TECHNICAL ASSISTANCE  
(Financed from the Japan Special Fund)  

TO THE  

LAO PEOPLE’S DEMOCRATIC REPUBLIC  

FOR  

CAPACITY BUILDING FOR ENVIRONMENT AND SOCIAL MANAGEMENT IN ENERGY AND TRANSPORT  

October 2001
CURRENCY EQUIVALENTS
(as of 25 September 2001)

Currency Unit — Kip (KN)
KN1.00 = $0.000107
$1.00 = KN9,310

ABBREVIATIONS

ADB — Asian Development Bank
EPL — Environment Protection Law
Lao PDR — Lao People’s Democratic Republic
MCTPC — Ministry of Communication, Transport, Post and Construction
MIH — Ministry of Industry and Handicrafts
NGO — nongovernment organization
STEA — Science Technology and Environment Agency
TA — technical assistance

NOTES

(i) The fiscal year (FY) of the Government ends on 30 September. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2001 ends on 30 September 2001.

(ii) In this report, "$" refers to US dollars.
I. INTRODUCTION

1. The Government of the Lao People's Democratic Republic (Lao PDR) asked the Asian Development Bank (ADB) for technical assistance (TA) to support environmental compliance and implementation of environmental policy and regulations. A Fact-Finding Mission visited the Lao PDR and held discussions with stakeholders, including officials of the relevant government agencies, representatives of aid agencies, and nongovernment organizations (NGOs). The TA is included in ADB’s 2001 TA program¹ for Lao PDR.

II. BACKGROUND AND RATIONALE

2. The Lao PDR is a small landlocked country, characterized by mountainous terrain, low population density combined with a limited pool of skilled human resources, and a wealth of natural resources and environmental assets, including globally significant biodiversity. The Government is seeking to transform and diversify the country’s predominantly resource-based economy while maintaining macroeconomic stability and promoting economic growth. The country’s economy depends primarily on the use of natural resources in the forest, mining, tourism, fisheries, agriculture, and hydropower sectors. Since the natural resource base underpins the country's economic development and poverty reduction prospects, the Government is acutely aware of the importance of conserving environmental resources and ensuring the environmental and social sustainability of all development activities.

3. Adoption of a policy and regulatory framework for environmental management and social safeguards has been the subject of considerable policy dialogue and TA. A major accomplishment has been the enactment of the Environment Protection Law (EPL), which, together with relevant environmental provisions in the laws on electricity, roads, land, water resources, and forests, provides a relatively sound basis for environmental management in the country. The next phase in pursuing environmental conservation and social safeguards will require the adoption of an enabling framework for regulation and compliance, supported by measures to enhance government capacity and address financial sustainability. Without such a framework, the adequate integration of environmental and social issues across all sectors will remain elusive. This is especially true in the context of major infrastructure projects for energy and transport development, which can have wide-ranging, cross-sectoral, and long-term social and environmental impacts, and have often lacked effective planning, design and implementation of environmental and social safeguards.

4. During the past decade, the Government of the Lao PDR has embarked on an ambitious program of infrastructure development, especially in hydropower and roads, as the foundation of its efforts to lift its people out of poverty. During the same period, wide-ranging TA support by ADB has been provided to improve the capacity of the Government to deal with environmental and social aspects of such development. This support has included two TAs to strengthen the capacity for integrated infrastructure and environmental planning and to strengthen environmental impact assessment.² However, because gaps, overlaps, and contradictions remained in the overall policy sphere, the developed national and sector (hydropower and roads) environmental assessment guidelines could not be applied. Implementation instruments, such as decrees and ministerial orders, were still required to put these laws into effect.

¹ The TA first appeared in ADB Business Opportunities (Internet version) on 11 June 2001.
² TA 2734-LAO: Nam Ngum Watershed Management, for $800,000, approved on 23 December 1996; and TA 3133-LAO: Strengthening Social and Environmental Management, for $950,000, approved on 22 December 1998.
5. Building on the results of a TA for strengthening social and environmental management (TA 3133), a small-scale TA (SSTA)\(^3\) from December 2000 and March 2001 assisted the Government in identifying specific policy and institutional measures required to integrate environmental and social aspects into energy and transport sector development. The TA demonstrated that there is an inadequate framework for policy implementation that is especially evident in major energy and transport infrastructure development. Improved environmental performance in these sectors will require overcoming five related sets of constraints: (i) incomplete policy and regulatory framework at the national level; (ii) lack of policy implementation and institutional capacity at the sector and provincial levels; (iii) inadequate compliance and enforcement mechanisms; (iv) absence of an integrated river basin planning and management approach, to guide investments in energy and transport, and to provide a strategic framework for reconciling competing interests in the use of resources; and (v) insufficient attention to sustainable finance for environmental management and social safeguards.

