

INDEPENDENT PANEL OF EXPERTS FOR THE THEUN-HINBOUN EXPANSION PROJECT

Theun-Hinboun Power Company

2nd Floor, Simeuang Commercial Center
Fa Ngum Road,
Ban Phia Vat,
Sisattanak District,
P.O. Box 3382
Vientiane, Lao PDR

1. Project Description and Background

The Theun-Hinboun Plant

In January 2013 the Theun-Hinboun Power Company (THPC) inaugurated a US\$720m Expansion Project that doubled the generating capacity of the Theun-Hinboun plant. The expansion brings the total combined generating capacity of THPC to 500 MW, with much of the water from the new reservoir being used to generate power twice.

The expansion was achieved by building a dam and reservoir on the Nam Gnouang, a tributary of the Nam Theun. This investment necessitated the resettlement of twelve villages from the reservoir area. To respond to this challenge THPC set up a new Social and Environmental Division to implement a wide range of programs designed to improve the lives of people in the project area and to protect its environment.

In addition to building new villages for those resettled upstream of the project, THPC has also expanded its work among communities downstream of the powerhouses, especially those living along the Hai and Hinboun rivers, which now receive extra water diverted by the TH Dam on the Nam Theun. The company has undertaken to meet international standards for social and environmental mitigation efforts, and wishes to appoint a Panel of Experts to review its performance in these efforts.

About THPC

THPC, the Theun-Hinboun Power Company was established in 1994 to create the first independent power producer in Laos. Its 220 MW hydropower plant made a significant contribution to Lao economic stability and growth from 1998-2012. In early 2013 THPC opened a 280 MW expansion project, making its combined plant the third biggest in Laos. THPC is owned by three companies: EDL-Gen of Laos with 60%, and GMS Lao and Nordic Hydropower, each with a 20% stake.

THPC currently employs about 240 people, at the main project compound in Khammouane, in resettlement villages and social program offices around the project area, and at the head office in Vientiane. Over 99% of personnel are Lao.

2. Licence Agreement

THPC's concession to build and operate the expanded plant is governed by a Licence Agreement that stipulates technical, social and environmental standards and actions. Annexes E and F of this Licence Agreement detail the social entitlements that THPC shall make available to people affected by the project, plus all environmental obligations during project construction and throughout the concession operating period.

To undertake an independent audit of THPC's implementation of Licence Agreement Annexes E and F, THPC and the Government of the Lao PDR wish to jointly appoint an independent Panel of Experts (POE).

3. Purpose

The POE will be tasked with examining the requirements of the Licence Agreement and the work of the THPC Social and Environmental Division in order to:

- Affirm that the entitlements and obligations set out in Licence Agreement Annexes E and F have been provided and met.
- Audit the implementation of community development and livelihood restoration activities as set out in the Licence Agreement, confirming that these activities have been carried out in each project-affected village.
- Appraise the methodology proposed for measuring attainment of income targets in each project zone.
- Assess the attainment of these income targets in each village as and when attainment is proposed by local government authorities and/or THPC.

4. Composition of POE

The Panel shall comprise three members. Applications from suitably qualified Lao applicants are welcomed. All members will be expected to have at least a Master's Degree educational level and 15 years of specific expertise in one or more of the following fields;

- Hydropower planning, implementation and operations in relation to social and environmental aspects
- Familiarity with environmental and social issues in Laos or another Southeast Asian country
- Water quality, fisheries and forestry management
- Environmental management systems
- Resettlement, compensation and social mitigation
- Socio-economic, health and livelihood monitoring systems
- Social safeguards policies (IFC, ADB, Equator Principles)
- Sustainable rural development including issues relating to gender and minority groups

A team leader will be selected from the three successful applicants. THPC will appoint a coordinator to facilitate and accompany POE field trips, liaise with the Panel and other bodies, and arrange access to project or company documents requested by the POE.

5. POE Visits

The POE will be required to visit the project area at least once a year for four years. It is expected that visits will consist of interviews and discussions with local people, government officers, THPC management and Social and Environmental Division staff working in the field. Trips to project area villages will be arranged as requested and are expected to form significant parts of the visits.

It is estimated that each POE Visit will last at least ten days, with the following outcomes required:

- The POE shall present a summary of their audit results to THPC management at the end of each mission, prior to the departure of the members.

- Within six weeks a full report of the missions audit results will be presented in draft format to THPC for comments, observations, and possibly further discussion.
- A final report is to be presented to THPC within four weeks of receiving THPC comments. After that THPC will submit the final report to the government.
- At the end of each mission the scheduled dates for the next mission will be fixed, to enable POE members to arrange their individual schedules.

Proposed Schedule:

Mission	Aims	Approx Date
Orientation visit	Meeting with THPC management and key staff; receive key documents; brief site visit; finalization of terms and conditions of POE missions; debriefing and audit report formats agreed	Mid 2014
1 st Mission	Meetings and site visit – Audit begins	November 2014
2 nd Mission	Meetings and site visit – Audit continues	November 2015
3 rd Mission	Meetings and site visit – Audit continues	November 2016
4 th Mission	Meetings and site visit – Audit continues	November 2017

THPC Support

THPC shall:

- Ensure the availability of management, Social and Environmental Division (SED) staff and other organizations and consultants, as required.
- Arrange meetings with relevant government implementation agencies, counterparts and responsible organizations, as required.
- Provide the necessary background information, relevant data, reports, schedules, budgets and other materials related to the audit.
- Provide comprehensive administrative and logistical services for each mission.
- Arrange accommodation and travel for the members of the POE within Laos, including to the project area.
- Provide all other reasonable support to the POE as required.