

Environmental and Social Review Summary

Hoi Xuan Hydropower Project

This Environmental and Social Review Summary (ESRS) is prepared by MIGA staff and disclosed prior to the date on which MIGA's Board of Directors considers the proposed issuance of a Contract of Guarantee. Its purpose is to enhance the transparency of MIGA's activities. This document should not be construed as presuming the outcome of the decision by MIGA's Board of Directors. Board dates are estimates only.

Any documentation that is attached to this ESRS has been prepared by the project sponsor, and authorization has been given for public release. MIGA has reviewed the attached documentation as provided by the applicant, and considers it of adequate quality to be released to the public, but does not endorse the content.

Country:	Vietnam
Sector:	Energy
Project Enterprise:	VNECO Hoi Xuan Investment and Electricity Construction Joint Stock Company
Environmental Category:	A
Date ESRS Disclosed:	August 24, 2015
Status:	Due Diligence

A. Project Description

The project entails the construction and operation of the Hoi Xuan Hydropower Project (“the Project”) in Vietnam. Goldman Sachs (Asia) LLC of the USA has requested a MIGA guarantee against Non-honoring of Sovereign Financial Obligations for its \$125 Million shareholder loan in the Project. The Project is developed by VNECO Hoi Xuan Investment and Electricity Construction Joint Stock Company (VNECO Hoi Xuan), a Vietnamese joint stock company owned by Dong MeKong Construction Production Trading Service Co., Ltd, (“Dong MeKong”) and Vietnam Electricity Construction Joint Stock Corporation (“VNECO”), both of Vietnam.

The Project consists of a 102 MW hydropower plant on the Ma River, in the Quan Hoa province in northeastern Vietnam. It is located approximately 38.5 kilometers downstream of the Trung Son hydropower plant financed by the World Bank in 2011 and approximately 23 kilometers upstream of the Ba Thuoc 1 hydropower plant, both of which are currently under construction. The Project is part of the Ministry of Industry and Trade’s 2005 Master Plan to develop a cascade of seven hydropower plants on the Ma River and involves the construction of a 43-meter high dam, a reservoir, a spillway, an intake gate, a penstock, a discharge canal, a powerhouse, waterway routes, a 15.4 kilometers 220 kV transmission line, and access roads. The annual production will be approximately 430 gigawatt hours.

VNECO is a listed company with 25 years of experience in the Vietnam power industry, including transmission line and hydropower development and construction. Apart from the Project, VNECO is engaged in 5 other hydropower plants in Vietnam. Dong MeKong is a private company founded in 1999 and has been employed as contractor on more than 75 projects in infrastructure and power projects construction.

The construction of the Project initially began in 2009 with a different investor. Land clearance and preparation works at the dam site were undertaken, including relocation of around 40 households, before the construction process was suspended due to funding problems. Following the engagement of Dong Mekong as investor in 2014, preparatory construction works have re-commenced, mainly at the dam site. A construction period of 3 years is foreseen, carried out in three broad phases. Phase 1 consists of river diversion works, dam site preparation, access roads and ancillary infrastructure (contractor camps, workers accommodations etc.). Phase 2 involves the main civil works, including the 40 m. high gravity concrete dam, spillway, intake and inlet channel, and outlet channel. Phase 3 consists of installation and commissioning of electromechanical equipment, including construction of the powerhouse, installation of turbines, generators, and switch yard and transmission lines.

As a result of the inundation of the reservoir, a total of 495 households will require physical resettlement, and economic compensation will also be required for 1,507 households. A majority of the project affected persons are of ethnic minorities.

MIGA's environmental and social review includes all phases of the project. Disclosed information regarding the IBRD's involvement in the Trung Son Hydropower Project, located upstream of Hoi Xuan, is available [here](#).