6. Against this backdrop and following extensive policy dialogue, the Government of the Lao PDR is embarking on a program of policy reforms for improved environmental management and social safeguards in the energy and transport sectors. A proposed Program Loan, included in the ADB’s 2001 Country Strategy Program, will seek to support the Government of the Lao PDR in addressing a number of essential policy actions: (i) strengthening the national policy and regulatory framework for environmental management and social safeguards, (ii) enhancing policy implementation measures and capacity at sector and provincial levels, (iii) improving compliance and enforcement of the EPL, (iv) promoting river basin management as an multi-sector and integrated planning framework for energy and transport development, and (v) establishing sustainable financing mechanisms.

7. However, a major constraint to the development process and an area of concern for multilateral and bilateral assistance agencies alike remains the weakness in implementation capacity in the Science Technology and Environment Agency (STEA); the Department of Electricity of the Ministry of Industry and Handicrafts (MIH); the Department Roads of the Ministry of Communication, Transport, Post and Construction (MCTPC); and other local agencies. To ensure better environmental management across all sectors of the economy, the assistance community, led by the Nordic countries, is focusing increasingly on national environmental capacity building and management and sustainable natural resources management. The Danish International Development Agency’s overall support frame for 1998 to 2003 amounts to approximately $39 million. Its Natural Resources and Environment Program for the Lao PDR focuses on three interlinked components: (i) enhanced capacity at the central government level in environmental planning and management; (ii) improved urban and industrial environmental conditions; and (iii) sustained use, protection, and management of wetlands and biodiversity and improved watershed management. The Swedish International Development Cooperation Agency is supporting STEA with a $2.2 million program to strengthen environmental management by building capacity at the central level, while extending STEA’s presence and impact at the provincial level through further capacity building to deal with environmental matters. Finally, the Norwegian Agency for International Cooperation (Norad) has been more involved in the legislative aspect of environmental management. Following their support to strengthen environmental legislation, which resulted in the drafting of the EPL, Norad is putting together a proposal which will strengthen the judiciary in the implementation of the

\(^3\) TA 3535-LAO: *Energy and Transport Socio-Environmental Management*, for $150,000, approved on 10 November 2000.
EPL. Other international and bilateral assistance agencies, such as Australian Agency for International Development, the European Commission, the Finnish Department for International Development Cooperation, the Japan International Cooperation Agency, and the United Nations Development Programme have been active in the environment sector, especially in their support for biodiversity conservation, community-based forestry conservation and management, and watershed management.

8. Given this framework of long-term capacity building, in the process of undertaking the aforementioned policy dialogue and in consultation with the active donors, ADB and the Government identified critical short-term gaps for which assistance is needed to accelerate the policy and institutional commitments. The TA is designed to fill this short-term need.

III. THE TECHNICAL ASSISTANCE

A. Objectives

9. The goal of the TA is improved environmental management and social safeguard performance in the energy and transport sectors. The objective of the TA is to assist the Government in (i) strengthening compliance and enforcement mechanisms for the EPL, (ii) establishing sustainable financial mechanisms for environmental management, and (iii) creating a policy framework for involuntary resettlement and compensation and the institutionalization of public involvement.

B. Scope

10. The scope of the TA is divided into three parts. Part A will assist the Government in undertaking a number of activities related to improved compliance and enforcement. In particular, it will support (i) design of performance bond arrangements that would ensure implementation of social and environmental mitigation activities for major infrastructure projects; (ii) introduction of procedures for full inclusion of mitigation requirements from project environmental management plans and resettlement action plans in project concession agreements, financial arrangements, and other contractual documents; (iii) design and implementation of compliance reporting mechanisms for the roads and power sectors; and (iv) configuration and establishment of a third-party monitoring system for sensitive projects. Part A will also assist the Government in reviewing the potential for introducing user charges for selected environmental services that could help finance Government’s regulatory, review, monitoring, and compliance functions.

