



MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT
Department of Environmental and Social Impact Assessment
LAO PDR

September 2017



Independent Monitoring Agency

Quarterly Site
Inspection Report
Q2 2017



Chareun & Associates Co., Ltd

Report Date	:	17 July 2017
Report Period	:	2017 Quarter 1 & 2 (Jan-June 2017)
Project Status	:	Construction Phase

1. Snapshot Overview

This report covers Q1 and Q2 (January-June) of 2017, providing assessment and feedback from the IMA Team on the compliance of the NNP1 with regard to environmental and social measures to address the impacts created by the project. While improvements have been made, the IMA finds a number of areas of partial- and non-compliance and other issues that require attention. Of all items reviewed, the IMA finds 41 items of partial-compliance (areas of concern, or areas of non-compliance where sanctions are not yet recommended) and 7 instances of clear non-compliance of which 4 we recommend to be subject to penalty. However, the number of non-compliance findings is significantly reduced from previous Quarters. In some cases, these are long-term areas of non-compliance that have not been addressed by the company. The significant non-compliance **subject to penalty following appropriate cure period of 60 days pursuant to Annex C, Clause 35 para (c)(i)** are (i) Water Availability and Pollution Control (ii) solid waste management/operation of the NNP1 landfill, (iii) Reporting against Environmental Flows, and (iv) Labor management.

With regard to compliance with obligations and measures pertaining to social development, resettlement and livelihoods, and other measures pertaining thereto, the IMA team finds that several targets have been achieved successfully. However, the key non-compliances found during this periodic review is some missing updates and plans that are required to be submitted and uploaded into website. Also, the Project suffered some delays in the implementation of some measures; provided that no written notification has been submitted to DESIA of those failures, breach or delay as required under the Annex C of the Concession Agreement.

The summarized findings of Partial- and Non-Compliance with regard to social and environmental obligations pertaining to construction and civic works are summarized in the tables below and in further detail in the Annexes (please note the codes on the left margin, which relate to the item code in the Annexes). It is critical that these issues are rectified quickly to ensure the good standing of the project, the well-being of affected communities and ecosystems, and avoidance of fines and penalties. Insufficient disclosure of project documents, plans and other pertinent information, and delays in the disclosure of those documents which were provided, has hampered the assessment of the project by the IMA Team, though this has improved since the last assessment. The IMA again recommends closer coordination between NNP1PC, DESIA and the IMA.

2. Introduction

The assessment carried out by the IMA Team addresses issues of compliance and non-compliance with regard to the environmental and social obligations of the NNP1PC as specified in Annex C of the Concession Agreement, the ESMMP-CP and associated documentation and plans This section (Introduction) provides an overview of key issues and a brief introduction to the IMA Team involved in this assessment. Section 4 (Methodology) provides details of the assessment process carried out in delivery of this review and its report. Section 5 provides a summary of findings, broken down by compliance (this is addressed only briefly, for reasons explained above), partial compliance and non-compliance, together with recommended

actions to address partial- and non-compliance. Section 6 communicates key lessons-learnt during the assessment, focusing specifically on those lessons which may enhance future reporting on the part of NNP1PC in order to improve future IMA assessment. Section 7 details future activities planned by the IMA Team. Annexes are provided as attachments to this main report providing details of all items and assessment of compliance with justification for each as prepared by each member of the IMA Team.

3. IMA Team members involved in the preparation of the 2017 Q1 & Q2 Assessment Report

Team leader and resettlement expert, Mr. Chareun, is Lao born Australian citizen and has studied and worked in Australia for nearly 30 yrs. Since 1998 he has been living and working in Laos. He is one of founders of Chareun & Associates (environmental consulting company) with 25 years of experience in environmental management including. He has extensive experiences in Laos- mainly hydro projects –ESIA & Resettlement Implementation, infrastructure development. Being a native of Laos, his has in depth understanding of the Lao governance system and the needs & cultural sensitivity of the project affected communities. Chareun leads the IMA team in periodic reviews while bearing direct responsibility for review of resettlement and other social and environmental measures and compliance.

National Environmental Expert and Deputy Team Leader, Mrs Khamsy Chansamai, MSc, Lao National with relevant experience as environmental manager in large development projects and long standing working relationship with MONRE and key competence in capacity building, facilitation and coordination with government organization. Mrs. Khamsy's technical responsibilities cover regulatory compliance and institutional components related to environmental performance. She is also the IMA team's coordination or point of contact for both MONRE and NNP1PC.

Micah Ingalls, PhD, a highly experienced in tropical ecology and natural resource governance. He has substantial experience in the region, particularly in Laos, in senior managerial and technical positions under (not only) the World Wide Fund for Nature (WWF), the United Nations Development Program (UNDP), the Mekong River Commission and GiZ. He also provides strong professional experience and advanced training in forest governance, biodiversity management and ecosystem service valuation. Dr. Ingalls has detailed understanding and strong professional experience in livelihood assessment, methods of rural appraisal, and community evaluation as pertains to natural resource dependent communities. He serves as International Environmental Expert responsible for the review of the biodiversity management and offsets, watershed management and other environmental aspects and components.

Ms. Anita Bousa is a legal advisor who has been engaged to provide technical assistance in the development and preparation of the latest Decree on Compensation and Resettlement from Investment Project No. 86/PM. Anita has significant expertise in environmental and social aspects and a strong professional history of environmental and social project management. She is responsible for assessment of various environmental and social aspects of the project, in collaboration with Micah.

4. Methodology

The IMA Team carried out a detailed review of all social and environmental obligations on the part of the project, with particular reference to Annex C of the CA and the ESMMP-CP and associated Sub-Plans and Site-Specific ESMMPs. Review of the ESD Q1 2017 Report and EMO and SMO May 2017 Monthly Reports was carried out during July, supplemented by review of LTA and IAP Reports as necessary to review compliance patterns relevant to the completion of this assessment. Field inspection of some construction sites (where significant non-compliance detected or suspected) and Houay Soup Resettlement Area following meeting with meeting with NNP1 ESD management team, Borikhamxay WRPC and EMU, technical staffs of DESIA was also carried out on 10-13 July 2017. The draft report of each Team member was submitted to Chareun and Associates Ltd, reviewed and revised, and compiled into this report. Compliance was assessed against stated objectives and associate timelines, with scoring assigned as Compliant, Partially-Compliant and Non-Compliant. Draft scores are reflected in this assessment document. Finalization of scoring and detailing of agreed correct actions will be completed following consultation with DESIA and NNP1PC.

5. Key Findings

For this reporting period, the number of compliance obligations is summarized in Table 1 (below). Apart from fifty-one (51) compliance findings, the IMA’s review of all environmental and social matters finds forty-four (44) items demonstrating partial compliance. Fifteen (15) of these relate to environmental obligations (institutional arrangements, project reporting and information disclosure) while twenty-nine (29) of these relate with social obligations. A further two (2) items of clear non-compliance have been observed and they are considered as significant non-compliance with the areas of concern regarding (i) Water Availability and Pollution Control and (ii) solid waste management/operation of the NNP1 landfill. These are described in greater detail below.

Table 1 Number of compliance findings¹

Obligations	Compliance	Partial Compliance	Non-compliance	Subject to penalty
Environmental obligations	34	5	2	2
Social Obligations	22	25	1	1
Total	56	31	3	3

¹ Compliance Level Status:

1. **Compliance:** The item under consideration has been adequately dealt with in the CA’s Annex C and is fully consistent with relevant laws, regulations and guidelines. For the Complaint, justification is needed for partly, in-progress and fully compliant.
2. **Partially Compliance:** The item under consideration is insufficiently dealt with in the CA’s Annex C. This may mean that descriptions or explanations given are unclear or lacking in detail sufficient to allow the Review to make a judgment. Important Partially Compliant items will need to be revised by the Company.
3. **Non- Compliance:** The item under consideration has not been addressed and is a serious non-compliance or breach of Annex C of the Concession Agreement (CA). If not rectified within the specified time period, penalties may be applied.

5.1. Compliance with Obligations

Progress has been made against several key social and environmental obligations on the part of the NNP1PC, while several areas noted as non-compliant in the previous (Q4 2016) assessment have now been addressed. NNPC1 has established the majority of its required units, teams and other elements related to the institution of the project. Communication among GoL/MoNRE/DESIA and NNP1PC generally appears to function well, except where we have noted this (with regard to timely reporting, monitoring and sharing of plans). The environmental monitoring trial among EMU and NNP1PC has been implemented formally since 2015. IAP and LTA have conducted the individual monitoring and advised to NNP1PC since 2013. The key areas of full compliance are as follows:

- Preparation and approval of SSESMMPs and Decommissioning Plans for all construction sites, while some of the environmental plans are still on internal improvement, updating ESMMP-CP report had been revised and submitted to MoNRE for approval.
- Completion of construction of standard landfill for NNP1 and HRSA.
- NNPC1 has completed the assets registration and compensation as well as the livelihood activities and compensation for the persons affected by the construction of the Project access road. Additionally, NNP1PC has completed the construction of the HSK resettlement site according to the targeted schedule.
- Significant efforts appear to have been made to revise and update assessments and plans with regard to watershed management, land use plans and biodiversity in the project area and in the offset site. During this period, the project was able to secure approval of the Nam Mouane Offset Site, which is an important achievement. Generally, these targets are behind schedule but show improvement.
- Implementation of gender, education, cultural awareness and heritage preservation activities are on-track.
- Sharing of data and information to government and good coordination and working relationship with EMU, RMU and WRPC.

Detailed assessment of compliant obligations is provided in the Annex 1 and 2. While the main report document focuses on partial- and non-compliant issues, rectification of which is important and vital, this should not minimize the important positive achievements of the NNP1PC, which are commendable.

5.2. Areas of Concern

Findings in this section relate to those items wherein the IMA determines that the NN1 Project is fully compliant with the terms of the Concession Agreement and associated Annex C, but for which there are important delays or other reasons for concern. Findings in this category should not be viewed as compliance issues. Rather, they are included here to highlight potential risk areas.