B. Environmental and Social Categorization

The Project is Category A under MIGA's Policy on Environmental and Social Sustainability (2013). The Project is expected to have potentially significant adverse social and environmental impacts that are diverse, irreversible, or unprecedented. The construction of a new dam, reservoir and associated infrastructure, could potentially result in diverse negative environmental and social impacts related to: landscape, water quality, air quality, noise levels, waste water, solid waste, hazardous waste, biodiversity, worker health and safety and communities health and safety during construction and operation and physical and economic resettlement, as well as impacts on ethnic minorities. Cumulative impacts of this Project in addition to existing and planned development of the Ma River catchment is also considered.

C. Applicable Standards

The Project will have impacts which must be managed in a manner consistent with all Performance Standards as follows:

- PS1: Assessment and Management of Environmental and Social Risks and Impacts
- PS2: Labor and Working Conditions
- PS3: Resource Efficiency and Pollution Prevention
- PS4: Community Health, Safety and Security
- PS5: Land Acquisition and Involuntary Resettlement
- PS6: Biodiversity Conservation and Sustainable Natural Resource Management

- PS7: Indigenous Peoples
- PS8: Cultural Heritage

The following World Bank Group (WBG) Environmental, Health, and Safety (EHS) guidelines are applicable to the project:

- General EHS Guidelines
- EHS Guidelines for Electric Power Transmission and Distribution

D. Key Documents and Scope of MIGA Review

In addition to reviewing environmental and social documentation, a visit to the Project site was conducted in May 2015 as part of a MIGA due diligence mission. MIGA also met with relevant Project representatives, as well as the local government authorities and District and Commune level, including the Land Acquisition and Resettlement Board, and representatives of affected households.

MIGA conducted a review of the public consultation and participation and the level of Free, Prior and Informed Consent of affected indigenous people communicates in August 2015. The mission was supported by an external social expert, and included meetings in all of the 17 villages affected by land acquisition, as well as one village located downstream of the dam site.

The following documents were reviewed by MIGA:

- *Environmental and Social Impact Assessment, Hoi Xuan Hydropower Project*. September 22, 2014. Prepared by PECC4 on behalf of Vneco Hoi Xuan Investment and Electricity Construction JSC.
- *Resettlement, Livelihoods and Ethnic Minorities Development Program*. August 25, 2014. Prepared by PECC4 on behalf of Vneco Hoi Xuan Investment and Electricity Construction JSC.
- *Hoi Xuan Hydropower Project Feasibility Study*. April 2014. Prepared by Vietnam Energy Investment and Development Consultant JSC
- *Indicative Scope of Work, Monitoring and report – RLEM DP and ESIA implementation*. Development and Research Consultancy Center, July 2015.
- *Scope of Work of Consultancy Service contract on Test and Certificate of Load Bearing Safety, Certificate of Conformity*. July, 2015.
- *Basic Design Appraisal Result, Hoi Xuan Hydropower*. May 12, 2008. Ministry of Industry and Trade.
- *Decision, Hoi Xuan hydropower reservoir operation process*. August 12, 2008. Ministry of Industry and Trade.

E. Key Issues and Mitigation

PS1: Assessment and Management of Environmental and Social Risks and Impacts

MIGA's review considered the Project's capacity to manage its environmental, safety and health performance and compliance with national permitting requirements. The review concluded that the Project's management systems and procedures need to be updated and complemented to comply with PS1. The Project has committed to addressing the gaps through the implementation of an Environmental and Social Action Plan (ESAP) (see attached). The ESAP is based on the development and implementation of an Environmental and Social Management Programme, involving updates of existing plan and development of a number of additional sub-plans further described below under each Performance Standard.

Environmental and Social Assessment: A Environmental and Social Impact Assessment (ESIA) report in line with national requirements was prepared by Power Engineering Consulting Company 4 (PECC4), and approved by the Ministry of Natural Resources and Environment (MONRE) in February 2008. An updated and amended ESIA was prepared by PECC4 in 2014. Additional field studies were undertaken, including supplementary environmental field work, socio-economic survey and consultations. The scope of the impact assessment includes the project area, the transmission line, resettlement areas, and upstream and downstream sections of the Ma River. The Project has committed to updating the ESIA to reflect the requirements in the Performance Standards, as outlined in the ESAP.