11. Part B will assist the Government in undertaking necessary exploratory work to establish an Environment and Social Fund, which would finance environmental management and social safeguard activities. It will support the Government in undertaking necessary legal, institutional, regulatory, budgetary, financial, and policy analyses associated with establishing such a Fund.

12. Part C will assist the Government in developing and finalizing a national involuntary resettlement and compensation policy and implementing regulations for major projects, and sectoral guidelines for the energy and transport sectors. It will also assist the Government in undertaking the necessary consultative processes to ensure broad stakeholder agreement on key principles of the policy and guidelines. It will also include support for government staff to inspect/participate in ongoing project implementation of involuntary resettlement and compensation and environmental mitigation programs. Part C will also assist the Government in
developing clear national public involvement guidelines that will substantially improve the identification of potential environmental and social issues associated with infrastructure developments. The TA framework is in Appendix 1.

C. Cost Estimates and Financing Plan

13. The total cost of the TA is estimated at $710,000 equivalent. ADB will provide $600,000 equivalent to cover the entire foreign exchange cost of $483,000, and $117,000 equivalent of the local currency costs. The Government will contribute the balance of the local currency cost of $110,000 as in-kind provision of experienced counterpart staff, office space, information and data collection, transportation assistance, and communications. The TA will be financed by ADB on a grant basis from the Japan Special Fund, funded by the Government of Japan. Details of cost estimates and a financing plan are provided in Appendix 2.

D. Implementation Arrangements

14. The Executing Agency for the TA will be STEA. It will provide the necessary qualified counterpart staff and office space for the consultants. A senior official will be appointed to serve as TA project manager. A steering group chaired by the Minister, Department of Environment, and comprising senior representatives of MCTPC, MIH, Ministry of Finance, Ministry of Justice, and the Committee for Planning and Cooperation will be established to meet at least quarterly to review and guide TA implementation.

15. The TA will commence in November 2001 and will be implemented over a 16-month period, until March 2003. Consulting services will include 16 person-months of international consultants, with expertise in environment and resource economics, environmental funds, company law, resettlement, and public participation; and 21 person-months of local consultants, with expertise in institutional and legal analysis and public administration and social development, to facilitate research and consultation. The consultants will be recruited individually in accordance with ADB’s Guidelines on the Use of Consultants, using the simplified technical proposal procedures. The terms of reference for the consulting services are shown in Appendix 3. The domestic consultants will be recruited by the resource economist and the resettlement specialist, respectively. All equipment will be procured in accordance with ADB’s Guidelines for Procurement. Upon completion of the TA, the equipment will be turned over to the Government, which will ensure the availability of these items for any future ADB projects or TAs.

16. Each of the international consultants will submit (i) an inception report, within four weeks of commencement of the tasks, and (ii) a final report, as indicated in their specific terms of reference, related to the output of their tasks. In addition, brief monthly progress reports will be required when other reports are not due.

IV. THE PRESIDENT’S DECISION

17. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, to the Government of the Lao People’s Democratic Republic in an amount not exceeding the equivalent of $600,000 for the purpose of Capacity Building for Environment and Social Management in Energy and Transport, and hereby reports such action to the Board.
TECHNICAL ASSISTANCE FRAMEWORK

<table>
<thead>
<tr>
<th>Design Summary</th>
<th>Performance Indicators/Targets</th>
<th>Monitoring Mechanisms</th>
<th>Risks and Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal</strong></td>
<td>To promote sustainable and equitable development in the Lao PDR</td>
<td>Sustainable economic and social development, while preserving existing natural resources endowment</td>
<td>State of the environment reports</td>
</tr>
<tr>
<td><strong>Purpose</strong></td>
<td>To improve environmental management and social safeguard performance in the energy and transport sectors</td>
<td>Improvement in environmental compliance and enforcement</td>
<td>Consultant’s reports (monthly progress, interim, completion)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Establishment of sustainable financial mechanisms for environmental management</td>
<td>TA review missions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Establishment of a national policy framework for involuntary resettlement and compensation, as well as public involvement</td>
<td>Tripartite meetings among Government, ADB and consultants</td>
</tr>
<tr>
<td><strong>Components/ Outputs</strong></td>
<td>Improved environmental compliance and enforcement</td>
<td>Improvement of performance bond arrangement</td>
<td>Consultant’s reports; workshop reports and output; bond arrangement; developers’ contracts for infrastructure projects</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Introduction of procedures for full inclusion of mitigation requirements in contractual financial arrangements</td>
<td>Consultant’s report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Implementation of compliance reporting mechanisms for roads and power sectors</td>
<td>Consultant’s report</td>
</tr>
</tbody>
</table>

