



Project Summary Information

Date of Document Updating: November 5, 2024	
Project Name	Xekaman Cross-border Hydropower Projects
Project Number	P000739
AIIB member	Lao PDR
Sector/Subsector	Energy
Alignment with AIIB's thematic priorities	Green infrastructure; Connectivity and Regional Cooperation; Private Capital Mobilization
Status of Financing	Approved
Objective	The objective of the Project is to promote sustainability of the renewable energy and cross-border project at the Xekaman 1 Hydropower Plant and Xekaman Xanxay Hydropower Plant by mobilizing private capital and reducing the sovereign debt burden.
Project Description	<p>The Xekaman Hydropower Plants consists of two hydropower plants as follows (and collectively are referred to as, the Project):</p> <ul style="list-style-type: none"> • Xekaman 1 Hydropower Plant: contracted capacity of 290 megawatt (MW); operational since 2016. • Xekaman Xanxay Hydropower Plant: contracted capacity of 32 MW; operational since 2018. <p>Xekaman 1 and Xekaman Xanxay have a combined contracted capacity of 322 MW and collectively form the Project. The Project currently sells 100 percent of its power output to Viet Nam Electricity, Viet Nam's state-owned electricity offtaker under 25-year Power Purchase Agreements.</p> <p>The Project will refinance a portion of the existing debt under a sovereign guarantee from the Government of Viet Nam, allowing the sovereign guarantee to be released and replaced with competitive private sector financing.</p>
Expected Results	The results of the Project will be measured through: (a) Greenhouse gas emission reduction (thousand tons of CO2 equivalent per year); and (b) Environmental and Social Corrective Action Plan (ESCAP) reserves implemented (USD million).

Environmental and Social Category	A
Environmental and Social Information	<p>Applicable Policy and Categorization. The Bank's Environmental and Social Policy (ESP) including the Environmental and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL) is applicable to this Project. ESS1 – Environmental and Social Assessment and Management and ESS2 – Land Acquisition and Involuntary Resettlement; and ESS3: Indigenous Peoples are applicable. As per the Bank's ESP, the Project is classified as Category A, based on the environmental and social (ES) due diligence the Project carries risks associated with ongoing livelihood impacts to downstream communities and ethnic minority groups, critical habitats and internationally recognized areas for biodiversity conservation; aquatic biodiversity values; dam safety; river flows from power generation; and ES management systems.</p> <p>Environmental and Social Instruments. A third-party ES Due Diligence Report (ESDD) has been conducted. In addition, several ES instruments have been prepared such as: i) Environmental and Social Policy; ii) Community Development and Ethnic Minority Plan; iii) Stakeholder Engagement Plan (SEP); iv) Additional Assessment for Downstream and 230kV T-line of XKM1; v) Dam Safety Report; vi) Critical Habitat Assessment; vii) Environmental Flow (E-Flow) Assessment. Based on the ESDD, an ESCAP has been prepared to guide implementation of a series of measures to address outstanding ES issues and provide for monitoring and supervision of their implementation.</p> <p>Environmental Aspects. Xekaman 1 and Xekaman Xanxay are existing facilities situated in a remote upland area, characterized by dense natural terrain and in relatively close proximity to a number of protected forest areas. Key environmental considerations associated with the financing of this Project consist of, but not limited to, E-Flow and associated Critical Habitat Assessment (CHA) and the ecology. The CHA was initially carried out to comply with the IFC Performance Standards and then subsequently further reviewed against the AIIB ESP. Based on this review, an ESCAP has been prepared, clearly setting out gaps to be closed and further studies to be undertaken, which includes a biodiversity action plan (BAP) to clearly outline the responsibilities for implementation of ecological mitigation measures during implementation. To facilitate this, and properly address the ES impacts upon AIIB financing, a Lenders ES Advisor (LESA) to be engaged by the Sponsor who will further review the E-flow assessments and the BAP undertaken and provided improvement measures to ensure implementation of the Project following AIIB ESP throughout the period of financing.</p> <p>Social Aspects. Based on the ESDD conducted previously, a Resettlement Action Plan (RAP) was developed in 2012 and subsequently approved by the GoL and the land acquisition process was government-led per the Lao PDR laws and regulations. Compensation for assets on land was completed in 2012 while relocation of households to the two resettlement sites were completed in 2015 to 2017. All the Project-affected persons (PAPs) received resettlement</p>

assistance packages, including residential land with a house, agricultural land, relocation support, cash support to relocate graves, assistance to obtain Land Use Right Certificates, livelihood support assistance to vulnerable affected households, and other support to maintain traditional customs in the new resettlement sites. The agreed ESCAP has specified some issues that need further actions of the Project's Sponsor on (review the effectiveness of the provided livelihood restoration supports for affected households, due diligence on the impacts of the transmission lines, coordinate with local authority and relevant government agencies to complete granting of land use right certificates for the lands of relocation households, etc.) – the LESA, once engaged-will support the Project's Sponsor in implementing and monitoring of the required actions.