The ESIA includes an assessment of cumulative impacts, focused on the area from the Trung Son dam upstream of the Project, to the Ba Thuoc 1 dam downstream. In addition, a separate Cumulative Impact Assessment Study for the Ma River is currently being undertaken, sponsored by the Trung Son Power Company. The Project will cooperate and support the study as needed, and has committed to adjusting management plans etc. based on the outcomes of the study.

Management Program and Monitoring: The ESIA includes an Environmental and Social Management Program (ESMP), defining mitigation measures for construction and operations phases. The Project has committed to amend the management program to detail responsibilities, time plans and implementation procedures for each mitigation measure, as described in the ESAP.

Construction contractors will be required, as a condition of their contracts with the Project, to implement and comply with the ESMP, including preparing management plans consistent with the specific management plans provided in the ESMP.

The ESIA also includes an Environmental Supervision Framework with a monitoring program, which defines roles and responsibilities to ensure that project-related construction activities are completed in line with what is outlined in the ESIA, and in compliance with local regulation and the Performance Standards. The Supervision Framework covers the Project's Environmental Unit, Contractors and Subcontractors and the Supervising Engineer, as well as an Independent Environmental Monitoring Consultant, overseeing the implementation of the management program and mitigation measures.

A Resettlement, Livelihoods and Ethnic Minorities Development Program (RLEMDP) has been prepared by PECC4, including description of regulatory framework and management programs for resettlement, livelihoods restoration, community development, and programs focused on ethnic minorities. The RLEMDP outlines the purpose of the programs, responsibilities, budgets, timeframes and monitoring mechanisms.

Consultation and Participation: A stakeholder consultation and participation process was initiated in 2008 by the original investor, with an information disclosure and consultation meetings in affected villages. The first series of consultation meetings served to discuss and collect stakeholder feedback on the scope and methodology of the ESIA. In the second series of consultations in 2014, the results of the draft ESIA was presented and discussed.

Community Livelihood Improvement Plans for each affected village have been developed based on the consultation process, outlined in the RLEMDP. The Project has committed to develop and implement the village plans as outlined in the ESAP.

Emergency Preparedness Procedures: The Project has committed to preparing an emergency preparedness plan as described in the ESIA and included in the ESAP. The plan will include identification of potential hazards, mitigation measure, response actions, and reporting and documentation procedures. A separate operations phase emergency preparedness plan will be developed before the commissioning date. This will include dam failure and downstream flooding analysis, carried out in cooperation with the upstream Trung Son Hydropower Plant and other dams in the Ma River cascade.

Organizational Capacity and Training: The Project has established an Environmental and Social Management Unit, led by a Project Environment Officer. The total number of staff in the unit is currently 12, the capacity will be extended when construction activities intensifies. The Environmental and Social Unit cooperates with the Provincial and District Committees through a mechanism where the Committees provide capacity to the Project, enabling both supervision of the implementation of the ESMP as well as capacity building for the Committees. All staff of the Environmental and Social Unit will be provided specialist training in environmental impact assessment and management, compliance and auditing, public consultation as well as fundamentals of aquatic ecology and environmental flows.

Construction contractors will be required to have trained environmental staff to ensure contractor and subcontractor compliance with the ESMP. Each contractor shall appoint a representative to the project construction environmental team, led by the Project Environment Officer.

PS2: Labor and Working Conditions

The majority of the construction work force will be engaged by contractors, the Project will ensure that relevant requirements of PS2 will be applied to all workers. At peak, the Project will employ approximately 1,200 people during construction. The Project currently has a temporary workers camp within the boundaries of the dam construction site, which will be expanded and developed as necessary. The Project will provide accommodation for up to 1,200 workers during the peak period. During operations, the project will have around 90 employees.

Working Conditions: VNECO Hoi Xuan does not have a Human Resources Policy, but it does have a statement of objectives human resource management, which includes a commitment to robust and comprehensive HR processes and strict and transparent recruitment. A Labor Management Plan will be prepared, including procedures for EHS and human resources management, expected to be consistent with the requirements of PS2.