1. The **Watershed Management Plan** (of Annex C Clause 51) is well behind schedule. The draft WSMP has been submitted to IMA and, though this is delayed from the targets set during previous quarter, progress has been made. ADB is currently revising the WSMP. A technical workshop with GoL authorities was scheduled for July 2017. The Watershed Management Programme is an

element critical to the delivery of the project's environmental obligations. Delayed procurement processes and the slow response time on the part of ADB evaluators are primary contributing factors. Accelerated progress is requested.

2. The **Watershed Management Regulations** (cf Annex C Clause 51) have not yet been submitted to the Provincial Department of Justice, which is behind schedule by seven months now. Draft regulations should be provided to IMA to facilitate advisory role and provide feedback. Progress against this obligation is significantly delayed.
3. **Biodiversity Offset Management Plan (BOMP)** is behind schedule (cf Annex C clause 54). It was requested on 24 Sept. 2016 that an international conservation organization would implement the BOMP, but this has not yet been agreed to by GoL authorities. Pre-BOMP activities are being planned. All actions relating to Biodiversity Offsets are behind schedule and should be accelerated. Relatedly, the **Biodiversity Offset Design Report** and the **Biodiversity Action Plan** are both well behind schedule.
4. **Biomass clearance** is significantly delayed, according to the May 2017 Monthly report.

5.3. Partial Compliance Findings

Findings in this section are those wherein progress has been made but delays and underperformance against obligations are noted, or where insufficient evidence has been made available to the IMA Team to render a clear compliance assessment. In the view of the IMA, these findings do not constitute non-compliance as such, but are areas of concern that should be monitored. Refer to table 2 and 3 below for the Partial Compliance Findings.



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Table 02 Partial compliance obligations - Environmental Obligation

ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
E1.3	The Public's Right to Information	Information released as requested. However, late released of approved or final documents. No communication or information centres in the HSRA as well as in the host village.	Establish a clear communication procedure/mechanism between ESD and NNP1 communication team required. Information centre shall be provided at HSRA and host village and information shall be regularly updated.	<p>The RMU and District Coordination Committee conduct regular, ongoing consultation meeting at each of the project communities to inform the public of notifications issued by the Government of Laos. Copies of such notifications are provided to the Village Authorities after the consultation meeting. The village meeting hall signboards in Hat Gniun and Thahuea are used to post information.</p> <p>Following the completion of the construction of the Village Meeting Hall and Office, a suitable place will become available to post information in the HSRA.</p>
E2.3	Reporting: Monthly and Annual Reports	Late submission of monthly, quarterly and annual reports	An online communication system among the company and DESIA and IMA is recommended. The company request DESIA to assign key contact person with contact number and email. For each IMA Quarterly Site Inspection (QIS) mission, the latest monthly environmental and social progress reports shall be submitted to IMA team at	We agree with these recommendations

Table 02 Partial compliance obligations - Environmental Obligation				
ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
			least 2 weeks before the mission.	
E3.1	Erosion and Sediment Control	Ongoing slope stabilisation and erosion control at HSRV and Re-Regulation Dam (Borrow Pit Area). Turbid Waste Water Discharge from RCC Plant's Sediment Ponds and Aggregate Crushing Plant have significantly improved.	Daily clean up at RCC plant sedimentation ponds and shall be documented and available for inspection team.	Agree, and this is being implemented by the contractor. Records are submitted to NNP1PC for references on a weekly basis and can be shared with EMUs or IMA upon request.
E3.3	Emission and Dust control, and Project Personnel Health Program	The noise levels recorded at all monitoring stations indicated full compliance with the National Standard. The dust measurements complied with the National Standard, except at the Aggregate Crushing Plant, Sino Hydro Temporary Worker Camp during monitoring in May. However, there was no dust issue during IMA mission due to the rain except inside the power house construction area.	Dust measurement inside the powerhouse construction area shall be conducted and staffs shall be advised to wear dust masks while working in the areas at risk.	NNP1PC-EMO revisited the powerhouse areas at both the main dam and re-regulation dam with NNP1PC-TD to observe the site conditions and check the enforcement of wearing dust masks. An additional measure was applied by NNP1PC to suck out dust particles through a tube to outside at the re-regulation powerhouse. The dust monitoring will be undertaken at both sites and reported in August 2017.
E3.6	Solid waste, Hygiene and sanitation management at HSRA	Solid waste bin and toilet are provided at HSRA. However, solid waste bin were not emptied and collected to Huaysoup Resettlement Landfill. Hygiene was not well managed.	More training and awareness raising on hygiene and solid waste management for HSRV shall be conducted and monitored.	This is an ongoing effort being carried out by NNP1PC and it will take time to change the local villagers' behaviour. Besides, NNP1PC is finalizing the selection of a local contractor to collect waste and operate the Houay Soup Landfill. By the meantime, NNP1PC regularly organize waste cleaning-up with local villagers and raise their

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				awareness on proper solid waste management and hygiene. The latest events were held in Hat Gniun and Thaheu Villages in May and HSRA in June 2017.

Table 03 Partial compliance obligations – Social Obligation

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ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
S1.1	The Public's Right to Information	Information released as requested. However, late released of approved or final documents. No communication or information centres in the HSRA as well as in the host village.	Establish a clear communication procedure/mechanism between ESD and NNP1 communication team required. Information centre shall be provided at HSRA and host village and information shall be regularly updated.	The RMU and District Coordination Committee conduct regular, ongoing consultation meeting at each of the project communities to inform the public of notifications issued by the Government of Laos. Copies of such notifications are provided to the Village Authorities after the consultation meeting. The village meeting hall signboards in Hat Gniun and Thahuea are used to post information. Following the completion of the construction of the Village Meeting Hall and Office, a suitable place will become available to post information in the HSRA.
S1.7	Monitoring by Lenders Technical Advisor and delivery of LTA report with DESIA	The LTA has been established and regularly monitoring the Program yet no report has been shared with DESIA	Sharing of the LTA Monitoring Report with DESIA	Noted. NNP1PC regrets that not all LTA reports were posted on our website. Corrections have been implemented, so that all LTA Environment and Social Monitoring Reports are now publicly available on our website.

Table 03 Partial compliance obligations – Social Obligation				
ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
S2.4	Notification of problems / complaints / non-compliance to RMU	According to the quarterly report, the project suffers some delays in certain activities; however, no written notification of any of those delays / breaches / failures have been submitted within the timeline defined in Annex (7 working days / 24 hours)	Submission of the written notification of any breach / failure submitted in due time	Although there are slight delays in the implementation of some activities, they are not considered as a breach of the Concession Agreements. Therefore, no notifications are submitted, but the issues have been reported in the publicly available progress reports. The clause in Annex C that this refers to (Clause 33 b, i, ii, iii) is about notifying the government in case of serious non-compliances that could lead to significant adverse impacts. It is not about notifying the government in case of adaptive changes to plans for practical reasons or due delays in the normal course of work
S2.5	Sharing of the Public Health Action Plan of 2016	Annual action plan has now been shared with the IMA, but not yet with relevant government authorities. Sharing of work plans is essential to ensure coordinated monitoring.	<ul style="list-style-type: none"> Sharing and communicating regularly between the Project and DESIA on the Public Health Action Plan Submission of the 2017 Public Health Action Plan 	The Public Health Action Plan is part of the SDP. The SDP Update 2016 is available on the company website. As recommended, we will from now on share the Annual Implementation Plans with MONRE – but as confidential documents. May we also point out that there is no requirement in the CA to update the Public Health Action Plan on an annual basis. The PHAP Chapter 4.10, Implementation schedules, clearly indicates the plan for the 5 years of the construction phase and the years of the Operational Phase.
S2.6	Sharing of the Labor Implementation Plan	Annual implementation plans have now been shared with the IMA, but not yet with relevant government authorities. Sharing	<ul style="list-style-type: none"> Sharing and communicating regularly between the Project and DESIA on the Labor 	The Labour Management Plan is part of the SDP. The SDP Update 2016 is available on the company website. As recommended, we will from now on share the Annual Implementation Plans with MONRE – but as confidential

Table 03 Partial compliance obligations – Social Obligation				
ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
		of work plans is essential to ensure coordinated monitoring.	Implementation Plan <ul style="list-style-type: none"> • Submission of the 2017 Labor Management Plan 	documents. There is no requirement in the CA to update the Labour Management Plan on an annual basis. The LMP Chapter 5.1 Introduction and thereafter each component clearly indicate the plans for the 5 years of the construction phase and the years of the Operational Phase.
S2.7	Sharing of the Annual Gender Implementation Plan	Annual implementation plans have now been shared with the IMA, but not yet with relevant government authorities. Sharing of work plans is essential to ensure coordinated monitoring.	<ul style="list-style-type: none"> • Sharing and communicating regularly between the Project and DESIA on the Annual Gender Implementation Plan • Submission of the 2017 Annual Gender Implementation Plan 	The Gender Action Plan is part of the SDP. The SDP Update 2016 is available on the company website. As recommended, we will from now on share the Annual Implementation Plans with MONRE – but as confidential documents. There is no requirement in the CA to update the Gender Action Plan on an annual basis. The GAP Chapter 7.1.7: “ <i>Schedule of Implementation</i> ” indicate the plans until 2021.
S2.8	Sharing of the Youth and Children Action Plan	Annual implementation plans have now been shared with the IMA, but not yet with relevant government authorities. Sharing of work plans is essential to ensure coordinated monitoring.	<ul style="list-style-type: none"> • Sharing and updating on the progress on the implementation of the Youth and Children Action Plan • Clarify whether the Education Programme has functionally replaced the Youth and Children Action Plan 	The Youth and Children Action Plan is part of the SDP. The SDP Update 2016 is available on the company website. As recommended, we will from now on share the Annual Implementation Plans with MONRE – but as confidential documents. There is no requirement in the CA to update the Youth and Children Action Plan on an annual basis. The Youth and Children Action Plan Chapter 7.2.2: “ <i>Overall Implementation Schedule</i> ” indicate the plans until 2022.

