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IFC Assists Lao PDR in Improving Environmental and Social Standards in the Hydropower Sector through Integrated Water Resources Management

IFC, a member of the World Bank Group, has entered into a partnership with the Ministry of Natural Resources and Environment of the Lao PDR to improve laws and regulations as well as their enforcement and to implement integrated water resources management. The partnership aims to ensure that hydropower will be developed and operated in sustainable ways that protect the environment and local people’s livelihoods. It will also support socio-economic development in the country.

“The partnership with IFC marks our commitment to promoting integrated water resources management and best practice environmental and social standards in the hydropower sector through revising laws and regulations as well as improving our capacity to enforce them,” said H.E. Santiphab Phomvihane, the vice minister of finance, who signed the cooperation agreement with IFC on behalf of the government of Lao PDR at a ceremony held in Vientiane.

IFC and the World Bank have been helping Lao PDR revise its water and water resources law by providing consultation support and technical input to the Ministry of Natural Resources and Environment. This aims to ensure that the new law can meet the needs of all water users for many years to come.

Under the partnership, IFC will also provide training and technical assistance to the Ministry of Natural Resources and Environment and the relevant people in select river basins to help them better anticipate, evaluate, and manage the water resources in support of sustainable hydropower investments. For example, guidelines on how to manage changes to the water flow in a river will be developed to meet the needs of all users and protect the environment.

“We want to share our expertise with and provide training to a wide range of stakeholders to raise the bar in the sector as a whole,” said Ian Crosby, IFC’s sustainable business advisory manager for East Asia and the Pacific. “It is our goal to increase the share of new hydropower projects that follow international best practices in Lao PDR.”
In the Mekong region, hydropower development is complex. As discussions about its sustainable development heat up, it is essential to involve the private sector – hydropower companies, contractors and suppliers, as well as lending banks – in the conversation.

With support from the Australian Department of Foreign Affairs and Trade and Japan, IFC is working to strengthen the voice of the private sector in public-private dialogues on water governance and sustainable development in the Mekong region.

“Acknowledging the private sector’s pivotal role and responsibilities in the use of the region’s river and groundwater systems is a must in order to minimize the negative social and environmental impacts that might offset economic gains,” said Rachel Jolly, First Secretary of the Australian Embassy in Vientiane, Lao PDR.

As hydropower companies drive project design, construction, and operations, they can also drive change that leads to a more sustainable sector, improving water resources management and governance.

“For Australia, this includes strengthening private sector engagement with Mekong governments and other actors important to water resources management, such as research organizations and civil society,” Jolly said. “For example, reviewing the risks and benefits of new investments from different perspectives as part of an integrated planning approach is key.”

With support from IFC, hydropower companies are taking a proactive step in improving the hydropower sector in Lao PDR. Quarterly meetings of the Hydropower Developers’ Working Group give companies an opportunity to address their concerns and collaborate on solutions.

“The working group provides an opportunity to strengthen industry engagement with the Government of Lao PDR on key issues of concern and mutual benefit,” said Jolly. “These meetings are a good first step to get companies to develop a community of practice amongst developers on international environmental and social practices, including through gaining greater familiarity with key guidelines and principles.”

The working group is one example of how the private sector can become more active in hydropower development, as improving environmental and social standards in hydropower development is central to the sustainability debate. IFC is aiming to help hydropower developers lower their environmental and social impacts and risks, while improving their business performance.

“It would be great to see more companies in the region lifting their social and environmental standards, incentivized by corporate responsibility, reputational gains, and better, more sustainable and profitable projects,” said Jolly.

Since 2007, the Australian Department of Foreign Affairs and Trade has been a key player working with a wide range of stakeholders in the Mekong region. In 2014, they provided support to IFC to focus attention on the private sector’s pivotal role in improving the region’s water resources management and governance, contributing to more sustainable hydropower development. ■
IFC and Lao National Chamber of Commerce and Industry Help Hydropower Companies Grow Sustainably

IFC and the Lao National Chamber of Commerce and Industry have hosted more than 60 representatives from hydropower and construction companies in the first meeting of a working group that aims to develop hydropower that is both commercially viable and environmentally sustainable.

