

Project: **Power Grid Improvement (PGI) Project** Project Stage: Implementation

Team Leader(s): Rome Chavapricha

Country: Lao PDR

### Project Development Objective

The project development objective is to help improve efficiency and reliability of power distribution in the selected load areas served by EDL.

### Key Project Data

Project Number	P149599	Board Approval Date	23 June 2015	Closing Date	31 March 2020
IDA Grant Amount	US\$ 30 million	IDA Disbursement	0%		
PDO Rating	Satisfactory	IP Rating	Satisfactory		

### Introduction

1. A World Bank Mission<sup>1</sup> visited Lao PDR, from August 17–21 and September 1–4, 2015 to carry out project fiduciary launch activities and provide implementation support for the Power Grid Improvement Project (PGI). The mission would like to express its gratitude for the hospitality provided by the Ministry of Energy and Mines (MEM) and Electricite du Laos (EDL).
2. As part of the World Bank's Access to Information policy, the team sought guidance from the implementing agencies as to whether the aide-memoire would be publicly disclosed. It was agreed that it would be disclosed.

### Key Findings

3. IDA Credit Effectiveness. The Financing Agreement and the Project Agreement were signed on August 17, 2015. To fulfill project effectiveness, a Subsidiary Agreement between the Ministry of Finance (MOF) and EDL needs to be executed by November 13, 2015. EDL is now coordinating with MOF on the Subsidiary Agreement and the Legal Opinion.
4. PGI Project Office. EDL submitted a complete Project Office officials list dated September 2, 2015. Mr. Sipasith Boupha, project manager for Rural Electrification Project Phase II (REPII), has been appointed as project manager for PGI. In addition, there are four lead officers responsible for: (i) Administration and Finance Team – Mr. Khanthanet Saysompheng; (ii) Technical Team – Mr. Latsamee Inthavong; (iii) Environment and Social Team – Mr. Vongvilay Sisoulath; and (iv) Procurement Team – Mr. Anavong Sivoravong. The PGI Project Office reports to Mr. Komonchanh Phet-asa, deputy managing director of EDL and project director for PGI. Details of the PGI Project Office appear on Annex 3.
5. **Financial Management and Disbursement.**
  - i. The FM launch workshop was held on August 21, 2015 and attended by officials from the PGI Administration and Finance Team. The Bank will provide additional training on FM and disbursement for this team in the coming few months. A presentation from the FM launch workshop appears in Annex 4.

<sup>1</sup> Rome Chavapricha, Sr. Energy Specialist; Waraporn Hirunwatsiri, Sr. Environmental Specialist; Satoshi Ishihara, Sr. Social Development Specialist; Khamphet Chanvongnaraz, Procurement Specialist; Siriphone Vanisaveth, Financial Management Specialist; Reaksmey Keo Sok, Financial Management Consultant; Vilayvanh Phonepraseuth, Operations Analyst; Kaysone Vongthavilay, Program Assistant. Juan Martinez, Sr. Social Development Specialist and Masaki Takahashi, Sr. Power Engineer remotely supported the mission.

- ii. EDL and the mission agreed to refine the FM Manual (a part of Operations Manual) further and agreed on the consultant's TOR for this purpose. EDL will hire an individual consultant for this purpose by end-October.

## 6. Procurement.

- i. The procurement launch workshop was held on August 21, 2015 and attended by officials from the PGI Procurement Team. EDL has hired a full time procurement consultant since April 2015. A presentation from the procurement launch workshop appears in Annex 5.
- ii. EDL and the mission agreed on the first update of the procurement plan. EDL will submit this procurement plan for Bank review for disclosure by end-September.
- iii. EDL has prepared ICB document for procurement of Portable Meter Tester and Meter Test Bench, with bid issuance and bid opening scheduled for October and December 2015 respectively.
- iv. EDL has already initiated consultant selection for advanced meter infrastructure system consultancy (CS-01). This package is the largest consulting package under PGI, currently at short-listing stage, with request for proposals submission scheduled for January 2016.

## 7. Environmental and Social Safeguards.

- i. The E&S safeguards launch workshop was held on September 3 and 4 and attended by officials from EDL, and District and Provincial Project Environmental Management Committee (PEMC) and Project Grievance Redress Committee (PGRC) that was established since Feb 27, 2015 and July 14, 2015 respectively. A presentation from the safeguards launch workshop appears in Annex 6. EDL confirmed the commitment to implement the Environmental and Social Management Plan (ESMP). EDL indicated that it will improve the storage facility for the retired Polychlorinated Biphenyls (PCB) based transformers to include a concrete pad with curbs or trays sufficient to contain the liquid contents of these containers should they be spilled or leaked. EDL also informed the mission that the inventory of PCB based transformers is on-going for a proper record and proper management of PCB contaminated equipment as per Stockholm Convention. Environmental codes of practice (ECoP) will be included as part of the contractor's contract and EDL will train the awarded contractor to ensure compliance with ESMP and ECoP.
- ii. EDL's PGI Technical Team will confirm the medium voltage (MW) feeder routes (out of a total of 22 MV feeders) that require supplemental power poles by end-October, 2015. To the extent possible, EDL will minimize installing new power poles by increasing the size or height of existing power poles. Following this confirmation, EDL will then coordinate with Xaithany District officials to communicate with landowners should there be any need for land donation for power poles. The protocol for voluntary land donation has been prepared and annexed to the PGI Environmental and Social Management Plan. This protocol provides guidance for EDL and its contractors to implement for land donation.

8. **Second Five-year Financial Action Plan (FAP) for Financial Sustainability of EDL and the Power Sector.** The MOF endorsed the second FAP on March 13, 2015. This follows endorsement by MEM and EDL in August 2013. The next update of the FAP is scheduled for June 2017 before the end of the second FAP at the end of 2017.