Table 03 Partial compliance obligations – Social Obligation				
ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
S2.9	Sharing of the Cultural Awareness / Heritage Preservation Action Plan	Annual implementation plans have now been shared with the IMA, but not yet with relevant government authorities. Sharing of work plans is essential to ensure coordinated monitoring.	<ul style="list-style-type: none"> Sharing and communicating regularly between the Project and DESIA on the Cultural Awareness / Heritage Preservation Action Plan Submission of the 2017 Cultural Awareness / Heritage Preservation Action Plan 	<p>The Cultural Awareness / Heritage Preservation Action Plan is part of the SDP. The SDP Update 2016 is available on the company website.</p> <p>As recommended, we will from now on share the Annual Implementation Plans with MONRE – but as confidential documents.</p> <p>There is no requirement to update the Cultural Awareness / Heritage Preservation on an annual basis. The Cultural Awareness / Heritage Preservation Action Plan, Chapter 7.3.7: “Overall Implementation <i>Schedule</i>” indicate the plans until 2020.</p>
S2.10	Resettlement Action Plan for 2UR and 2LR	Partially Compliant – only the Resettlement Action Plan for 2UR was shared.	Submission of the next Plan	All Zone Specific REDPs are available on the Company website.
S2.11	Detailed Schedule for Livelihood Activities	Quarterly Report mentions about the progress of the Livelihood Activities in comparison with the planned schedule yet no detailed schedules for Livelihood Activities has been communicated or shared with DESIA beforehand.	Sharing the annual schedule or work plan for the Livelihood Activities implementation with DESIA one year ahead of the implementation.	<p>The Livelihood and Income Restoration Plan (LIRP) is part of the REDP and updated in the Zone Specific REDPs. The REDP and REDP Zone Specific Updates are available on the company website.</p> <p>There is no requirement to update the LIRP on an annual basis</p>
S3.3	Zone 2LR (Lower Reservoir) - Asset Registration And Compensation	In – Progress “adequate mechanism & resources in place”- to deal with the issue. Some delays due mainly to	Committed adequate resources to complete to finalise this issue in due time “Appreciate difficult	<p>NNP1PC considers it has committed adequate resources.</p> <p>As the IMA clearly indicates it’s the PAP own decision to refuse to participate in the asset registration process, not a lack of project resources.</p>

Table 03 Partial compliance obligations – Social Obligation				
ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
		21PAH (Nam Youak) refusal to join asset registration. New completion target set to 31 July 2017 - Please look at section 1.3	situation, however extra effort to expedite the matter should still be part of NNP1 implementation strategy”	
S3.4	2LR- - Spiritual Ceremonies	In – Progress “appropriate mechanism & resources in place” to deal with the issue Grave compensation in this zone was completed in August 2016, except for graves that belong to 15 HHs (of 21PAH) still refuse to join the asset registration. No progress made	Committed adequate resources to complete to finalise this issue in due time “Appreciate difficult situation, however extra effort to expedite the matter should still be part of NNP1 implementation strategy”	NNP1PC considers it has committed adequate resources. As the IMA clearly indicates it’s the PAP own decision to refuse to participate in the grave compensation process, not a lack of project resources.
S3.6	230 kV Transmission Line - ZONE 2LR ASSET REGISTRATION AND COMPENSATION	According to the targeted schedule defined in REDP, the assets registration and compensation shall be completed since Q1 of 2015; however, according to the November 2016 Report, it is still ongoing – the delay is caused by the situation that 12 households still refuse the compensation offered. The final targeted date for completion set in December	The assets registration and compensation, in particular the grievance resolution with the remaining 12 households shall be fully expedited and completed within the defined timeline. “Appreciate difficult situation, however extra effort to expedite the matter should still be part of NNP1 implementation strategy”	NNP1PC considers it has committed adequate resources.

Table 03 Partial compliance obligations – Social Obligation				
ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
		2016. New target set 30 September 2017-Special task force was set up to deal with the matter		
S4.2	HOUAY SOUP RESETTLEMENT AREA INFRASTRUCTURE DEVELOPMENT PHASE 2: ZONE 2LR	Housing construction (2LR) started & ongoing some are due to be completed in August 2017; suffers some delays due to delayed in choice survey finalization. 100% complete land preparation for housing plots (for 90HH). Construction 7 houses-completed & construction of 23 more houses have started	Committed appropriate resources to complete these tasks in scheduled time “Appreciate difficult situation, however extra effort to expedite the matter should still be part of NNP1 implementation strategy”	NNP1PC considers it has committed adequate resources.
S4.3	Infrastructure Development For Zone 2UR	Some infrastructure works completed in 2016, but majorities are outstanding & scheduling to complete by end 2017 , however most construction contracts have been awarded, some are being finalised	Completing the work within the scheduled time would lessen the burden of PAH, brought on by the project development process “Appreciate difficult situation, however extra effort to expedite the matter should still be part of NNP1 implementation strategy” thus lessen the burden	NNP1PC is committed to have all infrastructure in place prior to impacts of inundation by the reservoir occurring in Zone 2UR.

Table 03 Partial compliance obligations – Social Obligation				
ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
			brought on to the PAPs by the resettlement program.	
S5.2	Zone 2LR – Self-Resettlement	In Progress- " appropriate system & resources in place" to deal with the SR; 25/256 HH hd their SRP approved by PRLRC- total to date 368HH & a total of 50 HH have resettled	Committed adequate resources to complete these tasks in scheduled time "Appreciate difficult situation, however extra effort to expedite the matter shall still be part of NNP1 implementation strategy; extended assistant to PAPs as well as PRLRC shall be for the good cause "	PAPs who have chosen Self Resettlement during the Final Choice Survey are required to prepare their own Self Resettlement Plan and seek approval by the PRLRC for such plans. NNP1PC can assist in preparing the plan but do not have authority to approve them, which is clearly the task of the PRLRC. Delay in PAPs preparing their own plans or preparing plans which do not meet the criteria for demonstrating the ability to restore a livelihood at the new location through obtaining agricultural land is the main cause of delay, not a lack of project resources. Once Self Resettlement Plans are approved by the PRLRC and PAPs sign the compensation agreement (Form G), cash compensation is made swiftly.
S5.3	Zone 2LR – Resettlement To The HSRA	PAH who chose to resettled HSRA were consulted, explained the entitled & choices following with signing of MOU. Total 57 signed MOU; 24 have dismantled their houses; 23 have resettled	Committed appropriate resources to complete these tasks in scheduled time	Noted.

Table 03 Partial compliance obligations – Social Obligation				
ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
S6.1	Livelihood Activities For Hatsaykham Resettlers In The HSRA - Zone 3	Livelihood programs continue after full resettlement from zone 3. A total of 15 programs were introduced, such programs included agriculture, animal husbandry livestock, aquaculture, promoting off farm activities, weaving as well as exploring tourist potential. The activities met with considerable(cumulative) progress range from 30%-70%	REDP clause 466, indicates "establishment of the scholarship" as part of LRIRP. What is the progress? Set up demonstration and or resource center, including self-help groups . "Noted with appreciation" & keep up the good work , in particular education scholarships	The Scholarship program is ongoing in all project zones for the past 3 years. The number of (female) students graduating from high school was a limiting factor in for the initial rounds of awarding scholarships. The QMR-1 2017, Chapter 11, Table 11-1 states as follows: <i>"Transferred scholarship funds for the academic year of 2016-2017 to 79 students."</i> The Demonstration and Resource centre was established in 2012 and has been operational since.
S6.2	The Houay Soup Resettlement Area For Zone 2LR Re-Settlers	Livelihood programs continue after & during resettlement from 2LR (mainly early settlers). Unlike zone 3 only a total of 6 programs were introduced, such programs included soil improvement, preparation of land for cropping, fruit tree & grazing. Despite low variety of activities, the cumulative progress, except for one range from 50%-70%	Same as above. However these settlers are far behind their colleague from zone 3. More resources should be committed to expedite the LIR activities asap. "Noted with appreciation" Keep up the good progress, especially with Hatsaykham settlers	As indicated in comment S5.3 from the IMA, only 23 Resettler Households have resettled to the HSRA by the end of May 2017. Without people, a program cannot progress. LIR activities are made available to PAPs based on their interest to participate. For example, support is provided to establish vegetable plots at temporary locations or at their permanent housing plot, to provide a source of nutrition. NNP1PC continues to make resources available, based on the interest of PAPs to participate. It is expected that the example from Hatsaykham Resettlers will stimulate Zone 2LR resettlers to quickly uptake livelihood activities already successfully implemented by Hatsaykham resettlers.

Table 03 Partial compliance obligations – Social Obligation				
ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
S6.3	Zone 5 Livelihood Activities	In – Progress “adequate mechanism & resources in place” - to deal with the issue Total of 11 livelihood activities were implemented. Overall progress ranges from 30 to 60%.	All activities shall be completed according to plan to ensure the full restoration of the income and livelihood	Noted
S6.4	Livelihood Restoration at Zone 2UR	Steady Progress – Certain activities have been implemented for 2UR; however some activities, achieved less than planned. Total of 11 livelihood activities were implemented, they include cattle farming, fish raising, weaving & vegetable gardens, integrated fish farming with rice field etc. Overall progress ranges from 2 to 12%. Since 2014, 178/222HH(80%) participate	Encourage & enhance intergrade fish (and frog) farming with rice cultivation, including preservation of natural breeding ground for frog or fish, thus ensuring sustainable source of food. “Keep up with the good progress” It is well understood that PAP must choose his or her livelihood activity, however, a well informed choice ensures optimal benefit.	NNP1PC continues to promote integrated farming. However, which livelihood activity is chosen by each family is their own choice.
S8.2	The Poverty Elimination Test: No detailed monitoring of the income restoration to test the achievement	liii. (Poverty Elimination Test) ensure that no PAP shall (X) by the date which is two (2) years after the Effective Date - The Company shall ensure that this poverty elimination test is applied and sustainably met with	The Poverty Elimination Test	The Baseline Social Economic Survey was implemented in 2014. Results are incorporated in the Zone Specific REDP Updates. At the end of 2016, NNP1PC and DESIA organized a meeting to inform DESIA regarding NNP1PC’s Socio-Economic Monitoring Program. DEASIA expressed interest in the program and requested to be further involved. As reported in the QMR1-2017, Chapter 17, the data

