

HYDROPOWER DEVELOPERS' WORKING GROUP

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Landmark Hotel Vientiane, Lao PDR

The following brief outlines the key objectives, structures, roles and responsibilities and approaches of the Hydropower Developers' Working Group. Both Lao National Chamber of Commerce and Industry and IFC see the need to form a Hydropower Developers' Working Group to provide a space for the private sector to raise their concerns to government and share learning among sector actors.

1. Background

- 1989** The Lao National Chamber of Commerce and Industry (LNCCI) was established in 1989 as an independent body which represents the business community in Lao PDR. It is the nexus between state and private enterprises and represents employers, groups, joint ventures across all agencies that have been established under the laws of Lao PDR. There are about 20 membership business associations covering sectors such as handicrafts, furniture, agriculture, timber, hotel and restaurants, mining and manufacturing. Members benefit from access to markets, information, training, trade fairs and exhibitions, and many form associations to gain access to training and donor support. The LNCCI reports good progress in pushing the policy envelope in a number of key areas such as introducing a visa on arrival facility for tourists and businessmen, assisting in the formulation of new mining laws, advising on new and more transparent criteria for concession bidding, introducing banking and insurance reforms with regard to leasing.
- 2005** The Lao Business Forum (LBF), hosted under LNCCI, was established in March 2005, through an agreement between the Government of Lao PDR and the International Finance Corporation. The LBF's aim is to facilitate a structured and ongoing public-private dialogue between the Government of Lao PDR and the business community, including both foreign and domestic companies, to improve the business environment. A number of private sector working groups are the engine of the LBF providing opportunity for private sector representatives to meet regularly and discuss and raise issues to the Forum, which is chaired by the Standing Deputy Prime Minister
- 2013** On December 5, 2013, IFC and LNCCI signed an MOU to establish the Hydropower Developers' Working Group given the important role that hydropower contributes to the economy of Lao PDR. As a major source of electricity and a vital engine for economic growth in Lao PDR, there are numerous hydropower projects underway led by various companies operating in Lao PDR.

2020 With an estimated 26,500 MW of untapped, exploitable potential, hydroelectric power enables the country to become the 'battery' of Southeast Asia. Less than 20 percent of the country's hydropower potential has been developed over the past 30 years. However, the Government of Lao PDR's current policy is to accelerate development in the hydro sector to supply electricity to the rapidly growing economies in the region, mainly Thailand and Vietnam, increase rural electrification to supply power to 90 percent of Lao households by 2020, and improve the security of supply for domestic consumers in industry and urban areas. Domestic energy consumption is growing at 8 percent to 10 percent annually.

With acceleration of the sector, it is important to ensure that hydropower is done right, water resources are managed appropriately and any such development addresses the local livelihood needs of communities who rely on the natural resources for their subsistence way of life.

2. Objectives of the Hydropower Developers' Working Group

Goal The overarching goal of the group is to contribute to the sustainability of the hydropower sector.

Specifically, the Hydropower Developers' Working Group aims to:

- 1** Improve environmental and social risk management practices among hydropower companies
- 2** Provide a platform for hydropower developers where companies can comment on policies, share knowledge, and improve their management
- 3** Provide a platform to raise sector wide issues to the government of Lao PDR through the Lao Business Forum (LBF) and LNCCI

3. Organization, Structure, Role, and Responsibilities

About

The HDWG is initially set up as a working group of hydropower companies (domestic and foreign owned) operating in Lao PDR.¹ It will engage both through the Lao Business Forum, LNCCI as well as independently on its own where required.

The group's organizational structure consists of a chair, two vice chairs, secretary, members and coordinator.²

Role of the Chair

The role of the **Chair** is to lead the Working Group by overseeing operations and representing the group to the Business Forum or to outside entities. His/her specific responsibilities include:

- Chair (or assign the Vice Chair) Business Meetings;
- Lead and oversee HDWG;
- Engage in identification of HDWG schedule of activities (e.g. Business Meetings and Seminars) in consultation with the Vice Chairs, Members, LNCCI and IFC;
- Approve the selection of secretary and members through consultation with Vice Chair, LNCCI and IFC;
- Coordinate and cooperate with regional and international hydropower associations and other organizations;
- Mobilize members and other resources for supporting the operation and implementation of the HDWG activities; and
- Other activities as agreed by members.