Lao PDR has huge hydropower potential. About 20 hydropower projects have been developed so far, tapping just 15 percent of the country’s hydroelectric potential. Another 40 to 50 hydropower projects will be operational by 2025, generating income that will contribute to national development.

“Hydropower development is one of our country’s answers to poverty alleviation,” said Sisavath Thiravong, President of the Lao National Chamber of Commerce and Industry. “Now, our challenge is to make sure project sustainability is a priority for all companies. The turnout for the working group demonstrates that we all have a common interest – to develop hydropower projects in Lao PDR more sustainably.”

The Hydropower Developers’ Working Group, which met for the first time yesterday, is the first of its kind in the Mekong region. It aims to help hydropower and construction companies channel their concerns to the government, tackle business challenges, and develop hydropower that meet environmental and social best practices.

“The Hydropower Developers’ Working Group is a good opportunity to share our common concerns of sector-related issues,” said Milo Tang, Assistant Director of the Lao Project Department at China Southern Power Grid International. “By raising environmental and social standards, we hope to lower risk and improve our financial performance.”

Following the meeting, participants attended a seminar on sustainable project financing and investment, and managing risks while addressing social and environmental responsibilities. Members have indicated that they are keen to learn about dam safety, environmental and social risk management, and technical and financial policies in future seminars.

“We are encouraged by the strong interest and support from stakeholders including project developers, utilities, and the government in establishing the Hydropower Developers’ Working Group,” said Simon Andrews, IFC Regional Manager for Cambodia, Lao PDR, Myanmar, Thailand, and Vietnam. “We expect the working group to help form a partnership between the government and companies to tackle issues affecting the sector and develop hydropower efficiently and sustainably.”

Better Negotiators Will Benefit Both the Lao Government and Hydropower Developers

Soukvisan Khinsamone and Souksavart Sosouphanh work in the contract division of the Department of Energy Business. Khinsamone reviews hydropower projects’ financial models, which define how the Lao government and the developer share profit, while Sosouphanh gathers background information on developers and negotiates concession agreements with them.

Their team, which is part of the Ministry of Energy and Mines, evaluates proposed project costs and negotiates project incentives, which often make or break a deal. To help them negotiate better,
IFC hosted a five-day training workshop in August 2014 to walk them through tricky situations that they often encounter at work and ways to deal with them.

“It is crucial that we understand every project proposal and developer is different,” says Sosouphanh. “When we approach a negotiation, we need to be prepared with solid background information on the developers as they come from many different countries and have various approaches to negotiating the deal.”

“From our perspective, we want the Lao government and people to benefit as much as possible from all proposed hydropower projects,” adds Khinsamone.

The workshop is the second one in a series of activities aimed at boosting the negotiation skills of officials at the Department of Energy Business and the Department of Environmental and Social Impact Assessment. Government officials with stronger technical knowledge can discuss relevant issues with hydropower developers in greater depth and with more clarity to avoid miscommunication.

“Personally, I gained excellent preparatory skills,” says Sosouphanh. “When we walk into the meeting room, we want to know who we’re dealing with and what their positions are. This is only possible if you are well prepared.”

Khinsamone says the course helps him get better at negotiating project incentives, which can have a great impact on royalties the government earns from the project, or the cash the community receives.

“We learned how to identify those that may share our views and how to present our case that will best appeal to those individuals,” he says. “We have learned some important strategies that we believe can apply to our work.”

Khinsamone and Sosouphanh say they would like to have more training to further prepare them for the negotiation table with hydropower developers. "Negotiating isn’t about winning or losing. It’s not a dichotomy between the government and the developer,” says Robert Wilkinson, negotiation trainer from CMPartners. “We hope to arm officials with the confidence to arrive at conclusions where both parties are successful.”

How IFC Training Helps EDL-GEN Employees in Lao PDR

Soukmano Manivong believes creating a dedicated environmental and social team would support the successful development of sustainable hydropower projects at his company, Electricite du Lao Generation (EDL-GEN).
“IFC’s training is very applicable to our everyday work and demonstrates the need to approach environmental and social standards systematically,” says Manivong, a new employee at EDL-GEN, the largest hydropower generator in Lao PDR. “Once we establish a team to do this, we will be able to improve our standards.”