Table 03 Partial compliance obligations – Social Obligation				
ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
	of the Poverty Elimination Test and Not Worse-Off	respect to each PAP at successive two (2) year intervals thereafter until the date which is ten (10) years after COD		collection for the Biannual Socio Economic Survey 2 (BSES-2) started in Q1 2017. 3 staff from MONRE –DESIA and one staff from each of the DAFO- Rural Development Unit form Thathom, Hom, Bolikan and Paksan were invited to participate in the training of Enumerators. The 3 DESIA staff also joined the initial days of data collection. The DAFO- Rural Development Unit staff joined for the full data collection period. Data collection was completed in Q2-2017. To date, the data has been entered into the company database. Analysis will be conducted in Q3 2017.
S8.3	<p>Maintaining Economic Parity Test</p> <p>No detailed monitoring of the income restoration to test the achievement of the Poverty Elimination Test and Not Worse-Off</p>	a. Within two (2) years from the commencement of any Project impact (in case of resettlement based on REDP, two (2) years after the completion of all the physical relocation of the PAPs) on a PAP household, economic parity with that PAP household’s pre-impact position shall be achieved; and b. Thereafter, the Company shall ensure that this economic parity test is applied and met at two (2) year intervals until the date which is ten (10) years after COD.	Maintaining Economic Parity Test	See comment above to “ <i>The Poverty Elimination Test</i> ”

Table 03 Partial compliance obligations – Social Obligation				
ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
S9.2	Regularly communicate and update information with PAPs	Company has, thru its SMO, RMU, DCC & VDC has demonstrated effort in providing regular communication with PAP throughout the all impact zones. A specific example includes during impoundment of Regulating dam, the company discussed risk and consult plan for addressing the issue. However from IMA random sample interviews (Zone 5) indicated host village PAPs were "not adequately informed"	<p>Ensure all PAH receive timely and regular update information- more regular meetings and or set up information center (village office)</p> <p>IMA made 2/2 HH spot interviews, all indicated “Not Adequately Informed”.</p>	<p>NNP1PC disagrees with the observation that insufficient information is disseminated to relevant communities and that more regular meetings are required.</p> <p>The RMU and District Coordination Committee conduct regular, ongoing consultation meeting at each of the project communities and household to inform the public of notifications issued by the Government of Laos. Copies of such notifications are provided to the Village Authorities after the consultation meeting. The village meeting hall signboards in Hat Gniun and Thahuea and villages at 2UR and 2LR are used to post information.</p> <p>Following the completion of the construction of the Village Meeting Hall and Office, a suitable venue will become available to post information in the HSRA and NNP1PC will make use of this venue to post information.</p>
S10.1	Grievance redress	In Progress- "adequate system & resources in place" to deal with the issues. Most grievances related to dispute on Compensation Unit Rate, as well PRLRC Compensation Policy. To date 2,168 cases were received, 1,399 resolved, 389 were pending.	Committed adequate resources to complete these tasks in scheduled time “Appreciate difficult situation, however extra effort to expedite the matter shall still be part of NNP1 implementation strategy.	NNP1PC considers it has committed adequate resources. The NNP1PC Grievance Team is in place and providing support to the GOL Grievance Redress Mechanism. The team will stay in place until all grievance cases are solved.

5.4. Non-Compliance Findings

Findings in this section relate to obligations which, in the view of the IMA, have not been met in accordance with the environmental and social commitments of the project as set forth in Annex C of the Concession Agreement and subsidiary plans and agreements. DESIA will determine which items of non-compliance constitute a breach of contract or should incur penalties.

Table 4 Non-Compliance Findings – Environmental Obligations

Table 4 Non-Compliance Findings – Environmental Obligations				
ID	Non- Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
E3.2	Water Availability and Pollution Control	Wastewater discharge and leakage from the worker camp(Kenber Camp, Obayashi Camp(WWTS1-2), IHI Main Camp, SongDa 5 Camp No. 2, Sino Hydro Camp) - Significant non-compliance TSS, BOD5, COD and NH3-N, total nitrogen and total coliforms, fecal coliforms)	<p>NNP1 should take more action for permanent solving this issue, and keep continuous action under the improved design.</p> <p>This item is a carry-over from 2016. Recommend penalty following appropriate cure period of 60 days pursuant to Annex C, Clause 35 para (c)(i)</p> <p>Propose to MONRE/DESIA to issue warning letter/Enforcement Notice for corrective action and penalty shall be imposed if no improvement.</p>	<p>NNP1PC has been following up on the issue closely to ensure that the waste water treatment systems (WWTS) at all the contractors’ camps follow the external consultant’s recommendations of having proper wetland systems and chlorine dosing units. By early August 2017, all the camps except Zhefu camp completed the improvement of their WWTS and applied chlorine (sodium hypochlorite and calcium to kill bacteria before discharging. The amount of dosage is being figured out by the contractor and monitored closely by NNP1PC. The effluent results in July 2017 showed that the number of total coliforms and BOD₅ in most of the contractors’ camps reduced significantly to less than 160,000 MPN/100 ml.</p> <p>Following additional improvements in July-August 2017, all camps have complied with the critical effluent standards since beginning of September 2017. NNP1PC will continue to closely monitor and require the contractors to ensure that the amount of total and faecal coliforms continue to meet the standard.</p>

Table 4 Non-Compliance Findings – Environmental Obligations				
ID	Non- Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
E3.5	Waste Management	Very poor waste management at the landfill. No waste separation. Significant non-compliance with Operation manual.	<p>NNP1 should take more action for solving this issue.</p> <p>NNP1 Landfill shall be managed by EMO in accordance with the operational manual as well as HSRV Landfill. Waste shall be properly segregated before dispose of at the landfill. Strict enforcement shall be applied for poor waste segregation.</p> <p>Propose to MONRE/DESIA to issue warning letter for corrective action and penalty shall be imposed if no improvement.</p>	<p>As soon as the rain stopped, NNP1PC pumped out about 150 m³ of the leachate from the last pond and dug three small holes in the pit to allow stagnant water to seep down and dry up the pit. Waste covering was completed and being followed-up closely by NNP1PC. Besides, NNP1PC has strengthened spot checking of waste bags delivered to the landfill and at contractors’ camps on a daily basis. If NNP1PC finds out that waste is not separated properly at the camps after three warnings, a ONC/NCR1 will be issued.</p> <p>We do acknowledge that there was a period with poor management of the landfill, but we think that issuing a warning is harsh considering that there were no significant risks to the environment and no violation of effluent standards</p>

Table 05 Non-compliance obligations – Social Obligation

Table 05 Non- compliance obligations – Social Obligation				
ID	Partial Compliance Obligations	Justification/ Verification	IMA Recommendation	NNP1 Response
S7.2	Implementation of the Labour Management Plan: Lao national and local employment lower	Progress toward ensuring the 60% rate of employment for Lao nationals is essential. The IMA notes progress against this obligation but also notes that this	<p>Implementation of the Labor Management Plan.</p> <p>Enhance efforts to recruit Lao workers to meet</p>	This is a requirement under the main body of the Concession Agreement (clause 4.9 (a)) and not an Annex C obligation (not a MONRE issue). Therefore, this issue should be dealt with under the main Concession Agreement and its relevant procedures. Note also that this

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<p>than agreed in the CA (which requires 60% Lao national employment during CP. Currently only 46%), though progress is noted. Very low rates of female employment (6.9%) and even lower for local communities (4.9%). Hmong workers constitute only 0.1% of total workers. Low insurance coverage for SinoHydro contractor, most units do not have Worker’s Representatives.</p>	<p>should have been done much sooner. Suggesting the completion of the selection process of the labor representative for all the relevant units. More efforts need to be taken to employ women, local community members, and Hmong minorities.</p>	<p>obligations, review salary scales to ensure competitive local rates</p> <p>Given the long-standing nature of this area of non-compliance the IMA recommend penalty following appropriate cure period of 60 days pursuant to Annex C, Clause 35 para (c)(i)</p>	<p>issue has been reported to the Joint Steering Committee.</p>
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LAO PDR

6. Lesson Learnt

In the IMA's previous assessment, the issue of non-disclosure and delayed disclosure of reports, plans and other information has been significantly improved, except where noted. The disclosure of draft monitoring reports to the IMA has allowed for a more realistic and timely assessment of compliance. Lack of disclosure and reporting with regard to various work plans, updated measures, reporting against specific obligations and other information results in large domains of uncertainty wherein further non-compliance may be at issue, but cannot be adequately assessed based upon available evidence. The IMA recommends—as it has recommended in previous assessments—closer coordination between NNP1PC and DESIA, especially including the sharing of key plans and reports even if these have not yet been finalized, as finalization within NNP1PC, ADB and other concerned stakeholders seems to take a considerable period of time, introducing risks of non-compliance assessment due to delay. The time-lag between implementation of measures, monitoring and reporting on these measures and their effectiveness and the release of this information to the IMA team produces some dissonance between the accuracy of compliance review by the IMA team and the current situation in the project. The IMA has raised this issue in the previous Assessment and fully expects that revised working arrangements and closer coordination will become increasingly effective.

7. Follow up Activities

The next Quarterly Site Inspection is scheduled in December 2017. In the next Quarter (Q4 of 2017), the IMA Team will conduct the inspection of construction sites and meeting with EMUs, RMUs and WRPCs in both provinces Borikhamxay and Xaysoumboun to assess compliance with environmental and social conditions and measures.