9. **Multi-tier energy access survey and electricity tariff affordability study.** The Bank is facilitating a multi-tier energy access survey and an electricity tariff affordability study under the Technical Assistance for Hydro and Mining Sectors project. The TOR for tariff affordability study—a part of power sector financial review—was agreed with MEM and is planned to start work in February 2016. The multi-tier

energy access survey is a part of the global Bank-supported survey for Sustainable Energy For All Initiative. Detail work is scheduled to begin in October 2015.

### Next steps and actions

10. The Bank team will provide implementation support to EDL on a continual basis. EDL and the Bank team agreed to hold frequent teleconferences and implementation support missions during the first year of project implementation. The next implementation support mission is tentatively planned for March 2016.

#### EDL

- i. PGI Deputy Project Director, will lead the coordination with MOF on the execution of the Subsidiary Agreement and the Legal Opinion.
- ii. PGI Administration and Finance Team will lead the selection of consultant to refine the FM Manual by end October 2015.
- iii. PGI Technical Team will confirm MV line routes that require additional power pole installation by end October 2015.
- iv. PGI Procurement Team will complete updating the first updated procurement plan for Bank review by end September 2015.

#### World Bank

- i. To arrange FM and disbursement training by no later than January 2016.
- ii. To attend a meeting on EDL FMIS improvement technical assistance scheduled for the week of October 5, 2015.
- iii. To carry out a safeguards due diligence mission upon EDL's confirmation of MV line routes that require additional power pole installation.

### Annexes

1. List of people met
2. IDA Credit Covenants for PGI
3. PGI Project Office Details
4. PGI Financial Management Launch Presentation
5. PGI Procurement Launch Presentation
6. PGI Environmental and Social Safeguards Launch Presentation

**Annex 1 – List of People Met**

<b>Name</b>	<b>Institution</b>	<b>Position</b>
Mme. Khamphiou Phounsavat	EdL	Assistant to Managing Director
Mr. Siprasith Boupha	EdL	Project Manager
Mr. Khannousone Phoumkeo	EdL	Deputy Project Manager
Mr. Sen Keosihoun	EdL	Deputy Project Manager
Mr. Latsamee Inthavong	EdL	Deputy Project Manager
Mr. Silikhan Chanthavong	EdL	Manager of Procurement Office
Mr. Kanthaneth Saysompheng	EdL	Manager of Project Loan Accounting Office
Mr. Vongvilay Sisoulath	EdL	Deputy Manager of Environmental Office
Ms. Khamtienphet Inthirath	EdL	Technical Officer, Environmental Office
Mr. Khamphanh Gnabandith	EdL	Technical Officer
Mr. Jitendra Jadon	EdL	Procurement Consultant
Mr. Vongtayfa Sisouvong	EdL	Environmental Consultant

### Annex 2 - IDA Credit Covenants for PGI

**IDA credit covenants.** The covenants are as follows:

<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
1. Progress report on implementation of Financial Action Plan	Yes	June 2016, 2017, 2018, 2019	Yearly
2. Update of Financial Action Plan	No	June 2017	Once
3. EDL total liabilities-to-equity ratio of not exceeding 2:1	Yes	Continuous	Continuous
4. Update of Project Operations Manual	Yes	Continuous	As required
5. Implementation of ESMP/ECOP	Yes	Continuous	Continuous
6. Implementation of Emergency Response Manual	Yes	Continuous	Continuous
7. EDL maintaining Project Office	Yes	Continuous	Continuous

**Annex 3 – PGI Project Office Details**

ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ  
ສັນຕິພາບ ເອກະລາດ ປະຊາທິປະໄຕ ເອກະພາບ ວັດທະນາຖາວອນ

ກະຊວງພະລັງງານ ແລະ ບໍ່ແຮ່  
ລັດວິສາຫະກິດໄຟຟ້າລາວ



ເລກທີ 9075 / ຟຟລ  
ນະຄອນຫຼວງວຽງຈັນ, ວັນທີ 02 SEP 2015

**ຂໍ້ຕົກລົງ**

**ຂອງລັດວິສາຫະກິດໄຟຟ້າລາວ**

ວ່າດ້ວຍການແຕ່ງຕັ້ງຄະຮັບຜິດຊອບໂຄງການ Power Grid Improvement (PGI) ສາຂາເມືອງໄຊທານີ.

-ອີງຕາມ ເອກະສານການປະຕິບັດໂຄງການ (PGI) ຂອງທະນາຄານໂລກສະບັບເລກທີ PAD 1273, ລົງວັນທີ 02/08/2015

**ລັດວິສາຫະກິດໄຟຟ້າລາວໄດ້ຕົກລົງ:**

ມາດຕາ 1: ແຕ່ງຕັ້ງຄະນະກຳມະການຮັບຜິດຊອບແຕ່ລະວຽກງານຂອງ Power Grid Improvement Project (PGI) ສາຂາເມືອງໄຊທານີ ລາຍລະອຽດດັ່ງລຸ່ມນີ້:

**I. ຄະນະບໍລິຫານໂຄງການ:**

- |                             |                                |          |
|-----------------------------|--------------------------------|----------|
| 1. ທ່ານ ໂກມິນຈັນ ເພັດອາສາ   | ຮອງຜູ້ອຳນວຍການໃຫຍ່             | ປະທານ    |
| 2. ທ່ານ ນາງ ຄຳຜົວ ພູນສະຫວັດ | ຜູ້ຊ່ວຍຜູ້ອຳນວຍການໃຫຍ່         | ຮອງປະທານ |
| 3. ທ່ານ ວົງສາ ນັນທະວົງ      | ຮອງຫົວໜ້າຝ່າຍປະຕິບັດການ ຟຟລ ນວ | ກຳມະການ  |