Manivong was among two dozen EDL-GEN employees who attended the five-day training in October where IFC introduced its eight Performance Standards to the participants and explained how they could be applied to hydropower projects in Lao PDR. Some participants said they want more training on IFC’s Performance Standard 1 – Assessment and Management of Environmental and Social Risks and Impacts.

During the training, participants worked together on case studies to identify areas where environmental and social risk management can be improved in order to do sustainable business. The participants visited field locations where they interviewed hydropower operators on their environmental and social standards.

Manivong explains that EDL-GEN’s existing environmental and social criteria are mostly inherited from investments the company has absorbed from the state-owned electricity company Electricite du Laos. So far, EDL-GEN has invested in seven hydropower projects that will generate 387 megawatts of power, including a 60 percent stake in Theun Hinboun hydropower project and a 25 percent stake in Nam Ngum 2 as well as Nam Lik 1 and 2. The company also has several other projects in the pipeline.

He thinks creating an environmental and social management system specifically for the company will support its objectives and help staff monitor hydropower projects.

“IFC’s Performance Standards training has enabled us to see where projects are doing well and where we can improve,” says Manivong. “It would be great to receive more training especially in the area of establishing systems, which would help our work with our clients.”

Hydro Developers Talk Gender

The Hydropower Developers’ Working Group of the Lao PDR’s met with the Lao Women’s Union and Oxfam in mid-September to discuss the incorporation of gender considerations into each step of hydropower project development cycles. IFC, Oxfam, and the Lao Women’s Union all agree that mainstream gender into initial project planning will have lower costs and improved business operations in the long term.

Michael Simon, Water and Infrastructure Program Advisor for Oxfam said, “Gender mainstreaming is not about the number of women in your human resources roster, it’s about your core business operations. There are real opportunities for hydro developers to make positive contributions to women in communities affected by their projects.”

Representatives from both Oxfam and the Lao Women’s Union emphasized the need to include gender equity in management plans to help developers avoid additional costs during construction and operation phases. They said involving women in design of mitigation and development plans would contribute to the success of projects.

The World Bank reported in 2013 that economic inequity between women and men persists worldwide. Social norms affect women’s work, prohibiting them from achieving their full potential in the workplace. According to the World Bank, women account for only 6 percent of those employed in Lao PDR’s mining and hydropower sectors.

Oxfam’s 2013 manual, “Balancing the Scales: Using Gender Impact Assessment in Hydropower Development”, helps developers identify, understand, and respond to gender differences and opportunities. It helps companies mainstream gender with good project design and management principles.
“Next, we will work more closely with developers to find a synergy with private sector and NGO experiences,” said Simon. “We received valuable feedback from the Hydropower Developers’ Working Group. We clearly need more outreach with the private sector on gender mainstreaming.”

The Hydropower Developers’ Working Group was launched in 2013 to provide a space for interactive seminars between the private sector and other stakeholders on applying good international industry practices to the sector.

2015

Taking on the Nam Ou: IFC Helps Lao Officials Gear Up to Discover River Basin

As head of the Provincial Office for Natural Resources and Environment in Phongsaly Province, Phonexay Lek is closely connected to the Nam Ou River, one of the Mekong’s most important tributaries. His work entails guiding the province on water resources sector.

Stretching nearly 450 kilometers from China’s border, which touches Phongsaly Province, to Luang Prabang where it meets the Mekong, the river is currently undergoing rapid development despite a general lack of information about its character.

“We need to know more about its environment. We have a very limited knowledge of the river’s characteristics at this point,” says Lek.

To address this, IFC and the Asian Development Bank, in cooperation with the Ministry of Natural Resources and Environment, hosted a workshop in September attended by 50 authorities working on topics related to river basin management.

“This workshop was a preliminary step to improve our knowledge on data that will help us better understand the river basin,” says Lek.

As well as helping authorities increase their river basin knowledge, the workshop focused on developing understanding of environmental and social concepts to conduct field surveys. It also provided practical methodologies on how to develop a river basin profile.

“At our meeting, it was clear that a river basin profile is needed. But before we get started, we need a better understanding of how to conduct this research,” said Lek.