8. Annexes

1. Periodic Compliance Review Checklists_ Environmental Obligations
2. Periodic Compliance Review Checklists_ Social Obligations

ANNEXES

Annex 1 Periodic Compliance Review Checklists Environmental Obligations

Annex 1 IMA Quarterly Site Inspection Checklist_Environmental Obligations_Q2 2017

Obligations			Compliance Status			Correction Action	
ID	Compliance Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation	Agreed Action
E1	General Obligations						
E1.1	Data and information: (i) recordkeeping, (ii) company Obligations regarding Data and Information, (iii) Company Responsibility for Data and Information Provided to GOL	Clause 11,12,13 of Annex C to the CA	1	Copies of data retained and made available on request.	Monthly and Quarterly report to GOLs	Continue the good job	
E1.2	Baseline data collection: Establishing Baselines for More Accurate Evaluation, Data collection and Sharing of data	Clause 14,15,16 of Annex C to the CA	1	Ongoing social economic baseline data collection	SMO May Report	Sharing of baseline report	
E1.3	The Public's Right to Information	Clause 17 b. and c. of Annex C. and Public Involvement Guideline	2	Information released as requested. However, late released of approved or final documents. No communication or information centres in the HSRA as well as in the host village.	Project information, Website page	Establish a clear communication procedure/mechanism between ESD and NNP1 communication team required. Information centre shall be provided at HSRA and host village and information shall be regularly updated.	
E1.4	Standards: (i) Compliance with Standards, (ii) Updating of Standards (iii) Updating of Best Available Techniques and Best Practices; Allocation of Costs.	Clause 18, 20,21 . of Annex C.	1	No written notification of the updated Additional Standards has been submitted to DESIA.	Interview of DESIA	Submission of written assessment of the updated BAT that will be applicable to the Project to DESIA	
E1.5	Obtain written permits from MONRE	Clause 25-32 of Annex C.	1	ECC obtained	ECCs		
E1.6	Self-Monitoring and Reporting by the Company	Clause 33 of Annex C.	1	Self-monitoring conducted by ESD (EMO and SMO)	Monitoring report		
E1.7	GOL Monitoring and Inspections	Clause 34 of Annex C.	1	GOL monitoring conducted by EMU, RMUs, PONREs and MONRE/DESIA	Monitoring report		

Annex 1 IMA Quarterly Site Inspection Checklist_Environmental Obligations_Q2 2017

Obligations			Compliance Status			Correction Action	
ID	Compliance Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation	Agreed Action
E2	Environmental Documents and Reporting						
E2.1	Environmental Management System	Clause 55-56 of Annex C to the CA	1	In progress	EMO May Report	The Company shall prepare and at all times implement its Environmental Management System ("EMS") in strict compliance with the Standards and meeting all requirements of the ISO EMS Requirements.	
E2.2	Providing Information and Data to MONRE	Clause 58 of Annex C to the CA	1	Information available on requested	Interview of DESIA staffs on 10 Jul 2017	Continue the good job	
E2.3	Reporting: Monthly and Annual Reports	Clause 59 of Annex C to the CA	2	Late submission of monthly, quarterly and annual reports	Interview of DESIA staffs and NNP1 website	An online communication system among the company and DESIA and IMA is recommended. The company request DESIA to assign key contact person with contact number and email. For each IMA Quarterly Site Inspection (QIS) mission, the latest monthly environmental and social progress reports shall be submitted to IMA team at least 2 weeks before the mission.	
E2.4	ESMMP-CP Preparation and MONRE Approval	Clause 62 of Annex C to the CA	1	Revised ESMMP-CP submitted to DESIA and waiting for approval from DESIA.		IMA can help coordinate with DESIA on the key contact person and approval of ESMMP-CP.	
E2.5	Inclusion in Construction Contracts	Clause 65 of Annex C to the CA	1	The Company shall include all relevant Standards together with any other Measures and requirements specified in the EMP and ESMMP-CP into its construction contract	SSESMMPS	The company shall ensure all standards and measures in the revised ESMMP-CP are included in the Construction Contract of all constructors.	

Annex 1 IMA Quarterly Site Inspection Checklist_Environmental Obligations_Q2 2017

Obligations			Compliance Status			Correction Action	
ID	Compliance Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation	Agreed Action
E2.6	Contractors' EMPs and Site-Specific Environmental Management and Monitoring Plans	Clause 66-70 of Annex C to the CA	1	SSESMMPs prepared and approved for all construction sites	EMO May 2017 Report	Continue the good job	
E2.7	MONRE's Right to Conduct Environmental Monitoring and Inspections and Environmental Management Unit -- EMU	Clause 76,78 of Annex C to the CA	1	Ongoing monitoring by EMU, PONREs and DESIA. DESIA monitoring in 2017 is in delay due to late submission of Annual Budget Plan to NNP1 leading to late money transfer to DESIA. This affects EMU field works and	Interview DESIA and EMU staffs	Refer to E2.12 below	
E2.8	Company's Environmental Management Office - EMO	Clause 77 of Annex C to the CA	1	EMO established	ESD organizations structure	Continue the good job	
E2.9	Contract Monitoring of Measures - The independent Monitoring Agency (IMA)	Clause 79 of Annex C to the CA	1	IMA established and implemented. However, coordination between IMA, DESIA and NNP1 takes longer time.	IMA contract	Assistance from NNP1 in coordination with government agencies	
E2.10	Funding Arrangements: EPF shall be in 2 instalments and (i) the first instalment shall be in the maximum amount of 18,000 USD - immediately after Effective Date in respect of the whole of the Construction Phase and (ii) the second instalment shall be in the amount of 810,000USD and shall be made immediately after the Commercial Operation Date in respect of the whole of the Operational Phase	Clause 80 of Annex C to the CA	1	Fund transferred			

Annex 1 IMA Quarterly Site Inspection Checklist_Environmental Obligations_Q2 2017

Obligations			Compliance Status			Correction Action	
ID	Compliance Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation	Agreed Action
E2.11	Company Funding of its Environmental Obligations	Clause 81 of Annex C to the CA	1	The Company has allocated and shall provide the budget (limited by scope) listed in Appendix 3 to this Annex to cover implementing and complying with its Environmental Obligations			
E2.12	Company Funding of GOL Measures (EMU) and MONRE Capacity Building		1	Late submission of annual plan leading to late money transfer by the company.	Interview of government and NNP1 staffs	Annual budget plan be submitted to the Company by GOL no later than the end of third quarter of the year prior to the commencement of activities contemplated by such plan, to allow the Company sufficient time for review.	
E3	Environmental compliance monitoring						
E3.1	Erosion and Sediment Control	Sub-plan 01, approved SSESMP, ESMP_CP V.III and National Environmental Standard.	2	Ongoing slope stabilisation and erosion control at HSRV and Re-Regulation Dam (Borrow Pit Area). Turbid Waste Water Discharge from RCC Plant's Sediment Ponds and Aggregate Crushing Plant have significantly improved.	Monthly Monitoring report May 2017 and IMA Field Inspection 12 Jul 2017,	Daily clean up at RCC plant sedimentation ponds and shall be documented and available for inspection team.	
E3.2	Water Availability and Pollution Control	Sub-plan 02, approved SSESMP, ESMP_CP V.III and National Environmental Standard.	3	Wastewater discharge and leakage from the worker camp(Kenber Camp, Obayashi Camp(WWTS1-2), IHI Main Camp, SongDa 5 Camp No. 2, Sino Hydro Camp) - Significant non-compliance TSS, BOD5, COD and NH3-N, total nitrogen and total coliforms, fecal coliforms)	Monthly Monitoring report May 2017 and IMA Field Inspection 12 Jul 2017,	NNP1 should take more action for permanent solving this issue, and keep continuous action under the improved design, This item is a carry-over from 2016. Recommend penalty following appropriate cure period of 60 days pursuant to Annex C, Clause 35 para (c)(i)	

Annex 1 IMA Quarterly Site Inspection Checklist_Environmental Obligations_Q2 2017

Obligations			Compliance Status			Correction Action	
ID	Compliance Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation	Agreed Action
E3.3	Emission and Dust control, and Project Personnel Health Program	Sub-plan 03 and SP16, approved SSES MMP, ES MMP_CP V.III and National Environmental Standard	2	The noise levels recorded at all monitoring stations indicated full compliance with the National Standard. The dust measurements complied with the National Standard, except at the Aggregate Crushing Plant, Sino Hydro Temporary Worker Camp during monitoring in May. However, there was no dust issue during IMA mission due to the rain except inside the power house construction	Monthly Monitoring report May 2017 and IMA Field Mission 12 Jul 2017	Dust measurement inside the powerhouse construction area shall be conducted and staffs shall be advised to wear dust masks while working in the areas at risk.	
E3.4	Construction of standard landfill	Sub-plan 05, approved SSES MMP, ES MMP_CP V.III	1	Construction waste are not properly segregated at construction site.	IMA field mission 12 Jul 2017		
E3.5	Waste Management	Sub-plan 05, approved SSES MMP, ES MMP_CP V.III	3	Very poor waste management at the landfill. No waste separation. Significant non-compliance with Operation manual.	IMA field mission 12 Jul 2017	<p>NNP1 should take more action for solving this issue.</p> <p>NNP1 Landfill shall be managed by EMO in accordance with the operational manual as well as HSRV Landfill. Waste shall be properly segregated before dispose of at the landfill. Strict enforcement shall be applied for poor waste segregation.</p> <p>Propose to MONRE/DESIA to issue warning letter for corrective action and penalty shall be imposed if no</p>	

Annex 1 IMA Quarterly Site Inspection Checklist_Environmental Obligations_Q2 2017

Obligations			Compliance Status			Correction Action	
ID	Compliance Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation	Agreed Action
E3.6	Solid waste, Hygiene and sanitation management at HSRA	Sub-plan 05, approved SSESMP, ESMMP_CP V.III	2	Solid waste bin and toilet are provided at HSRA. However, solid waste bin were not emptied and collected to Huaysoup Resettlement Landfill. Hygiene was not well managed.	IMA field mission 12 Jul 2017	More training and awareness raising on hygiene and solid waste management for HSRV shall be conducted and monitored.	
E3.7	Hazardous Material Management	Subplan06, IFC guideline, Approved ESMMP2016 V.III, NES, SSEMMP	1	Hazardous materials and waste were inventoried and separated. However, emptied oil tank	Monthly Monitoring report May 2017 and IMA Field Inspection 12 Jul 2017,	However, NNP1 should strongly require the Contractor to: I. Clean-up the contaminated sand from the electricity generator storage area and store in a designated hazardous waste storage area for final disposal by an authorized vendor; II. Clean-up the sediment and increase the storage bund to protect the area from stagnant rainwater; III. Clean-up the open ditch located in front of the generator storage area to prevent an overflow of surface water from entering into the oil trap. Continuous implement to the next quarterly period.	
E3.8	Landscaping and Re-vegetation (Decommissioning plan)	Sub-plan 05, approved SSESMP, ESMMP_CP V.III	1	Several Landscaping and Re-vegetation and Decommissioning plan have been submitted to ESD but there are several empty camps with old equipments left at site.	Monthly Monitoring report May 2017 and IMA Field Inspection 12 Jul 2017,	NNP1PC should strongly instruct the Contractor to comply with the approved plan.	
E3.9	Spoil Disposal	Sub-plan 10, approved SSESMP, ESMMP_CP V.III	1	The slurry from the RCC Plant was cleaned up and disposed of at this nearby the river bank. The actual implementation is not conform to the SSESMP OP of RCC Plant	Q4 Monitoring report,	NNP1 should strongly request the Contractor to follow the RCC Plant SSESMP OP, otherwise the raised up NC level shall be issued with the penalty under the CA Annex C	