Ethnic Minorities. The presence of Ethnic Minorities in the Project area was assessed as meeting the AIB's ESS 3 criteria for Indigenous Peoples. It was determined that ethnic minority groups (Talieng, Yae, Harak, Brao, Brou) have an ancestral presence in the Project area and meet the definition of Indigenous Peoples as per AIB's ESS3. It was confirmed during the social due diligence that the Sponsor has obtained Free, Prior, Informed Consent (FPIC) through several consultation meetings with the identified ethnic minorities, which have been well-documented. The Project developed a Community Development and Ethnic Minority Plan to minimize the Project's impact on these communities and mitigate the impact on the livelihoods of ethnic minority people in the affected area, considering their development needs and aspirations. It also includes support for traditional customs and culture, ceremonial assistances, in-kind support for vulnerable people in the resettlement site, and funding for gender development programs in Xanxay and Xaysetha districts, among others. The remaining activities will be continued during the operation phase as part of the ESMP. The Project will implement the remaining activities in a culturally appropriate manner as a component of a broader community development plan as discussed in the SEP.

Gender Aspects. During the ESDD conducted, the gender participation was high during consultations and focused-group discussions. At least 20 focus group discussions were organized, including women groups. Based on the surveys conducted, the Land Use Right Certificates issued by the GoL reflect the names of female and male heads of the resettled household. Also, national laws and policies in Lao PDR support gender equality, women's empowerment, and participation in economic, social, and political arenas. The ESCAP will facilitate a gender-inclusive and responsive approach during Project implementation, particularly in the implementation of SEP. Moreover, measures for mitigating the gender-based violence (GBV) risks and provision of community-level benefits to the identified difficulties faced by women will be further monitored during the implementation of the ESCAP.

	<p>Occupational Health and Safety, Labor and Employment Conditions. The ESDD also assessed occupational health and safety (OHS) as well as labor and working conditions (LWC). The associated risks related to OHS are for the operations, not the construction. Risk assessment and occupational health and safety procedures¹ are well prepared and implemented by the Project's Sponsor. Workers at the sites are provided with suitable PPE and annual OHS trainings.</p> <p>Stakeholder Engagement, Consultation and Information Disclosure. Several consultation meetings, key informant interviews with PAPs and nearby communities, focus group discussions, meetings with local authorities including national agencies were conducted in the preparation of the ES documents. No complaint about the information transparency was recorded. A SEP was prepared that assessed the impacts on and influence of these various stakeholders, formulate differentiated approaches and strategies for engaging with them in a meaningful and culturally appropriate way, and specify the roles and responsibilities of project management and implementation units in implementing the SEP throughout the whole process of Project implementation. The consultation process, including comments and suggestions received from stakeholders and how they are addressed, were documented in the ES instruments. The ES instruments in English were disclosed on the Bank's website in early 2023. The Executive Summary of the revised and updated ES instruments including the ESCAP was translated into Lao language are disclosed at Viet Lao website and AIIB's websites.</p> <p>Project Grievance Redress Mechanism. The Project utilizes the existing grievance redress mechanism (GRM) of the GoL at the local and village level to address grievances of PAPs effectively and promptly. Additionally, the Project will utilize the existing GRM of the Viet Lao Power Company through their website, which allows for online feedback or complaint submission in Lao, Vietnamese and English at https://vietlaopower.com/en/tin-tuc/xekaman-1-power/complaint-resolution-procedure-at-xekaman-1-hydropower-project-897.html. Information about the GRM will be disseminated along with AIIB's Project-affected People's Mechanism (PPM) through the disclosure of ES documentation.</p> <p>Monitoring and Supervision Arrangements. The Sponsor will hire and mobilize a LESA to undertake quarterly monitoring of the ES performance of the Project and review progress made against the ESCAP and commitments made in the financing agreement. The Sponsor will also submit quarterly monitoring for the first year and semi-annual for the succeeding year of Project duration. In addition, the Bank's ES specialists will carry out semi-annual supervision mission in the field and continue providing support and monitor Project's compliance with the Bank's ESP and as per agreed ESCAP.</p>
Cost and Financing Plan	Up to USD40 million

¹ This includes procedures for potentially high-risk operations, such as job risk assessment, Incident reporting and investigation, confined space, permit to work, work at heights, noise exposure, radiation safety, and machine guarding.

Borrower	Xekaman 1 Power Company Limited			
Sponsor	Viet Lao Power Joint Stock Company			
Estimated date of last disbursement (NSBF)	December 2024			
Contact Points:	AIIB		Borrower	Sponsor
Name	Jaeho Chung	Geoffrey Leonard	Pham Hoang Viet	Phung Minh Cha
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Date of Concept Decision	February 3, 2023			
Date of Appraisal Decision	August 8, 2024			
Date of Financing Approval	August 27, 2024			

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