Participants learned the essentials of developing a river basin profile, which details the characteristics of a river basin. Used to plan, develop and manage a river more sustainably, such profiles also help authorities and developers better understand trends in the river’s fisheries, ecology, flow and water quality, as well as key social issues, such as local livelihood changes.

Lek and others left the workshop with a greater understanding of how to get a river basin profile off the ground, including choosing pilot sites and conducting field studies.

“We learned how to use up-to-date water quality sampling tools,” said Lek. “Now it’s time for us to test what we’ve learned in the river basin. For us to be able to do this, we will need the right equipment to get us started.”
To Develop Sustainable Hydropower in Asia, a Regional Approach Is Best

Seven hundred million people live without electricity in Asia. Several countries, including Lao PDR, Myanmar, Nepal, and Pakistan, are tapping into their hydropower potentials to generate electricity for domestic consumption and exports, which will be a big boost to their economic development. To ensure the sustainability of such developments, IFC is working with both the public and private sectors to raise standards and enhance collaboration between the two sides.

"Hydropower demands are growing too fast to limit your scope to one country," said Kate Lazarus, team leader for IFC’s Hydro Advisory Program.

With the support of the Australian and Japanese governments, IFC kick-started its sustainable hydropower program in 2012 in Lao PDR. Since then, IFC has been helping the government, hydropower companies, and banks to adopt IFC’s Performance Standards to improve their environmental and social risk management. IFC also helped establish the Hydropower Developers’ Working Group, which enables hydropower companies to get into policy debate and shape regulations that impact their projects. This year, the working group established a subcommittee to contribute insight to the drafting of the Small Hydropower Decree, which will shape the future for small hydropower project development in Lao PDR.

"Lao PDR’s hydropower landscape is a mix of mainly large hydropower projects with many small tributary projects in the pipeline," said Bounleuth Luangpaseuth, CEO and President of Luangpaseuth Corp. and Co-Chair of the Lao PDR Hydropower Developers’ Working Group. “With IFC’s support, hydropower companies have been able to re-shape the development of the Small Hydropower Decree – a very important step for the industry.”

In neighboring Myanmar, which has 100,000 megawatts of hydropower potential, there is a growing interest for investors to put their capital on hydropower deals. In January, IFC began its work in the country’s hydropower sector by co-hosting a multi-stakeholder workshop with the World Bank, attracting more than 160 participants. IFC is also trying to replicate the activities of the Lao PDR Hydropower Developers’ Working Group by establishing a similar one in Myanmar.

“There is common interest in Myanmar to develop hydropower sustainably,” said Lazarus. “We’re working to support the government to get the policies and regulations they need into place to ensure environmental and social standards are met when projects begin to break ground.”
This year, IFC plans to commission the first country-wide strategic environmental assessment to identify and achieve broad consensus on a balanced, equitable, and sustainable development pathway for hydropower in Myanmar over the next 20 years and beyond.

Having achieved success in providing environmental and social advisory services to officials and developers in Lao PDR, IFC is now replicating this model in Nepal to help the country sustainably tap into its 3,000 megawatts of hydropower potential. The electricity generated will help Nepal address its chronic power shortages, which currently result in 12- to 14-hour power cuts; it will also be exported to Bangladesh and India.

To increase the supply of electricity in Pakistan, IFC agreed in April 2015 to invest $125 million in China Three Gorges South Asia (CSAIL), a subsidiary of the state-owned China Three Gorges Corp. The investment will fund a series of hydro, solar, and wind power projects that will provide electricity to more than 11 million Pakistanis. As the country’s hydropower sector grows, IFC is advising the Pakistani government officials and developers on taking a basin-wide approach to developing the Jhelum-Poonch River Basin so that they can better understand the environmental and social risks involved.

“We want to set the standard for sustainable hydropower development in Asia,” said Lazarus. “We aim to raise awareness of the business case for sustainability and cultivate a new sense of accountability among developers.”

2016

Small Hydro Developers Pitch In and Help Shape Policy in Lao PDR

For the past ten years, Bounleuth Luangpaseuth has been developing small hydropower projects under 15 megawatts in Lao PDR. As CEO, and vice-chair of the IFC-led Hydropower Developers’ Working Group in Lao PDR, Luangpaseuth understands the importance of sound policy and guidelines from the perspective of a local and small business owner.

