a priority using EMO leadership until consultants on board.</li> <li>Urgent that Watershed Management Planning team is mobilized immediately and managed as one integrated team.</li> </ul>	Urgent	<ul style="list-style-type: none"> <li>NNP1PC conducted internal workshop with biodiversity and fishery consultant as one integrated planning team to continue with NNP1 Watershed Management Plan development. The Senior Environment Specialist was involved in the NNP1 Watershed Management Plan development discussion.</li> <li>Please see response to B12</li> </ul>
B19				Closed	
B20				Closed	
B21	Watershed Management Plan	<ul style="list-style-type: none"> <li>Separate sub-plans being prepared by consultants</li> <li>International and national consultants not yet recruited.</li> </ul>	<p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>Recruit watershed management team leader for quality control and national consultant (liaison).</li> </ul>	Urgent	<ul style="list-style-type: none"> <li>DFRM has contracted the national consultant and the consultant has started working on the assignment.</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>4</sup>	NNP1PC Response
			<ul style="list-style-type: none"> <li>Prepare one integrated watershed management plan.</li> </ul>		<ul style="list-style-type: none"> <li>NNP1PC has obtained 4 shortlisted candidates for international team leader through the advertisement. The technical evaluation was completed in the middle of June and the final interview for contract negotiation was completed in the second week of July 2016. The contract is expected to be effective afterward for the period of 4.5 months.</li> <li>Please see response to B12 and B18</li> </ul>
B22	Budgets for Watershed Management and biodiversity offset	<ul style="list-style-type: none"> <li>Modest budgets allocated but decisions and allocations already being made before adequate plans in place</li> <li>Ongoing concern</li> </ul>	<p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>Funding to be allocated according to clear objectives and outcomes.</li> <li>Review opportunities for supplemental funding from NNP1PC, ADB and other potential sources</li> </ul>	Very High	<ul style="list-style-type: none"> <li>The funds for watershed management and biodiversity offset are in separate budget lines. Some funds were allocated as per requests from MONRE and WMC for the implementation of immediate activities.</li> <li>The fund allocation for watershed management activities is being done in the WMP development.</li> <li>NNP1PC is in dialogue with the World Bank and ADB on an opportunities for co-financing of the offset management activities and this will be part of BOMP development.</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>4</sup>	NNP1PC Response
B23	biodiversity offset Management Plan	Revised deadline for offset management plan now extended to April 2017	<b>Recommendations</b> Final choice of site should be made after completion of the survey of Nam Mouane by a biodiversity expert, which should be no later than end-July 2016, so that a decision can be made and management planning can start as soon as possible	Very High	<ul style="list-style-type: none"> <li>The final report of ground truth survey was sent to ADB on 30 June 2016. The ADB and NNP1PC confirmed to the Bolikhamxay province that Nam Mouane watershed is suitable as an offset site, this is concurred also by the IAP and NNP1 BAC recommendation.</li> </ul>
B24	Conservation of remaining populations of rare and endangered species in watershed	Important species populations identified at Phou Samsao and Phou Katta and surroundings	<b>Recommendations</b> <ul style="list-style-type: none"> <li>Issue remains incomplete</li> <li>Identify opportunities for species conservation activities in XSB from the Environment Protection Fund (EPF); consider designation of core conservation zones as a priority of the WMP</li> </ul>	High	<ul style="list-style-type: none"> <li>The conservation of identified species at Phou Samsao and Phou Katta will be addressed under NNP1 Watershed Management Plan.</li> <li>Xaysomboun Province is preparing a proposal to EPF for other conservation project.</li> </ul>
B25	Survey Nam Mouane as potential Offset site	<ul style="list-style-type: none"> <li>BKX proposed 77,000ha at Nam Mouane site; need to assess biodiversity values and access for technical assistance</li> <li>Surveys to be initiated by March 2015 for draft report June and final decision Sept 2015</li> </ul>	Completed	Closed	
B26	Survey at 2 <sup>nd</sup> back-up site for potential offset	<ul style="list-style-type: none"> <li>Proposed sites Khoun Xe Nong Ma, Xe Sap have high biodiversity potential but outside project area</li> <li>Site visitation by BAC and NNP1PC to KXNM in Khammouane Province</li> </ul>	<b>Recommendations</b> Given apparent conservation value of Nam Mouane and strong provincial support concentrate solely on Nam Mouane as offset site unless evidence arises of conflicting development plans.	High	<ul style="list-style-type: none"> <li>Please refer to B1, it is understood that Nam Mouane is accepted as primary designated of NNP1 biodiversity offset site</li> </ul>
B27	Biomass clearance	Site plans under prep and clearance progressing well.	<b>Recommendations</b> Review detailed site plans to ensure no new access into watershed forests. Ongoing.	Medium	<ul style="list-style-type: none"> <li>There will be no new access clearing to the biomass</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>4</sup>	NNP1PC Response
					clearance sites in the reservoir.
B28				Closed	
B29				Closed	
B30	Data on Nam Mouane as a biodiversity off-set site	Initial results from Biodiversity field surveys indicate Nam Mouane is promising as offset site – now need to begin collating additional information on habitat coverage etc.	<b>Recommendations</b> <ul style="list-style-type: none"> <li>• Collect further data for Nam Mouane including satellite imagery, any information re conflicting development plans.</li> <li>• Collect good baseline data on boundaries, forest types, extent of shifting agriculture and opportunities to include more ever wet forest within boundaries of proposed site. This information will feed into the offset management plan (BOMP) and monitoring plans.</li> </ul>	High	<ul style="list-style-type: none"> <li>• Noted.</li> <li>• NNP1PC is preparing a biodiversity baseline survey which will form the basis for the BOMP. NNP1PC also expects that the BOMP will include comprehensive ongoing monitoring programmes.</li> </ul>
31	biodiversity offset Option paper and final decision on site	biodiversity offset site has been under discussion for 3 years. Option paper due end July 2016 needs to confirm site to meet ADB deadlines.	<b>Recommendations</b> Based on current evidence (forest cover, biodiversity and conservation values, political support) IAP recommends Nam Mouane as offset site unless there are conflicting development plans for the area.	Very High	<ul style="list-style-type: none"> <li>• Refer to B1 that NNP1 has accepted Nam Mouane as primary designation of NNP1 offset site</li> <li>• NNP1PC also noted that BAC is in the same opinion as IAP recommends Nam Mouane as offset site.</li> <li>• The Offset Option paper will be developed separately by ADB</li> </ul>
B32	NNP1PC and PONRE to discuss protection status and institutional mechanisms for Nam Mouane	Biodiversity offset site currently has no legal status in Laos. Need to clarify how area will be protected and managed.	<b>Recommendations</b> Recommend outlining the steps for area to achieve NPA status. Institutional arrangements and lessons learned from other hydropower development projects in Lao PDR should be outlined in BOMP.	High	<ul style="list-style-type: none"> <li>• NNP1 will further discuss with GOL, this will be part of BOMP development and implementation.</li> </ul>