(Reference in text: page 4, para. 12)
<table>
<thead>
<tr>
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<th>Performance Indicators/Targets</th>
<th>Monitoring Mechanisms</th>
<th>Risks and Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of sustainable financial mechanisms for environmental management</td>
<td>Establishment of a third party monitoring system for sensitive projects</td>
<td>Terms of Reference, consultants reports, workshop reports and outputs; third-party monitoring system document</td>
<td>Close coordination exists among government agencies and international assistance agencies.</td>
</tr>
<tr>
<td></td>
<td>Introduction of user charges for selected environmental services</td>
<td>Consultant's report</td>
<td>Sufficient human resources are available.</td>
</tr>
<tr>
<td></td>
<td>Introduction of selected market mechanisms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adoption of national policy and implementing regulations for involuntary resettlement and compensation</td>
<td>Charter of the environmental fund drawn up in accordance with the Government’s procedures for establishment</td>
<td>Charter of the Fund Tripartite meetings among Government, ADB and consultants Workshop reports and output Consultant's report</td>
<td>Data are available for review. Government approves design. Government remains committed to the environment.</td>
</tr>
<tr>
<td>Institutionalization of Involuntary resettlement and compensation guidelines for the energy and transport sectors</td>
<td>Finalization in accordance with the Government procedures for adoption of a national involuntary resettlement and compensation policy and implementing regulations for major projects</td>
<td>Policy document; Consultant's report Workshop and consultation reports and outputs Guidelines; consultant's report</td>
<td>Concerned agencies are involved in the design process. There is sufficient government commitment to involuntary resettlement and public participation. Close coordination exists among government agencies and donors. Intensive consultation with stakeholders occurs.</td>
</tr>
<tr>
<td>Institutionalization of National Public Consultation Guidelines</td>
<td>Finalization in accordance with Government’s procedure for ministerial issuance of sectoral guidelines for energy and transport</td>
<td>Workshop and consultation reports and outputs Guidelines; consultant's report</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consultation reports and outputs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design Summary</td>
<td>Performance Indicators/Targets</td>
<td>Monitoring Mechanisms</td>
<td>Risks and Assumptions</td>
</tr>
<tr>
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</tr>
<tr>
<td>Activities</td>
<td>Consultants recruited by ADB in accordance with ADB’s guidelines on the Use of Consultants</td>
<td>Contract administration by ADB</td>
<td>Government provides counterpart staff and contributes office accommodation and other support facilities.</td>
</tr>
<tr>
<td>Recruitment and fielding of consultants</td>
<td>Prepare inception report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare midterm report</td>
<td>Prepare monthly progress reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conduct workshops</td>
<td>Complete final report</td>
<td></td>
<td></td>
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<tr>
<td>TA costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inputs</td>
<td>Consultants recruited by ADB in accordance with ADB’s guidelines on the Use of Consultants</td>
<td>Contract administration by ADB</td>
<td>Government provides counterpart staff and contributes office accommodation and other support facilities.</td>
</tr>
<tr>
<td>Consultants will be fielded in November 2001</td>
<td>Study will be completed in March 2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 person-months of international consultants and 21 person-months of domestic consultants</td>
<td>$710,000 for consultants’ remuneration, out-of-pocket expenses, and support facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADB financing $600,000</td>
<td>Government $110,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## COST ESTIMATES AND FINANCING PLAN
($'000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Foreign Exchange</th>
<th>Local Currency</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Asian Development Bank Financing</strong>&lt;sup&gt;a&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Consultants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Remuneration and Per Diem</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. International Consultants</td>
<td>350.0</td>
<td>0.0</td>
<td>350.0</td>
</tr>
<tr>
<td>ii. Domestic Consultants</td>
<td>0.0</td>
<td>60.0</td>
<td>60.0</td>
</tr>
<tr>
<td>b. International and Local Travel</td>
<td>45.0</td>
<td>4.0</td>
<td>49.0</td>
</tr>
<tr>
<td>c. Reports and Communications</td>
<td>3.0</td>
<td>3.0</td>
<td>6.0</td>
</tr>
<tr>
<td>2. Equipment&lt;sup&gt;b&lt;/sup&gt;</td>
<td>15.0</td>
<td>0.0</td>
<td>15.0</td>
</tr>
<tr>
<td>3. Vehicle Rental for Field Consultations</td>
<td>0.0</td>
<td>8.0</td>
<td>8.0</td>
</tr>
<tr>
<td>4. Training, Seminars, and Conferences</td>
<td>0.0</td>
<td>20.0</td>
<td>20.0</td>
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<tr>
<td>5. Miscellaneous Administration, Support Costs, Report Translation, Printing and Reproduction</td>
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<td>12.0</td>
<td>12.0</td>
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<td>6. Contingencies</td>
<td>70.0</td>
<td>10.0</td>
<td>80.0</td>
</tr>
<tr>
<td><strong>Subtotal (A)</strong></td>
<td>483.0</td>
<td>117.0</td>
<td>600.0</td>
</tr>
<tr>
<td><strong>B. Government Financing</strong></td>
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<tr>
<td>1. Office Accommodation and Transport</td>
<td>0.0</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>2. Remuneration and Per Diem of Counterpart Staff</td>
<td>0.0</td>
<td>40.0</td>
<td>40.0</td>
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<tr>
<td>4. Government Workshops and Consultations</td>
<td>0.0</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>3. Others</td>
<td>0.0</td>
<td>10.0</td>
<td>10.0</td>
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<tr>
<td><strong>Subtotal (B)</strong></td>
<td>0.0</td>
<td>110.0</td>
<td>110.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>483.0</td>
<td>227.0</td>
<td>710.0</td>
</tr>
</tbody>
</table>