Quarters will be constructed within the construction site, in line with the IFC Guidance Note on Worker's Accommodation, with appropriate waste management, sanitary facilities, water supply, air conditioning and fire and life safety equipment. Contractors will be required to follow the same requirements.

Worker Health and Safety: Occupational health and safety ("OHS") measures provided in the ESMP include requiring contractors to identify potential hazards and develop responses to eliminate sources of risks or minimize workers' exposure to hazards. Residual risks that cannot be avoided will be managed through appropriate protective measures, including controlling the hazard at the source and providing appropriate personal protective equipment (e.g. hats, gloves, boots, vests). Contractors will be required to provide training to all workers on OHS aspects relevant to their daily work and emergencies. All occupational injuries, illnesses and fatalities will be documented, recorded and investigated. Access to first aid and medical assistance from trained and licensed professionals will be provided at an onsite health centre. The Labor Management Plan to be prepared by the Project, described above, will also include project specific OHS measures for construction. A separate plan will be developed for the operations phase.

Occupational health and safety will be managed and monitored by the Environmental and Social Management Unit, led by the Workplace Safety & Environmental Officer. Contractors and sub/contractors will be required to appoint an Environment, Health and Safety focal person, reporting to the Environmental Team.

Monitoring of the contractor's compliance will be undertaken by the Environmental Team, and inspections from the local authorities are undertaken periodically during the construction period. A construction supervision consultant will also be contracted to establish and notify contractors of OHS procedures, periodically inspect and report on OHS performance of construction activities and promptly notify The Project of non-conformances and recommend remedial measures. The Environmental and Social Management Unit and the construction supervision consultant shall ensure that construction activities abide by local regulation and PS2 requirements.

An internal grievance redress mechanism will be established as part of the ESMP, in line with local regulation and the requirements of PS2. The Project will require that all contractors implement a grievance mechanism available to construction workers.

PS3: Resource Efficiency and Pollution Prevention

The key impacts from construction and operation of the Project are related air and water quality, waste and sanitation, noise, erosion and sedimentation. These impacts will be avoided, reduced or mitigated through measures identified in the ESIA and ESMP, consistent with national legislation, as well as WBG EHS Guidelines.

Air quality and greenhouse gases: Ambient air quality is expected to be affected by dust emissions from construction activities. The major sources of dust emissions during construction are: grading, excavation, blasting and earthworks; loading/unloading, handling, storage and transport of materials or wastes; and vehicle movements. Dust suppression measures will be implemented, as identified in the ESIA, including: suspending earthworks in high winds, covering payloads, appropriate storage of loose/friable materials, covering excavated piles and watering using collected rainwater and construction wastewater.

The Project will generate electricity from a renewable source and thereby contribute to the reduction of greenhouse gases emissions. The Project will mitigate greenhouse gases emissions caused by decomposition of biomass in the reservoir through the application of a reservoir clearing plan, clearing vegetation from the reservoir area before inundation. Given the location of the Trung Son dam immediately upstream of the Hoi Xuan reservoir, the influx of biomass during operations is expected to be limited.

Water quality and usage: Water quality in the Ma River will be affected by sedimentation as a result of construction activities (installation of coffer dams, river diversion, etc.) and pollution from operation of construction machinery, dam construction etc. Mitigation measures include performing construction activities during low water season, maintaining river diversion structures throughout the construction period, minimizing in-stream activities, proper maintenance of vehicles and implementation of clean-up activities and side channel restoration programs.

In the operations phase, water quality in the reservoir will be affected by decomposition of biomass, potentially resulting in reduced oxygen levels and eutrophication. As mentioned above, the reservoir area will be cleared of vegetation before inundation, as required by local regulation, to minimize the impact. A reservoir clearing plan will be developed as described in the ESIA (also a part of the ESAP).