**II. ຄະນະຮັບຜິດຊອບໂຄງການ:**

- |                          |           |
|--------------------------|-----------|
| 1. ທ່ານ ສິປຣະສິດ ບຸບຜາ   | ຫົວໜ້າ    |
| 2. ທ່ານ ຄານນຸສອນ ພູມແກ້ວ | ຮອງຫົວໜ້າ |
| 3. ທ່ານ ເຊິນ ແກ້ວສິຫຸນ   | ຮອງຫົວໜ້າ |
| 4. ທ່ານ ລັດສະໝີ ອິນທະວົງ | ຮອງຫົວໜ້າ |

**III. ໜ່ວຍງານ ບໍລິຫານການເງິນ :**

- |                                  |           |
|----------------------------------|-----------|
| 1. ທ່ານ ກັນທະເນດ ໄຊສິມແພງ        | ຫົວໜ້າ    |
| 2. ທ່ານ ຄຳສອນ ສິສິມເດດ           | ຮອງຫົວໜ້າ |
| 3. ທ່ານ ນາງ ພວງມະໄລ ສິດທິເດດ     | ຮອງຫົວໜ້າ |
| 4. ທ່ານ ນ. ເທບອາລັກຂາ ລັດຖະເຮົ້າ | ກຳມະການ   |
| 5. ທ່ານ ນາງ ແສງມະນີ ພິມມະຈັນ     | ກຳມະການ   |
| 6. ທ່ານ ວຽງນະຄອນ ພິມພາ           | ກຳມະການ   |
| 7. ທ່ານ ບົວສອນ ສິລິພັນ           | ກຳມະການ   |

ຖະໜົນຜິດຕະຫຼາຍລາວ-ໂທ.ຕີ ປ.ນ 309,ບ້ານ ສິງກາງ,ເມືອງ ສີສິດຕະນາກ,ນະຄອນຫລວງວຽງຈັນ ສ ປ ປ ລາວ.  
ໂທ: (856-21) 316133;316094 ແຟັກ: (856-21) 316118;263794;ອີເມລ: edlmdo@edl.com.la; ເວັບໄຊ: www.edl.com.la

IV. ໜ່ວຍງານ ສິ່ງແວດລ້ອມ :

- |                                 |           |
|---------------------------------|-----------|
| 1. ທ່ານ ວົງວິໄລ ສີສຸລາດ         | ຫົວໜ້າ    |
| 2. ທ່ານ ພຸດກັນຍາ ດາລາສະວົງ      | ຮອງຫົວໜ້າ |
| 3. ທ່ານ ນາງ ດໍາທຽນເພັດ ອິນທິລາດ | ກຳມະການ   |
| 4. ທ່ານ ນາງ ວິໄລພອນ ພະຈັນສິລິ   | ກຳມະການ   |
| 5. ທ່ານ ບຸນລ້ອມ ສຸກຈະເລີນ       | ກຳມະການ   |

V. ໜ່ວຍງານ ເຕັກນິກ:

- |                             |           |
|-----------------------------|-----------|
| 1. ທ່ານ ລັດສະໝີ ອິນທະວົງ    | ຫົວໜ້າ    |
| 2. ທ່ານ ດໍາພິນ ບາບັນດິດ     | ຮອງຫົວໜ້າ |
| 3. ທ່ານ ພູຫົງ ໄຊຍະວົງສາ     | ກຳມະການ   |
| 4. ທ່ານ ເພັດລໍາພັນ ອິນທະຈັກ | ກຳມະການ   |

VI. ໜ່ວຍງານ ຈັດຫາ:

- |                              |           |
|------------------------------|-----------|
| 1. ທ່ານ ອານາວົງ ສີວໍຣະວົງ    | ຫົວໜ້າ    |
| 2. ທ່ານ ສິລິຂັນ ຈັນທະວົງ     | ຮອງຫົວໜ້າ |
| 3. ທ່ານ ອ່ອນຈັນ ບົວວິໄຊສັກ   | ກຳມະການ   |
| 4. ທ່ານ ນາງ ສຸກລາວອນ ໂຄດໂຍທາ | ກຳມະການ   |
| 5. ທ່ານ ສຸກສະຫວັດ ບົວໄມ      | ກຳມະການ   |

ມາດຕາ 2: ມອບໃຫ້ບັນດາທ່ານທີ່ຖືກແຕ່ງຕັ້ງຈຶ່ງໄດ້ຈັດແບ່ງວຽກງານພາຍໃນຄະນະ ແລະ ປະຕິບັດໃຫ້ສໍາເລັດ ຕາມແຜນການ ແລະເປົ້າໝາຍທີ່ວາງໄວ້.

ມາດຕາ 3: ຂໍ້ຕົກລົງລະບົບນີ້ມີຜົນບັງຄັບໃຊ້ນັບແຕ່ມີລົງລາຍເຊັນເປັນຕົ້ນໄປ.

ບໍາລິງ:

- |                                     |           |
|-------------------------------------|-----------|
| 1. ເກັບມ້ຽນ                         | 01 ສະບັບ. |
| 2. ບ່າຍທີ່ກ່ຽວຂ້ອງ                  | 01 ສະບັບ  |
| 3. ທ່ານ ຜູ້ທີ່ມີລາຍຊື່ແຕ່ງຕັ້ງກົມລະ | 01 ສະບັບ. |



ຜູ້ອໍານວຍການໃຫຍ່

ສີສະຫວາດ ຫິຣາວົງ  
ຜູ້ອໍານວຍການໃຫຍ່

**Annex 4 – PGI Financial Management Launch Presentation**

Power Grid Improvement Project

Fiduciary Kick-off Workshop  
Financial Management Session

21 August 2015

1

Lending framework

- The Recipient (Government) is required to maintain **acceptable** financial management arrangements.
- This includes having implementation arrangements that ensure the loan/grant proceeds are only used for the **purposes intended**.
- Where feasible, use **Country Systems**

2

Acceptable Financial Management System

FM arrangements are considered **acceptable** if they:

- ensure all financial transactions relating to the project are accurately and completely recorded (both DPs and any counterpart funds).
- facilitate the preparation of timely and reliable financial statements for project management and other stakeholders.
- adequately safeguard project assets and ensure they are only used for the purposes intended.
- have **external audit arrangements** in place that are acceptable to the WB.