The Chair is selected based on interest and evaluation³ as agreed by members and voted on in the 2nd HDWG Business Meeting. The term of the Chair is one year minimum.

Role of Vice Chairs

The role of the **Vice Chairs** is to support the Chair in overseeing the HDWG (coordination, cooperation), represent the Chair in his/her absence, and implementing specific activities identified by the Chair which may include: i) identification and compilation of sector wide issues for the **Lao Business Forum**; ii) identification of awareness raising/capacity building activities for the HDWG via **Business Seminars**; iii) any other business identified by the HDWG.

¹In the future, the Working Group may decide to form an independent association following PM Decree 115. Initial membership will include hydropower companies operating in Lao PDR; however, the group may wish to extend participation to financial institutions and others at a later date.

² IFC is currently financing the coordinator; however, in the future the group may wish to nominate and finance their own coordinator.

³ Criteria will be developed to evaluate interested candidates.

- Role of Members** The main responsibilities of the **members** is to actively participate and contribute to business meetings (e.g. identification of sector issues, roles of HDWG, etc.) and seminars; and recruit new members for the HDWG.
- Role of LNCCI** The role of **LNCCI** is to host the HDWG; inform the HDWG of relevant sector-wide issues and upcoming discussions in the Lao Business Forum; ensure HDWG issues are represented at the Lao Business Forum; facilitate HDWG members into LNCCI activities; facilitate discussions between the HDWG and Government of Lao PDR, assist in coordination and implementation of the HDWG.
- Role of IFC** The role of **IFC** is to provide technical support via staff and a coordinator, actively engage in coordination with LNCCI and HDWG chair and vice chairs; business meetings and facilitate business seminars.

4. Operating Principles

- 1 Operate under the guidance of the Lao National Chamber of Commerce and Industry whilst maintaining a high level of independence.
- 2 Operate on a voluntary and open membership, enabling all hydropower developers, both domestic and foreign, to join.
- 3 Employ an open, transparent process that respects individuals and groups' perspective and contribution.
- 4 Consider the views expressed by the HDWG are not necessarily those of individuals or companies.

5. Indicative Activities

- 1 Build capacity of the private sector through business seminars.
Topics could include:

Environmental and social risk management; Lao Government policies and regulations (e.g. information disclosure, public involvement, social and environmental obligations agreements, etc), technical design guidelines, financing mechanisms, dam safety, IFC performance standards and other assessment tools.
- 2 Engage in dialogues/consultations on policies formulated in Lao PDR to help improve regulations and ensure they are realistic and implementable.

- 3 Convene a platform for engagement among private sector and other actors as deemed necessary (e.g. with consulting firms or research institutions).
- 4 Identify and represent issues of the sector to relevant government agencies through the Lao Business Forum and determine solutions. Liaise with the LNCCI-LBF focal point to prioritize overall issues and recommendations for LBF. Share, update and disseminate current development outlooks, market trends, good practices, good development outcomes and impact, and others.

6. Membership Conditions, Application, Selection and Management

All domestic and international hydropower companies who are operating in the Lao PDR are welcome to become members (including developers and suppliers/vendors).

Hydropower companies will be provided with a membership form to be submitted to LNCCI for registration. The group may wish to decide to have official members, who implement the mandate and activities of the group or observers who voluntarily join and contribute to group activities or participate in events. Either category requires companies to fill in the registration form and follow the Terms of Reference and operational guidelines of the HDWG.

7. Benefits of Joining the Hydropower Developers' Working Group

- ✓ Your business operations will be enhanced
- ✓ Your risks will be better understood
- ✓ Your network will be expanded
- ✓ Your capacity on environmental and social standards will be improved
- ✓ Your voice will be heard
- ✓ Your access to information will increase
- ✓ Your influence will be greater collectively