



Project Summary Information

Date of Document Preparation/Updating: April 21, 2023	
Project Name	Xekaman Cross-border Hydropower Projects
Project Number	P000739
AIIB member	Lao PDR
Sector/Subsector	Energy
Alignment with AIIB's thematic priorities	Green infrastructure; Connectivity and Regional Cooperation; Private Capital Mobilization
Status of Financing	Under Preparation
Objective	To support the mobilization of private capital and reduction of the sovereign debt burden through the refinancing of the existing debt of Xekaman 1 Hydropower Plant, Xekaman Xanxay Hydropower Plant, and Xekaman 3 Hydropower Plant in Lao PDR.
Project Description	<p>The Xekaman Hydropower Plants (the Project) consists of three hydropower plants as follows:</p> <ul style="list-style-type: none"> • Xekaman 1 Hydropower Plant: contracted capacity of 290MW; operational since 2016 • Xekaman Xanxay Hydropower Plant: contracted capacity of 32MW; operational since 2018 • Xekaman 3 Hydropower Plant: contracted capacity of 250MW; completed in 2013 operational again since 2022 after civil work and repair. <p>The Project's power output is purchased by Viet Nam Electricity (EVN). The refinancing of the Project involves the elimination of the implicit sovereign support through Viet Nam Development Bank (VDB) and sovereign guarantee from the Government of Viet Nam by mobilizing private capital. The VDB's freed-up capital potentially contributes to promote industrial, agricultural and infrastructure development.</p>
Expected Results	Sovereign guarantee released; Private capital mobilized

Environmental and Social Category	A
Environmental and Social Information	<p>Applicable Policy. The financing will be co-financed with the International Finance Corporation of World Bank Group (IFC), and the project's environmental and social (E&S) risks and impacts have been assessed in accordance with IFC's Environmental and Social Sustainability Policy (ESSP) and related Environmental and Social Performance Standards (PSs). To ensure a harmonized approach to addressing the E&S risks and impacts of the project, and as permitted under AIIB's Environmental and Social Framework (ESF), IFC's ESSP and relevant PSs will apply to the project in lieu of AIIB's ESF. The Project has been assigned as Category A because the environmental and social risks and impacts are long term, irreversible in nature and cover large area beyond the project footprint.</p> <p>Environmental Aspects. Xekaman 3 is a rock filled dam and surrounded by highly modified habitat. There are no reported significant biodiversity resources within the project influence area. A 700-meter section downstream of the dam has no flow during the dry season. Provision for environmental flow will be designed and reflected in the operation of the dam. Xekaman 1 and Xanxay are adjacent to the Dong Amphan which is the key biodiversity area (KBA). The forest cover is relatively thick and diverse. A critical habitat study will confirm any significant biodiversity resources in the area. In addition, a Biodiversity Action Plan (BAP) Strategy will be prepared to detail actions needed to achieve the objectives of the BAP including achieving net gains for critical habitat values, scoping of conservation actions for the Dong Amphan KBA, requirements for environmental flows, monitoring, evaluation, potential partnership models and estimated costs. A forest offset program was agreed with the Laos government and will be fully implemented. There is minimal use of the downstream river resources by the community for all three dams.</p> <p>A Cumulative Impact Assessment (CIA) was undertaken for the Sekong Basin in 2021 by the IFC. The CIA identified a number of valued environmental components (VECs) including aquatic and terrestrial biodiversity and natural resources livelihood dependence. Recommendations for future management of the Sekong watershed promote an integrated approach to development focusing on improving environmental flows, dam safety and sediment management.</p> <p>An Environmental and Social Corrective Action Plan (ESCAP) will be developed and agreed with the company in accordance with IFC's ESSP and relevant PSs. This consolidates all corrective actions based on the findings of the ESDD. Additional studies on Critical Habitat Assessment and Environmental Flow assessment will be done and provide input to the ESDD. Through implementation of these measures, the Project is expected to be designed and operated in accordance with Performance Standards. The institutional capacity to implement E&S actions will be enhanced to adequately implement, supervise and monitor required actions.</p>

Dam Safety. Visual inspection of the dams and related structures (penstock, turbine, tailrace) have indicated no obvious flaws or structural defects. Leaks through the dams are within normal thresholds. Some instrumentation to monitor dam safety will need to be replaced or repaired. An updated dam safety plan has been included in the ESCAP which includes annual review by a dam safety panel, comprehensive inspection every five years and an updated Emergency Response Preparedness Plan considering flooding due to catastrophic failure of the weir. Members of the dam safety panel will be vetted by the Lenders.