The Project's reservoir will be used to regulate the outflow from the upstream Trung Son Hydropower Project, which will mainly be used for production during peak demand hours. An environmental flow assessment was included in the ESIA's of both Trung Son and Hoi Xuan, and a minimum flow based on the cumulative impacts of both projects has been designed and approved by the Ministry of Natural Resources and Environment. The minimum flow discharge from Hoi Xuan has been set to 70 m³/s, which corresponds to approximately 35% of the mean annual flow.

Waste management: Debris, excess materials including soil and rocks, spillage and domestic refuse generated by construction personnel are the main solid waste streams during construction. Management of construction-based solid wastes will be conducted according to waste management measures identified in the ESIA and consistent with national legislation, WBG EHS Guidelines and the ESMP, including establishing landfills for domestic waste, and disposing of construction wastes and debris in a licensed refuse dump. Spoil rock and soils will be re-used as backfill in the rehabilitation and upgrade of National Highway 15. Transportation and management of spoil rock and soils is expected to be handled in line with the requirements of the PS and WBG EHS Guidelines.

The Project has committed to implementing a waste management plan including prevention, reduction, reuse, recovery, recycling, removal and disposal of construction and operations wastes,

and a plan for collecting, categorizing, handling, storing and disposing of wastes consistent with national legislation and WBG EHS Guidelines. The waste management plan shall also include an emergency response program to respond to hazardous materials/waste leaks, accidental releases and spills.

Noise: During construction, noise will be generated by construction vehicles on site, drilling and blasting, excavation, rock removal, etc. Noise impacts are expected to be experienced in a radius of up to 0.5 km from the dam site, in the vicinity of roads and along the construction of the 220kv transmission line. Noise mitigation measures to be implemented includes control and timing of construction activities to avoid noise emitting activities at night time, information campaigns to affected communities in case of activities occurring after daylight hours, and maintenance and inspection of vehicles and equipment, including installation of mufflers and other noise-cancelling techniques. Noise level monitoring will be conducted daily at selected sites.

PS4: Community Health, Safety and Security

The dam site is located a few kilometers north of Hoi Xuan town, and the project area (including the reservoir) is within the provinces of Thanh Hoa and Hoi Binh. The project area spans over parts of 11 communes, with a total population of almost 30,000 inhabitants. 17 villages are directly affected by the Project.

Key community health and safety risks associated with the Project include health impacts associated with in-migration, infectious disease transmission, traffic, and risks related to unauthorized site access and associated with blasting and the use of explosives. A grievance mechanism is in place, and will be amended to reflect the requirements of PS4 as reflected by the ESAP. The grievance mechanism will be made available to the wider community, not just those directly affected by the Project.

A Community Safety Plan will be implemented, addressing risks related to road and transportation safety, fencing and security of construction sites, information campaigns on construction risks including procedures for information prior to blasting or other use of explosives etc. The Project has also committed to implement a Community Health Plan, addressing issues related to STDs, drugs and prostitution, and general community health services. The plan will include awareness raising activities through healthcare facilities and schools, with special grants to women's groups in 10 communes to set up gender programs aiming to raise awareness on health and security. The Labor Management Plan described under PS2 will also address worker's health, including a dedicated hospital and disease control program.

The Project has received confirmation from the military authorities that there are no known sites or elevated risks of unexploded ordnances in the project area that would pose a security threat to the Project or the communities. In case of encounters with such ordnances in the construction period, the Project is responsible for hiring the military authority's specialized unit for survey, detection and treatment of unexploded ordnances. The procedures in case of an encounter include demarcation of the area at risk, warning signs and community information.

An independent review to evaluate dam design and safety has been commissioned, the results of which will be available in September. Dam safety and construction inspections will be carried out

continuously throughout the construction period, and a closing audit will be carried out. Dam failure analysis and dam break emergency response plan will be prepared, as described under PS1. A World Bank funded project is currently being undertaken aiming to strengthen the dam safety legislation, capacity and procedures in Vietnam. The Hoi Xuan dam is expected to comply with local regulatory requirements and international best practice in terms of dam safety and design.