“Developing small hydropower could bring rural households affordable electricity in Lao PDR,” said Luangpaseuth. “It's the small projects that promote local business development.”

One of the projects Luangpaseuth is operating is a 5.6 megawatt project located in a remote area that is delivering electricity to about 150,000 people in Luang Namtha and Bokeo provinces. In Lao PDR there are roughly 300 small hydropower projects in the preparatory or negotiation phase and 11 operating.

For the smooth and successful execution of hydropower projects, companies need clear policy and regulation on the development process from start to finish. In the early phases of Lao PDR’s Hydropower Developers’ Working Group, small hydropower developers including Luangpaseuth agreed that clearer procedures on small hydropower development would help boost the sector. Luangpaseuth along with a team of small developers from the Hydropower Developers’ Working Group formed a committee to share their experiences that would support the drafting of a new regulation.

“Our working group was the perfect platform to offer our advice on drafting the regulation,” said Luangpaseuth. “We knew that if we could provide the government with our private-sector experience, there was a chance that a stronger, more business-friendly regulation would emerge.”

Experienced in the hydropower project concession agreement process, Luangpaseuth understood the challenges for small hydro developers first-hand. He believed that the process needed improvement by streamlining and clarifying the type of procedure that would be relevant for smaller and more localized projects.

“Our first recommendation was that the private sector should be on board if this regulation is going to work,” said Luangpaseuth. “When the government gave us the green light to provide...
feedback, we carefully combed through the regulation. Although there are some outstanding issues, the regulation today reflects many of our comments, which is a great success.”

With support from IFC, Luangpaseuth and the working group provided industry and technical advice to the Lao Ministry of Energy and Mines for a year and a half. Based on their experiences the developers reviewed drafts and discussed how to strengthen it based on experience and current needs for small hydropower development. Several areas were identified for improvement starting with a need to clarify the size of a small dam. The regulation now states that, in accordance with the Electricity Law, all dams 15 megawatts and below qualify as small.

The working group pushed for longer licensing periods. First proposed at 10 years with a possibility of renewal, the regulation now has harmonized the licensing period with the approach of the 25-year concession agreement. Small projects with lower defined impacts on the environment, people and nature qualify for the licensing scheme. Small project situated for example in national parks or with higher risks involved are still required to undergo a more rigorous concession agreement process.

Additionally, they helped comment on the bidding process and procedures on how to handle two parties vying for the same dam site. Provisions on project cancellations were commented on and thereafter strengthened; and details on power purchase agreements were amended.

The Regulation on Small Hydropower Development was the first time the private sector had the opportunity to get involved in in-depth consultations and offer their advice to the Lao government on policy development in a consolidated manner, a model that IFC and the working group will continue to promote in the future.

“As hydropower developers, we know if a policy from our sector is going to work, or not,” said Luangpaseuth. “Our business experience, in combination with IFC’s advisory support helped the government achieve its aims and finalize a solid regulation.”

In December 2013, IFC launched the first Hydropower Developers’ Working Group in Lao PDR with support from the Australian government. Since then, over 100 members have joined the working group in Lao PDR and has been an active platform for hydropower companies to work through issues that create hurdles in the sector, comment on policy and engage stakeholders through seminar series. In August 2016 the working group was launched in Myanmar. HDWG Myanmar operates independently from Lao PDR to ensure local issues and topics are addressed appropriately.

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New Hydro Policy Puts Focus on Sustainability in Lao PDR

The World Bank Group-supported Policy on Sustainable Hydropower Development is making a difference in how Lao hydropower developers are approaching their projects and is described as a step toward strengthening the sector. Former Lao Vice Minister Viraponh Viravong, recently shared his thoughts with IFC on how the policy is being used, challenges encountered, and what makes the policy work.
“All responsible developers are very happy to see a clear definition of sustainability,” says Viravong. “The policy provides clear direction for developers to propose projects and is a very big step for Lao PDR.”