Social Aspects. The Project at the time of development involved loss of residential and production land and resettlement of households. Other impacts included loss of production land only due to submergence, indirect impacts on the fishery and domestic water supply, host community impacts, where resettlement sites are established. By June 2020, Project Affected Households (PAPs) were resettled in in Souksavang Dakbou and Houy whereas Tangkeu villagers still live in the old village, as it is closer to the farmland. Several public consultation meetings were held with PAPs including ethnic groups (EPs). The consultations indicated that in-kind support measures, livelihood and income restoration measures need to be strengthened. The details and activities, mitigation plans and institutional arrangements will be further required according to ESCAP. In addition, the Projects will develop and implement Supplemental Livelihood Restoration Plans (SLRPs) for the Projects to mitigate the impacts on PAPs. The SLRPs will include impact and identification of tailored livelihood restoration measures corresponding with findings of the ongoing socioeconomic survey, including measures to support to access alternative lands, water supply, among others, detailed time-bound actions, grievance mechanism, implementation and monitoring arrangements, schedule and budget, as well as procedure to conduct a livelihood restoration completion audit.

Indigenous People. For all Projects, the affected communities consist of several ethnic minority groups, including Talieng, Harak, Brao, Yae, Cheng and Brou. It was determined that these ethnic minority groups have ancestral presence in the project's area and meet the definition of indigenous people as per PS7. To minimize the project's impacts on these communities, the Xekaman 1/Xanxay Project developed and implemented an Ethnic Minority Development Plan (EMDP) as part of its social obligations in the Concessional Agreement with the Government of Lao PDR. The plan includes supports for traditional customs and culture, ceremonial assistances, in-kind support for vulnerable people in the resettlement site, and funding for gender development programs in Sanxay and Xaysetha districts. The remaining EMDP activities will be continued during the operation phase as part of the ESMP.

E&S Information Disclosure. The E&S documentation in English and summary in local language[s], as appropriate, will be disclosed by the Viet Lao on its website and in hard copies in the Project areas. A summary of this documentation will also be disclosed on IFC's website, and AIIB's website will include links to the documentation on the Client's website and

	<p>IFC's website.</p> <p>Grievance Redress Mechanism (GRM). The Projects do not have in place a formal grievance process that enables PAPs and workers to bring and escalate grievances as needed. Therefore, the scope and structure of a formal GRM process in line with ESP at the project level will be developed as part of due diligence, and the information of developed GRM at the project-level together with AIIB's Project-affected Peoples Mechanism (PPM) in language(s) understandable to the PAPs and the project contracted workers will be disseminated to local communities and the people concerned timely in an appropriate manner.</p> <p>IFC Environmental and Social Review Summary (ESRS): https://disclosures.ifc.org/project-detail/ESRS/47717/xekaman</p> <p>IFC Summary of Investment Information (SII): https://disclosures.ifc.org/project-detail/SII/47717/xekaman</p>				
Cost and Financing Plan	AIIB A-loan of up to USD [90] million				
Borrower/Investee Company/Counter party/Guaranteed entity	Xekaman 1 Power Company Limited; Xekaman 3 Power Company Limited				
Guarantor	Vietnam Joint Stock Commercial Bank for Industry and Trade				
Implementing Entity/Sponsor	Viet Lao Power Joint Stock Company				
Estimated date of last disbursement (NSBF)	September 2023				
Contact Points:	AIIB	AIIB	Borrower Xekaman 1 Power Company Limited	Borrower Xekaman 3 Power Company Limited	Sponsor Viet Lao Power Joint Stock Company
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Date of Concept Decision	03/Feb/2023				
Estimated Date of Appraisal Decision	May 2023				
Estimated Date of Financing Approval	June 2023				

Independent Accountability Mechanism	<p>AIIB's Policy on the Project-affected Peoples Mechanism (PPM) applies to this Project. The PPM has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through the project-level GRM or the processes of AIIB's Management. Information on AIIB's PPM is available at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html</p>
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