No.	Issue	Status	IAP comments and recommendations	Level of concern <sup>4</sup>	NNP1PC Response
B33	Additional biodiversity surveys in watershed	Additional surveys commissioned in Dec 2015 but not yet underway	<p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• Ideally complete additional surveys to feed data into IWMP. High priority should be the selection of species to focus on. At a minimum integrate results of initial surveys in IWMP to sensor protection of key species through land use plans, forest protection and species action plans.</li> <li>• Fisheries management plan also needs to be integrated in IWMP</li> </ul>	High	<ul style="list-style-type: none"> <li>• NNP1PC is of the opinion that NNP1 Watershed Management Plan can be developed with existing baseline data, and future surveys can be part of the actions and activities of the NNP1 Watershed Management Plan. This is also in line with the recommendation from NNP1PC BAC.</li> <li>• Biodiversity management and Integrated Fisheries Management Planning is being integrated into the NNP1 Watershed Management Plan.</li> </ul>
B34	3 <sup>rd</sup> expert to Biodiversity Advisory Committee	3 <sup>rd</sup> biodiversity expert not yet recruited	<p><b>Recommendations</b></p> <p>BAC should have a minimum of 3 biodiversity experts to provide advice to NNP1PC As agreed during the May mission, recruit Dr. Will Duckworth by end of June 2016, or as soon as he is available</p>	High	<ul style="list-style-type: none"> <li>• NNP1PC is in the process of recruiting the third BAC member. This is expected to be concluded in August 2016.</li> </ul>



## List of Acronyms

ADB	Asian Development Bank
AIP	Annual Implementation Plan
BAC	Biodiversity Offset Advisory Committee
BKX	Bolikhamxay Province
BRP	Biomass Removal Plan
CA	Concession Agreement
DEQP	Department of Environmental Quality Promotion
DFO	District Forestry Office
DFRM	Department of Forest Resources Management
DOLA	Department of Land Administration
DONRE	District Office of Natural Resources and Environment
EGATi	Electric Generating Authority of Thailand International Company
ESMMP-CP	Environmental and Social Management and Monitoring Plan Construction Phase
EMO	Environmental Management Office
EMU	Environmental Management Unit
ESD	Environment and Social Division
ESIA	Environmental and social impacts assessment
GOL	Government of Lao PDR
IAP	Independent Advisory Panel
IEE	Initial Environmental Examination
IMA	Independent Monitoring Agency
ISP	Integrated spatial planning
LTA	Lenders' Technical Advisor
MEM	Ministry of Energy and Mines
MONRE	Ministry of Natural Resources and Environment
NNP1	Nam Ngiep 1 Hydropower Project
NTFPs	Non-Timber Forest Products
PAP	Project Affected Person
PFA	National Protection Forest
PONRE	Provincial Department Of Natural Resources and Environment
REDP	Resettlement and Ethnic Minority Development Plan
RMU	Resettlement Management Unit
SMO	Social Management Office
SSESMMP	Site Specific Environmental and Social Management and Monitoring Plan
TD	Technical Division
WMP	Watershed Management Plan
WWTP	Waste Water Treatment Plant
WRPC	Watershed and Reservoir Protection Committee