3

Why Financial Management System is important?

- Ensures proper management of resources in order to achieve project development objectives
- Provides timely and relevant financial information for better decisions and ensures availability of funds
- Provides a deterrent to fraud and corruption

4

Eligible Expenditure

Categories	IDA Credit (SDR)	Percentage to be financed
Goods, works, non-consulting services, consultants' services, Training and Workshops, and Operating Costs under Parts 1, 2 and 3 of the Project	21,400,000	100%
Emergency Expenditures under Part 4 of the Project	0	100%
<b>TOTAL</b>	<b>21,400,000</b>	

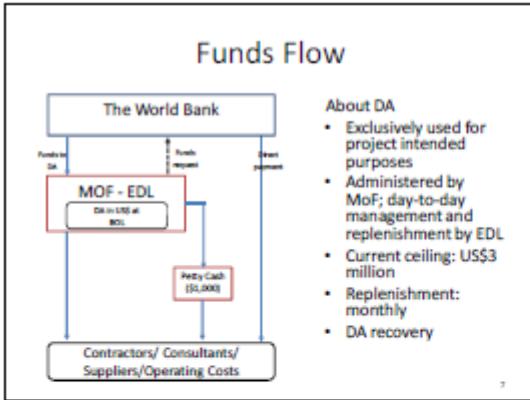
5

Eligible Expenditure

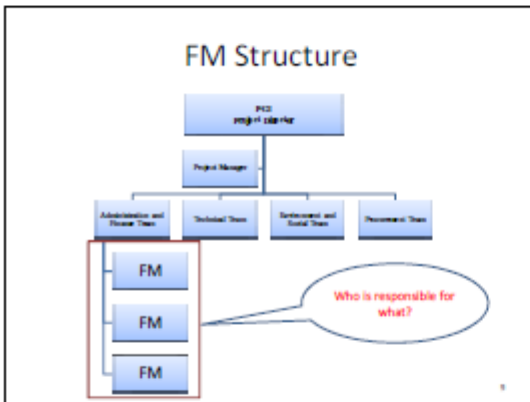
- All expenditure incurred under a project must be **eligible under the project financing agreement**.
- If expenditure does not contribute to the project development outcomes it is **ineligible**.
- If the supporting documentation is inadequate or not accessible within a reasonable timeframe the expenditure will be declared as **ineligible**.
- All activities must be completed on or before the project closing date (Expected: March 31, 2020) for it to be eligible for financing
- Ineligible expenditure is a serious issue and a refund is sought.

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- ### Disbursement
- Methods: Reimbursement, Advance, Direct Payment, Special Commitment
  - Retroactive financing: SDR700,000 for expenses paid from 1 Jan 2015 until signing date
  - Minimum Value of Applications: \$100,000; applicable to Direct Payment, Special Commitment and Reimbursement only
  - Frequency of reporting Eligible Expenditures Paid from DA: monthly
  - Disbursement deadline date: 4 months after the project closing date
  - Refer to Disbursement Letter for details



- ### Accounting
- Fiscal year: January 1 – December 31
  - Cash basis of accounting, except for advance
  - Use of accounting software
  - Original documents are kept at EDL's Project Office for audit
  - Accounting records in US\$
  - Financial statements are prepared in US\$.

- ### Currency of Commitment
- In SDR (SDR21.4 million; equivalent US\$30 million)
  - Exchange rate in PAD: 1 SDR = US\$1.40642
  - Watch out for depreciation of SDR to ensure the project is not over committed.
  - Regularly monitor remaining undisbursed balance – annually and more frequently towards the end of the project

### Currency of Commitment

- From Client Connection

Financial Data as of 14 Aug 2015	
Currency of Commitment - USD	
	Show amounts in: USD
Ready Available	Available for Disbursement
Unexpended	Unexpended
Committed	Committed
Unexpended	Unexpended
Unexpended	Regular Payments
Special Commitments	Special Commitments
Funds Available	Funds Available
Permitted Disbursement	Permitted Disbursement
Unexpended Applications	Unexpended Applications
Special Commitment	Special Commitment
Unexpended Applications	Unexpended Applications
Estimated Funds Available	Estimated Funds Available

### Financial Reporting

- Prepare semester Interim unaudited Financial Report and submit to the Bank no later than 45 days after the semester end
- Report on receipts, expenditure and fund balances
- Also report on progress of disbursement, and variance analysis



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### Internal Audit

- Helps provide EDL's management with an assurance of effectiveness of internal controls in place;
- Should involve with auditing the project's operations as part of the capacity building

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### External Audit

- Annual audit of project's financial statements
- Appoint independent qualified external auditor with Terms of Reference acceptable to the Bank 6 months after effectiveness
- If necessary, coordinate with the external auditor to start an interim audit in Sep. or Oct.
- Submit audit report and management letter no later than 6 months after the fiscal year end
- Disclose audit report

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### Lessons learnt

- Submission of audit reports were not timely in the previous projects
- Submission of IFRs were also not timely
- Reporting of expenditure paid from DA not timely resulting in inactive DA

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### Important References

- Financing Agreement
- Subsidiary agreement
- Disbursement Letter
- Project Appraisal Document
- Disbursement guidelines and handbook
- Manuals used under the project