Annex 1 IMA Quarterly Site Inspection Checklist_Environmental Obligations_Q2 2017

Obligations			Compliance Status			Correction Action	
ID	Compliance Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation	Agreed Action
E4 Watershed Management							
E4.1	Watershed Management Planning	Annex C, Art. 51	2	The draft WSMP has been submitted to IMA, though this is delayed from the targets set during previous quarter, progress has been made. ADB is currently revising the	May 2017 EMO Monthly Report, page 32, consultation with provincial	The Watershed Management Programme is an element critical to the delivery of the project's environmental obligations. Delayed procurement processes and the slow response time	
E4.2	Watershed Management Regulations	ibid., and 2016 Q3 Report of NNP1PC	2	The Watershed Management Regulations have not yet been submitted to the Provincial Department of Justice, which is behind schedule by seven months	May 2017 EMO Monthly Report, page 32. Confirmation through	Draft regulations should be provided to IMA to facilitate advisory role and provide feedback. Progress against this obligation is significantly delayed.	
E4.3	Watershed Boundary Delineation		1	Watershed boundary delineation has progressed, according to Provincial authorities. Demarcation on the ground is progressing	EMO Monthly Report (May 2017), consultation with provincial authorities 11 July	Please confirm final watershed boundaries and demarcation on the ground, including verification of community agreement.	
E5 Biodiversity Management							
E5.1	Biodiversity Offset Options Paper (ADB)	SP10.1, Annex C art.54.h	1	Options paper significantly delayed. ADB has provided a draft to the Project but is not yet ready for release to government partners. The project indicates that a	EMO Monthly Report (May 2017) pages 48-50. Consultation with ESD on 11 July	All actions relating to Biodiversity Offsets are behind schedule and should be accelerated. Suggest more active engagement between ADB and GoL to rectify a number of outstanding issues	
E5.2	Biodiversity Offset Management Plan (BOMP)	Annex C art. 54.e	2	Behind schedule. It was requested on 24 Sept. that an international conservation organization would implement the BOMP, but this has not yet been agreed to by GoL	EMO 2017 Q1 Report pages 50-51	All actions relating to Biodiversity Offsets are behind schedule and should be accelerated.	
E5.3	Biodiversity Offset Design Report	SP10.1	2	Pending, delayed.	EMO 2017 Q1 Report pages 50-51	All actions relating to Biodiversity Offsets are behind schedule and should be accelerated.	

Annex 1 IMA Quarterly Site Inspection Checklist_Environmental Obligations_Q2 2017

Obligations			Compliance Status			Correction Action	
ID	Compliance Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation	Agreed Action
E5.4	Biodiversity Action Plan (BAP)	SP10.2	2	Pending, delayed.	EMO 2017 Q1 Report, pages 50-51	All actions relating to Biodiversity Offsets are behind schedule and should be accelerated.	
E5.5	Fisheries Monitoring Programme		1	The fisheries monitoring programme has been established and is doing a good job of collecting data, though slightly behind the company's own implementation	EMO Monthly report (May 2017) pages 42-45	Continue the good job	
E6	Integrated Spatial Plan						
E6.1	Xasyomboun ISP		1	A draft is being finalized by the Xaysomboun ISP Team for release to the Technical Committee. A draft has been submitted to DEQP for comments.	EMO Monthly Report (May 2017), page 33.	The draft should be shared with the IMA to allow for technical feedback as this relates to critical environmental performance parameters of the project	
E7	Hunting and Wildlife Use						
E7.1	No hunting, harvesting or purchase of wild species by project staff or in workers' camps	SP10.14, SP14.11	1	Though this has not been reported against, ESD has appointed persons responsible to inspect. No infractions have been reported.	Discussion with ESD on 11 July 2017	Consumption of wildlife constitutes a significant biodiversity risk of the project during the CP. The ESMMP-CP contains specific provisions related to strict controls on the purchase, sale or	
E8	Biomass Clearance						
E8.1	Biomass Clearance in middle and lower reservoir	SP7	2	Biomass clearance is significantly delayed. According to the May 2017 Monthly report.	May EMO Monitoring Report (pages 37-41)	Recommend greater efforts to recruit local labor to accelerate biomass removal and improve local labor figures.	
E8.2	Mapping and demarcation of critical habitats	SP07.7, SP07.8, (and SP09.3, SP09.4)	1	No critical habitats were identified during the assessment process. Inundation area has been clearly marked on the ground.	Assessment Report, consultation with ESD 13 July	None.	

Annex 1 IMA Quarterly Site Inspection Checklist_Environmental Obligations_Q2 2017

Obligations			Compliance Status			Correction Action	
ID	Compliance Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation	Agreed Action
E8.3	Native tree species nursery	SP7.21	2	Within 12 months of the initiation of construction a nursery of native tree species was to be established for revegetation works. This is not reported against and remains	None.	The IMA requests that the Company provide clarification on this. We realize it may have been previously reported or explained prior to the establishment of the IMA. This item is a carry-over	
E9	Environmental Flows						
E9.1	Minimum base flows are ensured during CP.	Clause 53 of Annex C of CA, see also monitoring requirements pre-inundation, page 100 of Annex C.	2	No data was presented during 2016 reports regarding stream flow volumes. The EIA (updated 2014) indicates that flow volumes prior to impoundment will reflect natural flow volumes.	None.	While it is assumed that flow volumes are consistent with natural flow regime during CP, this should be verified. Monitoring of stream flow volumes has probably already been collected by the company. This should be reflected in the Quarterly Reports to allow monitoring. In the Monitoring plan put forward in Appendix D of the EIA (2014), monthly hydrologic monitoring of stream flows are prescribed for the whole of the CP (section 7.1.1). This item is a carry-over from 2016. Recommend penalty following appropriate cure period of 60 days pursuant to Annex C, Clause 35 para (c)(i)	
E10	Surface Water Quality						
E10.1	Total Suspended Solids (TSS) maintained at or below approved Standard (50mg/L)	SP01 Erosion control measures) and SP02.1, SP02.2 (discharge from construction	2	TSS rates for surface waters were higher than Standards for several sites (NNG01, NNG02, NNG05, NNG06, NNG09)	EMO Monthly Report (May 2017), pages 19-22	Investigation requested to ascertain cause of elevated TSS rates (which have been high for a long time) and whether the project is responsible for addressing these.	
E10.2	Total coliform and faecal coliform levels maintained at or below approved Standard for surface water quality (5,000MPN/100 ml and	SP02.11 and SP02.12 (effluent treatment and avoidance of contamination).	1	Total coliform levels are at or below standards for all sites, though faecal coliform is high for one site (NNG02), upstream of the project.	EMO Monthly Report (May 2017), pages 19-22	No action requested.	

Annex 1 IMA Quarterly Site Inspection Checklist_Environmental Obligations_Q2 2017

Obligations			Compliance Status			Correction Action	
ID	Compliance Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation	Agreed Action
E10.3	BOD, COD rates maintained at or below approved Standard	SP02.18 water quality monitoring against Standards specified in	2	COD rates higher than standard for several periods and sites. It is noted that dam activities are not expected to substantially affect these during construction, but this needs to be	EMO Monthly Report (May 2017), pages 19-22	Further clarification is needed regarding the significance of these elevated levels, and the implications for post COD management.	
E11	Groundwater quality						
E11.1	Groundwater quality in project area maintained at or below approved Standards. This section focuses especially on E. Coli rates (No E. Coli is permitted under National Standards, total coliform of 2.2 MPN/100 ml is the maximum standard).	Section 10.1.2.5 of the EIA (2014)	1	According to monitoring reports, all standards have been met.	EMO Monthly Report (May 2017), pages 23-25	No action required.	

Compliance Level Status

- 1. Compliant:** The item under consideration has been adequately dealt with in the CA's Annex C and is fully consistent with relevant laws, regulations and guidelines. For the Complaint, justification is needed for partly, in-progress and fully compliant.
- 2. Partially Compliant:** The item under consideration is insufficiently dealt with in the CA's Annex C. This may mean that descriptions or explanations given are unclear or lacking in detail sufficient to allow the Review to make a judgment. Important Partially Compliant items will need to be revised by the Company.
- 3. Non- Compliant:** The item under consideration has not been addressed and is a serious non-compliance or breach of Annex C of the Concession Agreement (CA). If not rectified within the specified time period, penalties may be applied.