Since it was approved in January 2015, the Lao government has been rolling out the policy throughout the country, working to raise awareness and ownership among provincial-level authorities. Parallel to this, the government is also reaching out to developers to inform them on the policy through workshops and field visits. At the workshops, hydropower project representatives and others shared their experiences and challenges on issues ranging from watershed management to resettlement and compensation.

“Some project owners, especially larger developers, are keen on using this policy. We are using their cases as examples to demonstrate the benefits of this policy to other developers,” said Viravong. “In some cases, small developers are harder to sell on the policy. We are working toward raising their awareness.”

The policy is based on the principles of social, economic, and environmental sustainability. It requires improved project-data collection, planning, and stakeholder collaboration. The policy outlines the studies that hydropower projects are required to carry out, including technical and engineering aspects, environmental and social impact assessments, and progress reports on performance of policy implementation.

“It helps us and project developers to identify gaps,” says Viravong. “Tools are being developed alongside the policy that will better support the agencies, provinces and developers on aspects such as technical guidelines for hydropower feasibility studies; regulations for small hydropower development; and performance criteria for project evaluation. The policy is one piece of a larger pie that contributes to making the sector more sustainable.”

In Lao PDR, over 100 large hydropower projects were identified for monitoring. These projects were all above 15 megawatts and in various stages of development. In 2015, 15 hydropower projects in operation and 12 under construction were monitored and evaluated under the new policy. “We will implement this policy step by step,” says Viravong. “It takes time. We are starting to build understanding among officials and developers on how this policy can help their operations.”

With the policy now in place, Lao officials are working on improving inter-ministerial coordination and efficiency. Article 2 of the policy states that the Ministry of Energy and Mines (MEM) is the implementing ministry. However, the ministry is calling on others to work together with MEM to ensure its success.

The Department of Energy Policy and Planning (DEPP) will lead a series of technical meetings and field visits in 2017 to continue discussions on policy implementation among government agencies and key stakeholders. Working hand-in-hand with the Department of Environmental and Social Impact Assessment (DESIA), DEPP will also continue to build knowledge of the policy among officials through a series of workshops on performance monitoring of hydropower projects with respect to the policy implementation. Parallel to these efforts, DEPP has also been working closely with the Department of Forestry Resources Management (DFRM) and the Ministry of Finance and will continue to support the provinces and will also engage with other key agencies with coordination and capacity building.

Large hydropower projects require an immense amount of ministerial coordination,” says Viravong. “Ideally the policy will help us identify ministerial responsibilities and allocate the best possible agencies to each job.” Identified as a primary hurdle for the policy, efforts are underway by MEM and its partners to develop a mechanism that improves inter-ministerial coordination.

While the policy is not exclusively geared toward large hydropower projects, the Ministry of Energy and Mines reports that large projects have found the policy most useful for their respective development stages. “At the moment, we are reviewing and assessing a number of different projects,” says Viravong.

2017

Hydro Professionals from Around the Region Learn the Benefits of Cumulative Assessments in Lao PDR

Abhushan Neupane is a civil engineer from Nepal with over 13 years of experience in hydropower planning, design, and development. Neupane previously worked with UT-1 (216 MW) and will soon be joining the AG Power Company and UT-3B HEP (42 MW) in the Trishuli River Basin, where a number of projects are under development or planned for the next 10 years. For Neupane, assessing development from a cumulative, basin-wide perspective is the way forward for companies to achieve sustainable business operations.
“Cumulative impact assessment approaches are developing very quickly,” said Neupane at a regional training held by IFC and the International Centre for Hydropower (ICH) in Luang Prabang, Lao PDR, in mid-February. “As part of the training, we are practicing to improve how we set assessment boundaries and how to select particular valued environmental components that support tourism and local livelihoods. This is a worthy exercise.”

The intensive five-day training, which targets hydropower professionals like Neupane, helped participants better understand associated basin-wide risks from hydropower projects and how to conduct cumulative impact assessments. IFC environmental and social specialists and ICH experts used IFC’s Good Practice Handbook on Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets as a practical learning tool for the course.

As Neupane explains, important species are under pressure in the Trishuli River Basin. This is coupled with social and economic effects on local people, including the Tamang community in the case of the UT-3B project. Training participants agreed that project-specific environmental and social impact assessments (ESIAs) are not enough to manage the impacts within a river basin.