Security Arrangements: The main project site is fenced and has one main entrance which is controlled by a private security company, with unarmed security guards. Security arrangements for auxiliary construction sites, including quarries, transmission line construction activities, waste management sites etc., will be described in the Camp Management Plan, and Community Safety Plan, in line with PS4 and regulatory requirements.

PS5: Land Acquisition and Involuntary Resettlement

The total project footprint covers an area of approximately 8 km², including the reservoir, dam site, transmission line RoW, auxiliary works, quarry, etc. An area of 6.7 km² will be permanently inundated by the project as a result of the construction of the dam. Current land use in the project area is primarily made up of river/wetland (60%) and planted bamboo forest (22%), minor land use purposes include rice and other cultivated crops, and residential and public areas.

Based on the most recent survey conducted in 2014, the project will require physical relocation of 517 households and economic displacement (loss of land) of 1,485 households. The majority of affected households are located within the reservoir area, and a smaller number of households are located within the construction site areas and along the transmission line RoW.

The RLEMPD describes the principles for resettlement and compensation based on regulatory requirements and PS5, results of the census with categorization of entitled project-affected persons, eligibility matrix, and description of responsibilities, budgets and monitoring framework for the resettlement and compensation process. The Project has committed to implementing a Land Acquisition and Compensation Plan as described in the ESAP, in line with Vietnamese regulation and PS5 requirements.

Affected households will be given the choice of cash compensation or in-kind replacement. Households that opt cash compensation and to build their own replacement house, residential houses must meet minimum criteria specified by the project and local regulation including area, safety requirements, and hygiene and environmental conditions, in line with PS5 requirements. Additional allowances for transportation, food, health care, education and care of elderly/displaced persons will be granted during the relocation period. For compensation of residential land, those opting for in-kind compensation will be awarded a plot of comparable size and value, or minimum 400 m². Agricultural land will be compensated either through land-for-land compensation, or cash compensation based on the choice of the affected household. Special provisions for partial loss of land, production disruption allowance, trees and annual crops compensation, affected businesses etc. are also in place and will be detailed in the Land Acquisition and Compensation Plan. All affected households will be granted title deeds for their land plots.

The majority of affected households can be relocated to plots within the area of their current village, and most households have indicated that this is their preferred option. One village, of 68

households, will be required to relocate in its entirety. A resettlement site has been identified through a consultation process with the affected village, including the Sa Lang village, which will be the host community. Currently, the resettlement site is a forestry area governed by the Quan Hoa District Committee. The Project will provide road, water and electricity infrastructure to the resettlement site.

Community Livelihoods Improvement Plans (CLIP) will be implemented for all affected villages, based on the human, social, natural, financial and physical resources and conditions each village. Eligibility and participation is open to all households in the village, directly affected by the project or not. The plan is implemented in three elements, production (crops, livestock, and forestry), non-technical services (credit facilitation, computer and internet services, vocational training, etc.) and technical assistance. Each community will be required to ensure that at least one third of the participants in training activities are women, and the content of the CLIP elements will be detailed through a consultation process.

40 households, in two villages, were resettled and compensated in 2010 under the responsibility of the initial investor. For the affected households, relocation of residential buildings and land was done within the village. Resettlement and compensation was carried out based on the same principles as described above. Both villages are included in the CLIP programs, and affected households will have access to the same services, assistance, and grievance mechanism as households that will be included in the Land Acquisition and Compensation Plan.

The RLEMPD includes a mechanism for independent monitoring and evaluation of the resettlement, compensation and village development programs, including internal resources, independent monitoring consultant, and monitoring carried out by the authorities.

PS6: Biodiversity Conservation and Sustainable Natural Resource Management

A biodiversity assessment was carried out as part of the ESIA. The survey included both a wider river-basin study area and a separate study for the area immediately affected by the project, including the reservoir, construction area and the transmission line. Apart from river/wetlands areas, the project footprint includes approximately 2.8 km² of modified terrestrial habitat, and a minor area of natural habitat affected by the transmission line. There are no critical habitats within the project footprint.