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### Next Steps

Tasks (now until 6 months after effectiveness)	Responsibility	When
Assign FM and disbursement officers	EDL	
Refresher training on financial management and disbursement	EDL and WB	Soon after effectiveness
Open a DA and request of an advance to DA	EDL	Soon after effectiveness
Complete FM manual	EDL	Soon after effectiveness
Prepare draft audit TOR and seek NOL from the Bank	EDL	As soon as possible
Appoint the external auditor acceptable to the Bank	EDL	No later than 6 months after effectiveness
Submit the first year annual budget for the Bank's review and no objection	EDL	
Submit the first semester IFR (Sep. to Dec. 15)	EDL	14 Feb. 16

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## Annex 5 – PGI Procurement Launch Presentation



**Launching Workshop:  
Power Grid Improvement Project**

**Procurement Management**

Vientiane August 21, 2015



**Implementing Arrangements**

Procurement Office will have the overall responsibility on procurement aspects, including:

- ❖ Terms of References (TORs) and Technical Specifications shall be prepared by the beneficiaries of relevant Department.
- ❖ Procurement and contracting;




**Objectives**

1. Roles and responsibilities
2. Applicable procurement procedures and guidelines
3. Important documents
4. Procurement plan
5. Review arrangements
6. Some considerations



**Implementing Arrangements (cont.)**


- ❖ Evaluation committees will be appointed before initiation of each procurement/ selection procedure and will comprise representatives of the beneficiaries and relevant experts familiar with the assignment.
- ❖ Contract management and implementation monitoring.



**Role of the Recipient (EDL)**

**Implementation:**

The responsibility for the overall implementation of the project, and therefore for procurement, contracting and payment of goods and consultant services under the project, rests solely with the Government of Lao PDR. Implementing agency of the Project is *EDL through the Procurement Office, Business Department.*



**Role of the World Bank**

**Fiduciary!**

The Bank is required by its Articles of Agreement to

*"...ensure that the proceeds of any loan/ grant are used only for the purposes for which the loan/ grant is granted, with due attention to consideration of economy and efficiency and without regard to political or any other non-economic influence or considerations."*

and it has established detailed procedures for this purpose.



### Role of the World Bank (cont.)

- ❖ Provides guidance to implementing agency on Bank's procurement policies, procedures, documents etc.
- ❖ Carries out a regular supervision of the recipient's procurement actions to ensure compliance with the agreed arrangements in the project procurement plan and the **Financing Agreement**;
- ❖ Procurement supervision employs a set of complementary instruments (prior, post, and independent reviews) to fulfill Bank's fiduciary mandate in a cost-effective manner.



### Important Documents

- ❖ Project Operations/Procurement Manual
- ❖ Financing Agreement - Governs the legal relationship between the Borrower and the Bank (Defines, among other things, the guidelines and procurement methods applicable to the project)
- ❖ Procurement Plan - **THE DOCUMENT**



### Applicable Guidelines

- ❖ **GUIDELINES Procurement under IBRD Loans and IDA Credits, January 2011, revised July 2014.**
- ❖ **GUIDELINES Selection and Employment of Consultants by World Bank Borrowers, January 2011, revised July 2014.**



### Procurement Plan

- ❖ **What** – defines the procurement arrangements and the particular contracts which will be financed from the Credit.
- ❖ **How** – the proposed procurement method.
- ❖ **When** - timing for each step of the procurement process.
- ❖ What is to be prior reviewed by Bank.
- ❖ Updated periodically and published.



### Applicability of the Guidelines

- ❖ **Define the policies and procedures** for procurement of goods, works and selecting, contracting and monitoring consultants required for projects that are financed in whole or in part by loans financed by the Bank, including credits and grants from the International Development Association (IDA).
- ❖ **Apply to all contracts for goods, works, and consultancy services (intellectual and advisory nature) financed in whole or in part from the Bank loans/grants.**



### Review Arrangements

- ❖ **Prior review** – for contracts **above** the thresholds as indicated in the procurement plan.
- ❖ **Par. 2 in Appendix I** in Procurement and Consultant Guidelines defines the steps.
- ❖ **Post review** – for contracts **under** the thresholds as indicated in the procurement plan.
- ❖ **Par. 5 in Appendix I** of Procurement and Consultant Guidelines defines the steps.



### Standard Documents

- ❖ Standard forms of procurement notices
  - ❖ Procurement Plan and Procurement tracking form.
  - ❖ Standard requests for proposal (*dated October 2011*);
  - ❖ **ICB:**
    - Goods: Standard bidding documents (*dated March 2013*); Eng.
    - Works: Standard bidding documents (*dated December 2012*); Eng.
  - ❖ **NCB:**
    - Goods: NCB Goods; Eng. & Lao.
    - Works: NCB Works; Eng. & Lao.
- NCB documents will be revised soon.*



### Indicative timeline of a selection process

No.	Description of the steps in the selection process	Required time
1.	Preparation of TOR and of cost estimate and budget	Up to 14 days
2.	No - objection by the World Bank required	Up to 7 days
3.	Advertising a Request for Expressions of Interest (RFI)	14 days for expressions of interest
4.	Preparation of the short list of consultants	Up to 7 days
5.	No - objection by the World Bank required	Up to 7 days
6.	Preparation and issuance of a Request for Proposals (RFP)	Up to 7 days
7.	Receipt of proposals	4 weeks
8.	Evaluation of technical proposals	4 weeks
9.	No - objection to the Technical Evaluation report by the World Bank required	Up to 7 days
10.	Public opening of financial proposals	-
11.	Evaluation of financial proposals	-
12.	Final evaluation of quality and cost submitted to the Bank for information	Up to 14 days
13.	Contract negotiations	Up to 14 days
14.	No - objection to the draft negotiated contract by the World Bank required	Up to 7 days
15.	Contract signing and publishing of contract award	-



### Standard Documents (cont.)

- ❖ **Shopping:**
  - Goods: Request for Quotation (*Harmonized, April 2014*); Eng. & Lao.
  - Works: Request for Quotation (*Harmonized, April 2014*); Eng. & Lao.
- ❖ Standard forms of evaluation report for goods and for consultants
- ❖ Standard forms of contract
- ❖ Contract award templates
- ❖ Sample of TOR, REOI, EOI and Technical evaluation reports.