ANNEXES

Annex 2 Periodic Compliance Review Checklists Social Obligations

Annex 2 - Quarterly Site Inspection Compliance Checklist - Social Obligations - Q2 2017

Obligation			Compliance			Correction Action
ID	Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation
S1	Institutional Arrangements					
S1.1	Establishment of JSC, PRLRC, RMU, DCC, PRGC, DGRC, VGRC and VDCs	Annex C and SIA	1	Fully Compliant	SMO May 2017 Report of their active involvement	
S1.2	Establishment of SMO	Annex C and SIA	1	Fully Compliant	SMO May 2017 Report of their active involvement	
S1.3	Establishment of Social Department and Monitoring Section in Vientiane Office	SIA	1	Fully Compliant	SMO May 2017 Report of their active involvement	
S1.4	Establishment of Xaysomboun field office for 2UR and 2LR implementation	SIA	1	Fully Compliant	SMO May 2017 Report of their active involvement	
S1.5	Establishment of 2 sections under SMO in Bolikhamxay field	SIA	1	Fully Compliant	SMO May 2017 Report of their active involvement	
S1.6	Formation of Independent Advisory Panel	SIA	1	Fully Compliant	IMA has been receiving IAP & attended their brief meeting	
S1.7	Monitoring by Lenders Technical Advisor and delivery of LTA report with DESIA	SIA	2	The LTA has been established and regularly monitoring the Program yet no report has been shared with DESIA	DESIA- Interviewed	Sharing of the LTA Monitoring Report with DESIA
S1.8	Establishment of Integration of the Board Stakeholder Forum	SIA	1	Fully Compliant	Monthly report	

Annex 2 - Quarterly Site Inspection Compliance Checklist - Social Obligations - Q2 2017

Obligation			Compliance			Correction Action
ID	Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation
S2	Submission of documents and Reporting					
S2.1	MONRE Approval of the Livelihood and Income Restoration Plan	Clause 86 of Annex C to the CA	1	Fully Compliant	IMA has received a copy	
S2.2	MONRE Approval of the Ethnic Development Plan	Clause 86 of Annex C to the CA	1	Fully Compliant	IMA has received a copy	
S2.3	Submission of Monthly, Quarterly and Annual Progress Reports to RMU and PRLRC	Annex C	1	Fully compliant	Monthly report	
S2.4	Notification of problems / complaints / non-compliance to RMU	Annex C	2	According to the quarterly report, the project suffers some delays in certain activities; however, no written notification of any of those delays / breaches / failures have been submitted within the timeline defined in Annex (7 working days / 24 hours)	Monthly report	Submission of the written notification of any breach / failure submitted in due time
S2.5	Sharing of the Public Health Action Plan of 2016	SDP	2	Annual action plan has now been shared with the IMA, but not yet with relevant government authorities. Sharing of work plans is essential to ensure coordinated monitoring.	Consultation with Provincial authorities, DESIA and ESD, 10-11 July 2017	<ul style="list-style-type: none"> Sharing and communicating regularly between the Project and DESIA on the Public Health Action Plan Submission of the 2017 Public Health Action Plan
S2.6	Sharing of the Labor Implementation Plan	SDP	2	Annual implementation plans have now been shared with the IMA, but not yet with relevant government authorities. Sharing of work plans is essential to ensure coordinated monitoring.	Consultation with Provincial authorities, DESIA and ESD, 10-11 July 2017	<ul style="list-style-type: none"> Sharing and communicating regularly between the Project and DESIA on the Labor Implementation Plan Submission of the 2017 Labor Management Plan

Annex 2 - Quarterly Site Inspection Compliance Checklist - Social Obligations - Q2 2017

Obligation			Compliance			Correction Action
ID	Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation
S2.7	Sharing of the Annual Gender Implementation Plan	SDP	2	Annual implementation plans have now been shared with the IMA, but not yet with relevant government authorities. Sharing of work plans is essential to ensure coordinated monitoring.	Consultation with Provincial authorities, DESIA and ESD, 10-11 July 2017	<ul style="list-style-type: none"> Sharing and communicating regularly between the Project and DESIA on the Annual Gender Implementation Plan Submission of the 2017 Annual Gender Implementation Plan
S2.8	Sharing of the Youth and Children Action Plan	SDP	2	Annual implementation plans have now been shared with the IMA, but not yet with relevant government authorities. Sharing of work plans is essential to ensure coordinated monitoring.	Consultation with Provincial authorities, DESIA and ESD, 10-11 July 2017	<ul style="list-style-type: none"> Sharing and updating on the progress on the implementation of the Youth and Children Action Plan Clarify whether the Education Programme has functionally replaced the Youth and Children Action Plan
S2.9	Sharing of the Cultural Awareness / Heritage Preservation Action Plan	SDP	2	Annual implementation plans have now been shared with the IMA, but not yet with relevant government authorities. Sharing of work plans is essential to ensure coordinated monitoring.	Consultation with Provincial authorities, DESIA and ESD, 10-11 July 2017	<ul style="list-style-type: none"> Sharing and communicating regularly between the Project and DESIA on the Cultural Awareness / Heritage Preservation Action Plan Submission of the 2017 Cultural
S2.10	Resettlement Action Plan for 2UR and 2LR	REDP	2	Partially Compliant – only the Resettlement Action Plan for 2UR was shared.	Monthly Report	Submission of the next Plan
S2.11	Detailed Schedule for Livelihood Activities	REDP	2	Quarterly Report mentions about the progress of the Livelihood Activities in comparison with the planned schedule yet no detailed schedules for Livelihood Activities has been communicated or shared with DESIA beforehand.	SMO May Monthly Report, AIP 2017	Sharing the annual schedule or work plan for the Livelihood Activities implementation with DESIA one year ahead of the implementation.

Annex 2 - Quarterly Site Inspection Compliance Checklist - Social Obligations - Q2 2017

Obligation			Compliance			Correction Action
ID	Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation
S3	AC – Assets Registration and Compensation					
S3.1	Zone 3 (Hatsaykham) - ASSET REGISTRATION AND COMPENSATION	REDP	1	All PAH under Policy 1003, received full compensation. Under addendum 792 (35HH qualified) & 008(17 qualified) 6HH are dissatisfied (pending grievance resolution)	SMO May Monthly Report, AIP 2017	continue same
S3.2	Zone 5 (Host Villages) - ASSET REGISTRATION AND COMPENSATION	REDP	1	Cash compensation payment for Z5: 92/94 HH received compensation payment in Nov 2016 – the 2 households still refuse to accept the compensation despite previously agreed (signed). PRLRC Addendum No. 792 qualified additional 42HH, all have received full compensation payment Sept 2016	Monthly Report SMO-May 2017, Table 1-3, 1-4	Committed appropriate resources to complete to finalise this issue in due time
S3.3	Zone 2LR (Lower Reservoir) - ASSET REGISTRATION AND COMPENSATION	REDP	2	In – Progress “adequate mechanism & resources in place”- to deal with the issue. Some delays due mainly to 21PAH (Nam Youak) refusal to join asset registration.. New completion target set to 31 July 2017 - Pls look at section 1.3	Monthly Report SMO-May 2017, Table 1-5, 1-6	Committed appropriate resources to complete to finalise this issue in due time
S3.4	2LR- - Spiritual Ceremonies	REDP	2	In – Progress “adequate mechanism & resources in place” to deal with the issue Grave compensation in this zone was completed in August 2016, except for graves that belong to 15(of 21PAH) still refuse to join the asset registration. No progress made	Monthly Report SMO-May 2017, Table 1-7	Committed appropriate resources to complete to finalise this issue in due time

Annex 2 - Quarterly Site Inspection Compliance Checklist - Social Obligations - Q2 2017

Obligation			Compliance			Correction Action
ID	Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation
S3.5	Zone 2UR - ASSET REGISTRATION AND COMPENSATION	REDP	1	In Progress- "adequate system & resources in place" to deal with the the issue . 222 HH have their asset registratin confirmed , 220 signed compensation agreement dec 2016 & Hand over of bank book by 31July 2017. 73 graves also received compensation	SMO May 2017 Report ss 1.4, Table 1-8 , 1-9	continue same
S3.6	230 kV Transmission Line - ZONE 2LR ASSET REGISTRATION AND COMPENSATION	REDP	2	According to the targeted schedule defined in REDP, the assets registration and compensation shall be completed since Q1 of 2015; however, according to the November 2016 Report, it is still on going – the delay is caused by the situation that 12 households still refuse the compensation offered. The final targeted date for completion set in December 2016. New target set 30 June 2017-Special task force was set up to deal with the matter	SMO May 2017 Report	The assets registration and compensation, in particular the grievance resolution with the remaining 12 households shall be fully expedited and completed within the defined timeline.
S3.7	Downstream River Bank Garden Monitoring	REDP	2	No data collection has been presented or made relating to River Bank Garden Monitoring. However AIP-2017, indicated that all HH with registered river bank gardens have signed off (Form A)	SMO May 2017 Report, AIP 2017, para 1.4.4 Table 1-3	River Banks Monitoring program and data shall be reported regularly to DESIA / RMU.

Annex 2 - Quarterly Site Inspection Compliance Checklist - Social Obligations - Q2 2017

Obligation			Compliance			Correction Action
ID	Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation
S3.8	Flood Monitoring	REDP	2	Coordinate with RMU & DCC prior/during impoundment of Regulating Dam, started 15 May 2017. Assist DCC disseminated impounding information to down stream villages in Bolikhan & Pakxan districts. No other data presented or made relating to Flood Monitoring.	Monthly Report SMO-May 2017, Table 1-7, AIP para 1.4.5 table 1-3	Involvement of PAP at relevant zones, will not only provide local employment but also ensuring local communication as well
S4	Resettlement Infrastructure					
S4.1	HOUAY SOUP RESETTLEMENT AREA PHASE 1 AND ZONE 5	REDP	1	Phase 1 construction of infrastructure in HSRA, and the improvement of public infrastructure in Zone 5 started in February 2016. The construction was completed in 2016 and is therefore no longer documented in this report.	Monthly Report SMO-May 2017, ss 2.1	No action.
S4.2	HOUAY SOUP RESETTLEMENT AREA INFRASTRUCTURE DEVELOPMENT PHASE 2: ZONE 2LR	REDP	2	Housing construction (2LR) started & ongoing some are due to be completed in August 2017 ; suffers some delays due to delayed in choice survey finalization. 100% complete land preparation for housing plots (for 90HH). Construction 7 houses-completed & construction of 23 more houses have started	Monthly Report SMO-May 2017, Table 2-1,	Committed appropriate resources to complete these tasks in scheduled time

Annex 2 - Quarterly Site Inspection Compliance Checklist - Social Obligations - Q2 2017