Flora: The project affects mainly areas of planted bamboo forests, as well as rice and other small-scale agricultural plantations. One bamboo species dominates the plantations that mostly make up mono-cultures, but a few other bamboo species are also cultivated along with small areas of timber and fruit trees. The areas of natural vegetation affected by the transmission line amount to approximately 450 m², and consists of mixed low-land and low-mountain bamboo and broadleaf forest, as well as scrub and grassland. No red listed species were encountered in the survey.

Fauna: Due to the limited natural habitat and overexploitation through hunting, animals in the project area are to a large extent limited to birds and reptiles, with occasional deer or wild boar that normally reside in secondary forests away from the project area. There is no indication of any occurrence of red listed species in the area affected by the project.

Fish: The Hoi Xuan dam is located in the upper catchment of Ma River, between the Ba Thuoc 1 dam and the Trung Son dam. 63 fish species have been identified in the upper catchment, out of which 4 are classified as Vulnerable in the Vietnam Red Data Book, but none of them appear in the Red List of IUCN since they are widely distributed in the rivers of Northern Vietnam. The aquatic habitat in the Ma River is already fragmented by existing dams, and the Project will cause further fragmentation of the approximately 50 km stretch between the Trung Son and Ba Thuoc dams. There are no species that are dependent on open migratory routes passing the Hoi Xuan dam site, and severe adverse effects are not expected. The amount of aquatic habitat will increase and change from slow-moving river to reservoir, causing a change in the aquatic ecosystem but with quantity of species and individuals expected to increase due to larger amount of nutrients available from the flooded reservoir area.

The Project has committed to develop and implement Biodiversity Action Plan, including education and training on biodiversity and natural protection to local communities and construction workers, support to national protected areas, as well as fisheries management measures. The Biodiversity Action Plan will also include management and mitigation of loss of ecosystem services (mainly fisheries, bamboo products), also supported by the implementation of the village development plans described under PS5.

The Project does not directly affect any protected areas or national parks, but the influx of construction workers could potentially have negative effects on the parks through increased illegal hunting, collection of non-timber forest products, etc. The Biodiversity Action Plan will include support mechanisms to the national parks to address such risks.

PS7: Indigenous Peoples

The project involves physical and economic displacement of both indigenous and non-indigenous people's communities, belonging either to the Kinh, Thai, or Muong ethnic groups. The project has engaged in a public participation and consent process to obtain the Free, Prior and Informed Consent (FPIC) of the affected communities. In line with the PS7 recommendations, the project has carried out one single stakeholder engagement process as described under PS1, with the purpose to obtain FPIC from all affected households, regardless of being members of an ethnic group classified as indigenous peoples or not.

The customs, cultural heritage, decision making process and institutional framework of the affected communities was studied as part of the ESIA process, and presented in the ESIA as well as RLEMPD. As described under PS1, the Project has committed to updating the ESIA and RLEMPD to include a more detailed baseline description of the communities and its decision making processes, as relevant to obtaining FPIC.

The affected villages have mixed populations of the different ethnic groups and the collective decision making process is based on the village structure rather than ethnic affiliation. On project matters which are governed by regulatory requirements, including land acquisition, compensation and resettlement activities, the Project coordinates through the District Compensation and Resettlement Committee which disseminates the information to communes and villages through representatives on each level. The Project also has direct communication with the villages through consultations, ongoing stakeholder engagement activities and the grievance mechanism.

MIGA conducted a visit in the project area in August 2015 to study the level of broad community support and consent to the Project, supported by an external social specialist. Meetings in 17 villages were conducted, including locations around the dam site, downstream, in the reservoir area and along the transmission line. Apart from general meetings with villagers and village leaders, special discussions were conducted with separate focus groups including women, elderly and youth. The results of the meetings confirmed the communities' support for the Project, as well as plans for resettlement, compensation and livelihood restoration and currently presented.