“Today, we face severe environmental and social issues including loss of biodiversity, shortage of water resources, and displacement of local communities, leading to threats to traditional livelihoods,” said Naeem Akhtar, General Manager, Environment & Social at CSAIL. The challenges to implementing cumulative impact assessments in Pakistan are not unique to countries in the region. In countries with vast hydropower potentials including Nepal, Myanmar, and Lao PDR, cumulative impact assessments (CIAs) require collaboration between companies, civil society organizations, and government authorities. Despite challenges, this basin-wide approach— involving shared information and accountable decision-making—ultimately creates trust between stakeholders and builds stronger, more sustainable businesses.

“Through the CIA process, people who are directly or indirectly affected by the multiple projects have a right to voice their opinions and also have the opportunity to participate in decisions that affect their lives,” said Akhtar.

Since 2012, IFC has worked to elevate cumulative impact issues from hydropower in Asia and provide training and seminars to assist with improved understanding. IFC believes this is a crucial issue that can be tackled with the right baseline information and mitigation measures in place. By taking basin-wide approaches, stakeholders can improve environmental and social standards. For example, in 2016, IFC supported a basin-wide biodiversity strategy in the Jhelum-Poonch basin in Pakistan to identify and address cumulative impacts. In Myanmar, a country-wide government-led strategic environmental assessment is underway to understand the shared environmental and social values within the country. In Lao PDR, cumulative impact assessment guidelines were completed in 2017 and are now being considered by the government for adoption.

“Myanmar is less exposed to the idea of cumulative impact assessments,” said U Han Thein Lwin, Deputy CEO, Shwe Taung Infrastructure. “The case studies we explored were very useful as I can now practice directly on real projects where I am involved.”

Kate Lazarus, IFC’s team leader for the environmental and social hydro advisory program in Asia explained, “Getting all companies in one river basin on board to conduct a cumulative impact assessment isn’t an easy task. However, the benefits of conducting cumulative impact assessments are clear and could change the way companies view sustainability.”

With commitment from major developers in a river basin, cumulative impact assessments will help companies work together to identify and ultimately lower the risks and effects on people and the environment, as is being planned in Nepal through a Trishuli River platform. Lazarus is planning to continue trainings on cumulative impact assessments and encourage governments to develop guidelines on this topic in Myanmar, Nepal, and Pakistan.

Water and Water Resources Law to Advance Sustainability in Lao PDR

Lao PDR’s National Assembly last week approved an updated Water and Water Resources Law presented by the Ministry of Natural Resources and Environment. Passed with a 93 percent majority, the new law is the result of more than five years of collaboration between the government of Lao PDR, The World Bank and the International Finance Corporation, a member of the World Bank Group.

“In Lao PDR, there are many stakeholders utilizing water resources for various purposes. MONRE is playing a central role in water resource management and is the key coordinating agency for all stakeholders to ensure sustainable use of water throughout the country,” said H.E. Mr. Sommad Pholsena, Lao PDR’s Minister for Natural Resources and Environment.
New provisions have been added on water rights and use, including waste-water discharge permits, wetlands and water-resources protection, groundwater management, and river-basin management. Additionally, the law expands the terms and conditions of large, medium, and small-scale uses and includes articles on environmental flows for hydropower as well as stipulations related to irrigation use.

“The process benefitted from extensive consultations with a wide range of stakeholders, including the private sector,” said Kyle Kelhofer, IFC Country Manager for Lao PDR, Cambodia and Vietnam. “The updated Law aims to be practical and help businesses understand their obligations in relation to water allocation and resources use.”

The updated Water and Water Resources Law has 13 parts, 7 chapters, and 98 articles, in which 28 articles were improved, 67 newly created, and three retained as it is. Sub-regulations are being developed to ensure the law can be readily implemented. Aiming to improve the sustainability of Lao’s water resources, the law is expected to influence the monitoring, management and planning of the country’s vast rivers.

IFC’s support for revamping the Water and Water Resources Law began in 2012 with research that suggested that an updated law was needed to better protect water resources and improve its management. Since then, IFC, with support from the World Bank, the governments of Australia and Japan, have provided technical support and rolled out a country-wide stakeholder engagement process.

About IFC

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