Obligation			Compliance			Correction Action
ID	Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation
S4.3	INFRASTRUCTURE DEVELOPMENT FOR ZONE 2UR	REDP	2	Some infrastructure works completed in 2016, but majorities are outstanding & scheduling to complete by end 2017, however most construction contracts have been awarded, some are being finalised	Monthly Report SMO-May 2017-ss 2.4	Completing the work within the scheduled time would lessen the trauma of PAH, brought on by the project development process
S5	Resettlement Preparation					
S5.1	HATSAYKHAM IN ZONE 3	REDP	1	Complete physical relocation to HSRA; continue following up with assistant (monthly provision of 2,901kg of rice to 24HH)- month # 6 out of 60. SR HH have also fully resettled with continue monthly provision support	Monthly Report SMO-May 2017, SS- 6 Table 6.1	continue same
S5.2	ZONE 2LR – SELF-RESETTLEMENT	REDP	2	In Progress- "adequate system & resources in place" to deal with the SR; 25/256 HH had their SRP approved by PRLRC- total to date 368HH & a total of 50 HH have resettled	Monthly Report SMO-May 2017, Table 6.3	Committed appropriate resources to complete these tasks in scheduled time
S5.3	ZONE 2LR – RESETTLEMENT TO THE HSRA	REDP	2	PAH who chose to resettle HSRA were consulted, explaining the entitlement & choices following with signing of MOU. Total 57 signed MOU; 24 have dismantled their houses; 23 have resettled	Monthly Report SMO-May 2017, Table 6.4	Committed appropriate resources to complete these tasks in scheduled time

Annex 2 - Quarterly Site Inspection Compliance Checklist - Social Obligations - Q2 2017

Obligation			Compliance			Correction Action
ID	Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation
S5.4	Temporary resettlement of 56 households from Zone 2LR	REDP	1	A total of 56 HH decided to move to HSRA before scheduled. NNP1 provide temporary accommodations while permanent home are being constructed. Animal pens. Access to grazing lands were also provide. Additional allowance on top of transitional provisions	Monthly Report SMO-May 2017, Table 7-1	Commendable commitments on the part of NNP1
S6	Livelihood Restoration	REDP				
S6.1	LIVELIHOOD ACTIVITIES FOR HATSAYKHAM RESETTLERS IN THE HSRA - Zone 3	REDP	2	Livelihood programs continue after full resettlement from zone 3. A total of 15 programs were introduced, such programs included agriculture, animal husbandary livestock, aqua culture promoting off farm activities, weeving as well as exporing tourist potential. The activities met with considerable (cumulative) progress range from 30%-70%	SMO-May 2017, ss 8-1 Table 8-2	REDP clause 466, indicates "establishment of the scholarship" as part of LRIRP. What is the progress. Set up demonstration and or resource center, including self help groups
S6.2	THE HOUAY SOUP RESETTLEMENT AREA FOR ZONE 2LR RE-SETTLERS	REDP	2	Livelihood programs continue after & during resettlement from 2LR (maily early settlers). Unlike zone 3 only a total of 6 programs were introduced, such programs included soil improvement, preparation of land for cropping, fruit tree & grazing. Despite low variety of activities, the cumulative progress, except for one range from 50%-70%	Monthly Report SMO-May 2017, Table 8-3	Same as above. However these settlers are far behind their colleague from zone 3. More resources should be committed to expedite the LIR activities asap.

Annex 2 - Quarterly Site Inspection Compliance Checklist - Social Obligations - Q2 2017

Obligation			Compliance			Correction Action
ID	Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation
S6.3	ZONE 5 LIVELIHOOD ACTIVITIES	REDP	2	In – Progress “adequate mechanism &resources in place”- to deal with the issue Total of 11 livelihood activities were implemented. Overall progress ranges from 30 to 60%.	SMO-May 2017, Table 8-4	All activities shall be completed according to plan to ensure the full restoration of the income and livelihood
S6.4	Livelihood Restoration at Zone 2UR	REDP	2	Steady Progress – Certain activities have been implemented for 2UR; however some activities, achieved less than planned. Total of 11 livelihood activities were implemented, they include cattle farming, fish raising weaving & vegetable gardens, intergrated fish farming with rice field etc., . Overall progress ranges from 2 to 12%.Since 2014, 178/222HH(80%) participate	SMO-May 2017, Table 9-1	Encourage & inhence intergrade fish (frog)farming with rice cultivation, including preservation of natural breeding ground for frog or fish, thus ensuring sustainable source of food.
S6.5	TL – Livelihood Activities	REDP	2	Livelihood Activities and Compensation suffers delay from the expected schedule of Q1 of 2015, in particular NTFP management activity and the setting up of financial monitoring books. No report of progress.	SMO-May 2017,	Livelihood Activities and Compensation shall be expedited fully to ensure the completion asap

Annex 2 - Quarterly Site Inspection Compliance Checklist - Social Obligations - Q2 2017

Obligation			Compliance			Correction Action
ID	Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation
S7	Social Development					
S7.1	Implementation of the Public Health Action Plan	SDP	2	Several activities have been undertaken during the reporting period across four key domains: community health in resettlement and host villages, community health in other affected areas, capacity building and integrated water, sanitation and hygiene. Progress at least report 51% of annual goal. Evaluation of progress against planned difficult to determine due to the reporting format. For example, Table 13-5 on page 15 indicates 47% achieved- not clear if this means 47% of planned (thus behind schedule) or 47% of total annual planned (thus on-schedule)	SMO Monthly Report (May 2017), pages 11-18	Request clarification on progress reporting indicators. If behind schedule, then clarification on efforts that will be undertaken to rectify.
S7.2	Implementation of the Labor Management Plan	SDP	3	Lao national and local employment lower than agreed in the CA (which requires 60% Lao national employment during CP. Currently only 46%), though progress is noted. Very low rates of female employment (6.9%) and even lower for local communities (4.9%). Hmong workers constitute only 0.1% of total workers. Low insurance coverage for SinoHydro contractor, ost units do not have Worker's Representatives.	SMO Monthly Report (page 59), follow-up discussions with the ESD.	Implementation of the Labor Management Plan. Enhance efforts to recruit Lao workers to meet obligations, review salary scales to ensure competitive local rates Given the long-standing nature of this area of non-compliance the IMA recommend penalty following appropriate cure period of 60 days pursuant to Annex C, Clause 35 para (c)(i)

Annex 2 - Quarterly Site Inspection Compliance Checklist - Social Obligations - Q2 2017

Obligation			Compliance			Correction Action
ID	Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation
S7.3	Implementation of the Gender Action Plan	SDP	1	On schedule. Several trainings and workshops have been undertaken. Note employment rates for women remain low in the project.	SMO Monthly Report (May 2017) pages 18-21.	No action.
S7.4	Implementation of the Education Programme	SDP	1	Everything seems to be on-track, with all targets met during the reporting period.	SMO Monthly Report (May 2017), pages 6-7.	No action.
S7.5	Implementation of the Cultural Awareness and Heritage Preservation Action Plan	SDP	1	Check- last review period this was significantly behind schedule	SMO Monthly Report (May 2017) pages 22-24	Difficult to evaluate since targets not clear. Please clarify targets and goals of this programme in monitoring reports.
S8	Income Monitoring					
S8.1	The Poverty Elimination Test	87-iii Annex C	2	No detailed monitoring of the income restoration to test the achievement of the Poverty Elimination Test and Not Worse-Off	SMO-May 2017,	liii. (Poverty Elimination Test) ensure that no PAP shall (X) by the date which is two (2) years after the Effective Date - The Company shall ensure that this poverty elimination test is applied and sustainably met with respect to each PAP at successive two (2) year intervals thereafter until the date which is ten (10) years after COD

Annex 2 - Quarterly Site Inspection Compliance Checklist - Social Obligations - Q2 2017

Obligation			Compliance			Correction Action
ID	Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation
S8.2	Maintaining Economic Parity Test	87-iv of Annex C	2	No detailed monitoring of the income restoration to test the achievement of the Poverty Elimination Test and Not Worse-Off	SMO-May 2017,	a. Within two (2) years from the commencement of any Project impact (in case of resettlement based on REDP, two (2) years after the completion of all the physical relocation of the PAPs) on a PAP household, economic parity with that PAP household's pre-impact position shall be achieved; and b. Thereafter, the Company shall ensure that this economic parity test is applied and met at two (2) year intervals until the date which is ten (10) years after COD.
S8.3	First Income Monitoring	REDP	1	In-Progress – Ongoing Socio-Economic Monitoring Programme is being undertaken to monitor their baseline income (99% completed).	SMO-May 2017, Table 1-43	Essential to ensure meeting 200% income increase target
S8.4	Fisheries Monitoring	REDP	1	In-Progress. Fish monitoring programmes is established and data collection is on going.	SMO-May 2017,	continue same
S9	Public involvement					
S9.1	Consultation with PAP on compensation, resettlement and livelihood activities	REDP	1	Company has, thru its SMO , RMU, DCC & VDC including setting up ad hoc " Special Task Force " as well as PRLRC has demonstrated consistent effort in meeting its consultative obligations with PAP in all zones	SMO Monthly Report	continue same

Annex 2 - Quarterly Site Inspection Compliance Checklist - Social Obligations - Q2 2017

Obligation			Compliance			Correction Action
ID	Checklist	Source Ref	CL Status	Justification/ Verification	Source of Verification	IMA Recommendation
S9.2	Regularly communicate and update information with PAPs	REDP, Public Involvement Guideline	2	Company has, thru its SMO , RMU, DCC & VDC has demonstrated effort in providing regular communication with PAP through out the all impact zones. The specific example are during impoundment of Regulating dam, the company discussed risk and consult plan for addressing the issue. However from IMA random sample interteviews (Zone 5) indicated host village PAPs were "not adequately informed"	May SMO May Report, random interviews	Ensure all PAH receive timely and regular udate information- more regular meetings and or set up information center (village office)
S10	Grievance Management					
S10.1	Grievance redress	REDP	2	In Progress- "adequate system & resources in place" to deal with the issues . Most grievances related to dispute on Compensation Unit Rate, as well PRLRC Compensation Policy. Todate 2,168 cases were received, 1,399 resolved, 389	May SMO May Report, ss 5, Table 5.1 & 5.2	Committed appropriate resources to complete these taks in scheduled time

Compliance Level Status

- 1. Compliant:** The item under consideration has been adequately dealt with in the CA's Annex C and is fully consistent with relevant laws, regulations and guidelines. For the Complaint, justification is needed for partly, in-progress and fully compliant.
- 2. Partially Compliant:** The item under consideration is insufficiently dealt with in the CA's Annex C. This may mean that descriptions or explanations given are unclear or lacking in detail sufficient to allow the Review to make a judgment. Important Partially Compliant items will need to be revised by the Company.
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