Given that the Project was initiated with a different investor, the new developer has built upon the initial consultations carried out before construction activities started, as described under PS1, and carried out additional consultation meetings and information campaigns in 2013 and 2014. The initial consultation were based on Vietnamese regulatory requirements, and the Project has conducted further consultations and stakeholder engagement, and has committed to additional activities to comply with the PS7 requirements, as described in the ESAP.

Reflecting the collective decision making processes, the Project is seeking to obtain FPIC on the Project and related resettlement and compensation activities in the form of a written agreement from the village leaders from affected villages. MIGA will require this agreement to be in place before committing to the Project.

PS8: Cultural Heritage

To date there have been no significant archaeological finds or areas identified in the area affected by the Project, although further archeological studies will be carried out as required by the Vietnamese Law on Cultural Heritage, as part of the reservoir clearance plan. No graveyards or other cultural heritage sites will be inundated by the reservoir. A Chance Find Procedure will be applied in the event that items of archeological significance are unearthed in the course of construction and excavation activities. Staff will be trained on the implementation of the procedure during vegetation removal and earthworks.

F. Environmental Permitting Process and Community Engagement

In addition to general environmental permits to construct and operate the hydropower plant, the Project has indicated that it is required to maintain a variety of permits related to reservoir regulations, waste management and storage, occupational health and safety, etc. Based on the findings in the due diligence, the Project is expected to be operated in compliance with host country requirements.

Community engagement during the ESIA process has involved several rounds of community consultations, and community engagement in ongoing with a project team of social specialists at site. A stakeholder engagement plan will be implemented, and village development plans have already been designed based on input from the engagement process. The development plans will include training activities in for example English, computer literacy, agriculture and livestock, and construction skills to enhance employment opportunities for members of the local communities. As mentioned above, MIGA deems that the project has broad community support following its assessment and site visit.

G. Availability of Documentation

- *Environmental and Social Impact Assessment, Hoi Xuan Hydropower Project.*
- *Resettlement, Livelihoods and Ethnic Minorities Development Program, Hoi Xuan Hydropower Project*

The above listed documentation is available electronically as PDF attachments to this ESRS at www.miga.org. It will also be made available at the Project's office in Hoi Xuan, on the Project website, and at the District and Commune People's Committees in the Project area.

**Attachment A:
 Environmental and Social Action Plan – Hoi Xuan Hydropower Project**

Action	Timeline
Update ESIA to reflect the requirements of the Performance Standards	Prior to contract signing
Update RLEMPD to reflect the requirements of the Performance Standards	Prior to contract signing
Prepare land acquisition, resettlement and compensation plan	Prior to contract signing
Obtain written agreements from signed by village leaders of project-affected villages, to demonstrate FPIC	Prior to contract signing
Establish internal grievance redress mechanism for project staff	Prior to contract signing
Prepare Waste Management Plan	30 days after contract effective date
Prepare Stakeholder Engagement Plan	30 days after contract effective date
Amend community and project-affected persons grievance redress mechanisms	30 days after contract effective date
Social Impact Management Plan, including <ul style="list-style-type: none"> - Community Health Plan - Community Safety Plan - Labor Management Plan - Camp Management Plan 	30 days after contract effective date
Prepare Labor/EHS-plan for operations phase	Prior to commissioning
Update management plans and programs to take into account the results of the Ma River Cumulative Impact Assessment Study	90 days after the completion of the Cumulative Impact Assessment Study.
Prepare Emergency Preparedness Plan for the construction phase	30 days after contract effective date

Action	Timeline
Prepare Emergency Preparedness Plan for the operations phase, including dam failure and downstream flooding analysis	180 days after contract effective date
Contract E&S Monitoring Consultant	Prior to contract effective date
Contract consultant for and conduct independent dam safety review	Prior to contract effective date
Prepare Biodiversity Action Plan	90 days after contract effective date
Prepare Reservoir Area Clearing Plan	180 days after contract effective date or prior to any vegetation clearance activities in the reservoir area.