### Publication of Contract Awards

- ❖ **Publication of the Award of Contract** – after the award of contract, the Borrower shall publish in UNDB online and National Gazette the results from the selection. Publication through ClientConnection [www.clientconnection.worldbank.org](http://www.clientconnection.worldbank.org)
- ❖ Copy of the signed contract, together with copy of advance payment and guarantee to be sent to the Bank for information and files promptly after the contract is signed.



### Standard Documents (cont.)

- ❖ Other Government Documents.
- ❖ All documents are available at the Bank's external website at [www.worldbank.org/procure](http://www.worldbank.org/procure) and **Khamphet's BOX: Procurement Documents - KP**



### Some considerations...

**In order to prevent delays in processing applications for withdrawal please make sure that for all contracts subject to prior review:**

- ❖ Copy of contract is sent to the Bank immediately after signing for information and files (for both prior and post review contract) – scanned copy is acceptable;
- ❖ Advance payment and performance guarantee must accompany the contract – scanned copies are acceptable;





### Some considerations... (cont.)

- ❖ The name of supplier/contractor/consultant is indicated correctly in the contract, as well as the full address and country;
- ❖ For prior review contract – contract extension shall be requested for the Bank's NOL;
- ❖ Check the list of debarred firms [www.worldbank.org/procure](http://www.worldbank.org/procure)

## Annex 6 – PGI Environmental and Social Safeguards Launch Presentation

PROJECT LAUNCH WORKSHOP, SEPTEMBER 3, 2015

**"POWER GRID IMPROVEMENT PROJECT"**

**Environmental and Social Standards Management**



By: **Ms. Waraporn Hirunwatairi**  
Senior Environmental Specialist

**Mr. Satoshi Ishihara**  
Senior Social safeguard Specialist

### Objective of the Project

The project aims to help improve efficiency and reliability of power distribution in selected load areas served by EDL.

- Smart metering and reduction of distribution losses to help reduce distribution losses and improve metering, billing and collection system.
- Improve reliability of power supply and reduce losses through rehabilitating about 366km of distribution power lines, including 127km of MV (22kV) power lines.



### Project Interventions

- 1. Technical Loss Reduction for LV 0.4kV lines and MV 22kV lines:**
  - Upgrade conductors of LV and MV lines: 239km of LV line and 127km MV line
  - Upgrade and add MV transformers: 150 units
  - Place 36 sets of MV capacitor and 300 sets of LV capacitor
- 2. Commercial Loss Reduction:**
  - Introduce Advanced Metering Infrastructure (AMI) and Electronic Meter:
    - Residential Meter: 35,000 units,
    - Smart Meter for large customers: 1,500 units
  - Introduce 63 Redoser units and 84 Load break switches
- 3. Information and Communication Infrastructure:**
  - Introduce optical fiber network between Vientiane Capital and Xaythany district (127km).

### Project Benefits

- Improved efficiency and reliability of power distribution;
- Improved voltage drop and reduction of distribution losses;
- Improved metering, billing and collection system;
- Strengthened power distribution infrastructure;
- Potential expansion of residential customers, commercial, and industrial customers.

### Negative Impacts

**Minor but Permanent impact**

- Clearing of trees and bushes under 22kV distribution line/ROW;

**Minor and Temporary impact**

- Disposed packaging wastes from electrical equipment and replaced electrical equipment (conductors, meters, capacitors, etc.) during construction phase;
- Disposed fuel oil and other chemical wastes (including PCBs based transformer) and hazardous materials;
- Health, safety and security;
- Land acquisition for additional poles;
- Interference on local villagers activities including temporary economic displacement;

Environmental and Social Policies of the World Bank	
Safeguard Policies	Triggered
1. Environmental Assessment OP/BP 4.01	Yes
2. Natural Habitats OP/BP 4.04	No
3. Forests OP/BP 4.36	No
4. Pest Management OP 4.09	No
5. Physical Cultural Resources OP/BP 4.11	Yes
6. Indigenous Peoples OP/BP 4.10	No
7. Involuntary Resettlement OP/BP 4.12	Yes
8. Safety of Dams OP/BP 4.37	No
9. Projects on International Waterways OP/BP 7.50	No
10. Projects in Disputed Areas OP/BP 7.60	No

### Environmental Assessment

#### EA Coverage

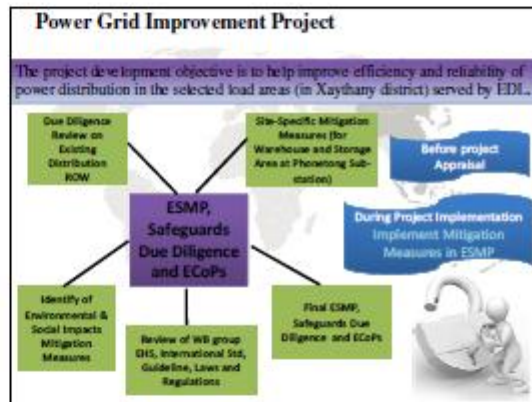
**Analyses** potential environmental and social **risks and impacts** (level of analysis correspond to their nature and scale) in project's **area of influence**

**Examines** project **alternatives** - ways of improving project selection, siting, planning, design, and implementation

**Develops** **EA Instrument** i.e. **Environmental and Social Management Plans (ESMP), Environmental Code of Practices (ECoPs), Protocols for Voluntary Land Donation and Resettlement Policy Framework** to prevent, minimize, mitigate, or compensate adverse impacts and enhance positive impacts

### Physical Cultural Resources

- Objective:
- Ensure that:
- Cultural property is identified and protected
- National laws governing the protection of cultural property are complied with









**Environmental Management Plan:  
Key Content**

- Laws and Regulatory Framework Requirements
- Background of Power Grid and Project Description
- Due diligence Audit Observations and Recommendations
- Proposed Mitigation Measures and Estimated Budget
- Time Schedule for EMP Implementation
- Environmental Monitoring Plan

**Environmental & Social Management Plan**

**Environmental Issues**

**1.) Trimming of trees and bushes under 22kV distribution line/ROW**

**Mitigation Measures**

- trimmed trees and bushes shall be disposed only to areas permitted by Authorities concerned;
- Avoid to trim/cut large trees and ensure that vegetation is not trimmed beyond predefined project boundaries;
- Prohibit herbicides and incineration for the ROW clearing;
- Made felled trees and other cleared or pruned vegetation available to the owner (individual or village) or removed if requested by the owner;
- install suitable sign boards to make people aware about potential construction hazard at construction site. And place the warning barriers around the construction/installation areas, inform households that might have elderly people and children to be extra careful around the installation time;
- Burning of vegetation debris will not be permitted.

**Environmental & Social Management Plan Con't**

**Environmental Issues**

**2.) Disposal of packaging wastes from electrical equipment and replaced electrical equipment (conductors, meters, capacitors, etc.) during construction phase and disposal of waste materials generated from maintenance activities during project operation phase**

**Mitigation Measures**

- Recycle packaging wastes from electrical equipment as much as possible otherwise dispose of in designated waste disposal areas;
- Remove all surplus materials and left in a clean and tidy condition after erection;

**Environmental Issues**

**3.) Disposal of fuel oil and other chemical wastes (including PCBs based transformer) and hazardous materials**

**Mitigation Measures**


- Make arrangement to waste collecting points and disposed of complying with local authority's regulations;
- Label hazardous materials with appropriate signage in both English and Lao;
- Maintain an inventory of all hazardous materials on site and update regularly;
- Proper management of hazardous electrical waste (oil, lubricant, old transformer) including handling, transportation and final disposal of materials contaminated by PCBs, as specified in ECoP Disposal should involve facilities capable of safely transporting and disposing of hazardous waste containing PCBs;
- Identify disposal site of fuel oil and other chemical wastes at the existing warehouse and storage located within Phonetong Substation;
- Provide training and appropriate personal protection equipment for Contractor's employ at maintenance shops and other facilities that may have potential contact with PCB or PCB-contaminated machinery.

**Environmental Issues**

**4.) Health, safety and security**

**Mitigation Measures**

- Implementation of a fall protection program that includes training in climbing techniques and use of fall protection measures; inspection, maintenance, and replacement of fall protection equipment;
- when operating power tools at height, workers should use a second (backup) safety strap;
- Only allowing trained and certified workers to install, maintain, or repair electrical equipment;
- Carry out electricity safety awareness raising in project areas. Coverage of households with men, women, elderly people



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**5.) Right-of-way maintenance**

**Mitigation Measures**

- Regular maintenance of vegetation within the rights-of-way is necessary to avoid disruption to overhead power distribution lines and poles;
- No herbicides used in the control of vegetation within the rights-of-way;
- Tree plantation and crops with higher than 3 metres will not be allowed;
- Rather, local people living along the distribution line route also will be participated under mutual contract to clear or cut vegetation along right-of-way.

**6.) Safety maintenance of distribution power lines, meters, capacitors, transformers and other electrical equipment.**

**Mitigation Measures**

- Ensuring that live-wire maintenance works are conducted by trained workers with strict adherence to specific safety and insulation standards,

**7.) Community health and safety**

**Mitigation Measures**

- Grounding conducting objects(e.g. fences or other metallic structures) installed near power lines, to prevent shock.

**Asking for EMS certification of contractors**

- One strategy to mainstream environmental considerations is to engage contractors who are ISO 14001 Environmental Management System (EMS) compliant
- Additionally, conditions for compliancy for OHSAH 18000 (2007) related Occupational Health and Safety and SA 8000 (Social Accountability) could also be imposed



**Environmental Code of Practices**

- Environmental Code of Practices (ECOP) has been prepared to define methods and/or procedures to be followed by consultants, designers and contractors for the avoidance or mitigation of adverse environmental effects that may arise out of the activities under Power Grid Improvement Project.
- The ECOP will be included in the bidding document to ensure the compliance with the provisions of the EDL Environmental Policy Framework, Lao PDR Legislation and Regulation both Laws & Decrees and Government Guidelines to ensure the environmental protection from construction, operational and maintenance impacts of the project.

**Environmental & Social Monitoring**

Area	Item Controlled	When Demands to be Monitored	When Demands to be Monitored	How Demands to be Monitored	When Demands to be Monitored	Responsible Parties
ENVIRONMENTAL AND SOCIAL MONITORING PLAN	1.) Clearing of the road border under 22KV distribution line (22KV)	Clearing of trees and bushes under 22KV distribution line (22KV)	22KV distribution line (22KV)	Visual observation and compare with contractor	Monthly	EC Office/EC
	2.) Disposal of conductors, cables, capacitors, etc	Way of disposal of conductors, cables, capacitors, etc. before and after installation of electrical equipment above	At construction site and storage at Planning activities	Visual observation and compare with responsible manager	Monthly	EC Office/EC
	3.) Disposal of fuel oil and other chemical wastes (including PCBs based transformer oil) on sites	Way of disposal of fuel oil and other chemical wastes (including PCBs based transformer oil) on sites	At construction site and storage at Planning activities	Visual observation and compare with storage manager	Monthly	EC Office/EC
	4.) Health, safety and security	OSHS plan by contractor, line of protection equipment and workers, safety of workers and public	At construction site	Visual observation and compare with contractor	Monthly	EC Office/EC

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**Environmental & Social Monitoring (Con' t)**

Area	Item Controlled	When Demands to be Monitored	When Demands to be Monitored	How Demands to be Monitored	When Demands to be Monitored	Responsible Parties
ENVIRONMENTAL AND SOCIAL MONITORING PLAN	1.) Land acquisition for additional poles	Land location from residential areas, Land rehabilitation after complete line of work	At construction site (additional pole location)	Visual observation and compare with contractor or resident or local	Monthly	EC Office/EC
	4.) Interference on local village area (the temporary economic displacement) by disconnecting of power line	Temporary economic displacement by disconnecting of power line (Village complaints, Traffic control on access)	At construction site when to be affected by disconnecting of power line	Visual observation and compare with village	Monthly	EC Office/EC
	7.) Drainage impact, increased risk of water infiltration making improvement of water	Interception of water displacement in group of water-logged households	Group of water-logged households which to be affected by disconnecting of power line	Visual observation and compare with water-logged household	Monthly	EC Office/EC

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### Environmental & Social Monitoring (Con' t)

Area	Item Covered	What Parameters to be Monitored	When Parameters to be Monitored	How Parameters to be Monitored	When Parameters to be Monitored	Responsible Agency
OPERATIONAL PHASE	<b>Construction Phase</b>					
	1) Right of-way maintenance	Cleaning of area and holes under 22kV distribution line (20m)	22kV distribution line (20m)	Visual observation	As per scheduling activities for right of way maintenance	EDL/Office/EDL
	2) Safety maintenance of distribution lines (poles, conductors, insulators and other electrical equipment)	Use of protection equipment and electric fences, safety of workers and public	Placement of maintenance activities	Visual observation	As per scheduling for maintenance activities	EDL/Office/EDL
<b>Operational Phase</b>						
1) Community health and safety	Use of signs, designate warning signs, to prevent public contact with potentially dangerous equipment	Access distribution poles and sub-stations electrical equipment	Visual observation	Quantity	EDL/Office/EDL	

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### Role and Responsibility of Concerned Agencies

**EDL** – provide environmental training to contractors  
 - Conducting regular monitoring of the contractors

**National Envi. & Social management consultant** – developing monitoring guidelines to be used on the project;  
 - carrying out periodic environmental audit and providing post-audit briefings to EDL

**Contractors** – working compliance with Law and Regulations and ECoP

**District's Project Environmental Management Committee** - Monitoring of environmental and social issues

**Project Compensation and Grievance Redress Committee** - Settlement of complaints and Preparation of compensation guidelines

**Communities** – not to build infrastructure or plant trees under the right of way

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### Key Social Issues

- About 50 poles to be newly installed/replaced along existing road and paddy fields
  - About 1 ft<sup>2</sup> of land will be acquired per pole
  - Loss of structures, standing crops (e.g. paddies)
- Exact scale and scope of impact will be determined during implementation
  - ESMP provides procedures to determine scale and scope of impacts

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### Project social strategy

- Impact should be avoided, or minimized
  - Design choice
  - Construction schedule
- Residual impact should be addressed
  - Voluntary donations
  - Compensation at replacement cost
- No one should be worse off after the project (even under voluntary donations)

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### ESMP Principles

- Every effort should be made so affected people (AP) will benefit from the project.
- All AP should receive compensation or support so their livelihood will not be lowered, without regard to legal status.
- EdL is overall responsible for the preparation and implementation of land acquisition
- For loss of farm land, priority should be to provide alternative land of equal value, rather than cash.
- For voluntary donations, ESMP provides detailed procedures (NB: they are slightly different from EdL VD procedures)

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### ESMP Principles

- Affected people should be consulted for land acquisition planning and implementation
- Land acquisition plans should be disclosed locally
- EdL should have a mechanism to address problems AP may have
- EdL should monitor land acquisition and report to the Bank
- The contractor should comply with E(S)MP as part of the contract
- EDL will form a provincial and district multi-stakeholders committee to oversee the VD process

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### Voluntary Donation (VD)

Voluntary donations are allowed only if:

- AP agree to donate land or asset, based on a face to face meeting without presence of EDL.
- No one would lose >5% of total productive assets.
- Total land holding of AP should be 200m<sup>2</sup> or more.
- No physical relocation necessary.

VD documents should clarify that all four conditions are met for each and every AP

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### Informed consent by AP to donate

AP should understand that:

- All conditions of VD have to be met
- They have a right to refuse to donate
- They will lose the ownership or right to use the land
- The Project have alternative(s) to using this land
- Purpose of VD
- The effect of the donation on their family, and what they can do if they want the land back.

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### If informed consent is not established

- Compensation has to be provided at "replacement value"
- An (abbreviated) Resettlement Action Plan has to be developed and cleared by the Bank before land is actually taken
- **Just inform the Bank if any condition of VD cannot be met or informed consent of AP cannot be obtained**

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### Grievance Redress Mechanisms

Step 1: Village Grievance Committee will mediate between the AP and the project/ the contractor

Step 2: District official grievance committee will resolve issues within 15 days

Step 3: Provincial Court will make the final resolution

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### Documentation

- Legal documents for land ownership transfer
- The inventory of donated land/ asset
- Minutes of the consultations that were held and what was discussed
- A copy of the due diligence that was conducted
- Copies of formal statements of donation
- Copies of all documents, registrations or records evidencing the legal transfer of the land
- A map, showing each parcel of land

See more details in the ESMP

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### Monitoring and Reporting

- Monthly monitoring by EDL's EST
- Quarterly Monitoring by EST and Project Environmental Management Committee
- Semi-Annual Reporting
- Completion Reporting

Objective: Monitor ESMP implementation, identify significant impacts, provide basis to develop mitigation measures and amend ESMP where necessary, and establish E&S compliance

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