Notes:
- <sup>a</sup> Financed from the Japan Special Fund, funded by the Government of Japan.
- <sup>b</sup> Includes 3 desktop computers and printers, photocopier, and fax machine.

Source: Staff estimates.

(Reference in text: page 4, para. 13)
OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. ADB will recruit individual international consultants for the tasks related to compliance and enforcement and review of user charges, the establishment of an environmental fund, and involuntary resettlement and compensation and public involvement. ADB will recruit an environment and/or resource economist for six person-months; an environmental fund specialist for five person-months, who will be assisted by legal specialist for one person-month; a resettlement specialist for two person-months, and a public involvement specialist for two person-months. The work will be completed over a period of 16 months. The domestic consultants will be recruited by the international consultants following their arrival in Lao PDR.

2. The international consultants will have substantial experience in resource economics, environmental management, and planning as pertaining to major infrastructure projects such as roads and energy; in designing and establishing environmental funds, company law, resettlement policy analysis and planning; and in social development in ADB’s region. The domestic consultants will have experience in public administration, law and institutional analysis, and social development. The international consultants must have analytical and writing skills of a high order. Both the international and the domestic consultants should have experience in workshop facilitation.

3. The individual consultants will perform but are not limited to, the services described below. The tasks are to be carried out in close cooperation with the Government, and extensive consultation needs to take place in order to ensure transfer of know-how and ensure full ownership of the documents by the concerned ministries.

A. Environmental and/or Resource Economist (6 person-months)

4. This consultant will perform the following services:

1. Design of Performance Bond Arrangements

   (i) Recruit domestic consultant with expertise in institutional and public administration.

   (ii) Review national procurement laws and guidelines related to major infrastructure projects.

   (iii) Assess current performance bond arrangements for road and energy projects and review past experiences with contractors in major road and energy projects.

   (iv) Propose a performance bond arrangement that fully includes and strengthens the environment and social components in the national procurement process, from the bid documents to the contracts to the financial agreements, concession agreement, etc.

   (v) Hold a consultative workshop with participants from all relevant sectors and levels of government.

   (vi) Based on the output of the workshop, revise and finalize the performance bond arrangements in accordance with government procedures for institutionalization.

(Reference in text: page 4, para. 15)
(vii) Prepare an operational manual for the use of performance bonds in infrastructure projects.

(viii) Submit to ADB a report on the proposed performance bond arrangements.

2. **Compliance Reporting Mechanism for the Road and Power Sectors**

(i) Assess current compliance reporting in the road and energy sectors.

(ii) Design and prepare a mechanism to implement the new arrangements for compliance reporting of these two sectors.

(iii) Submit to ADB a report on the compliance reporting mechanism for the road and power sectors.

3. **Establishment of a Third-Party Monitoring System**

(i) Describe the types of “sensitive” and “complex” projects that would require third-party monitoring.

(ii) Draw up general terms of references for experts to serve on the third-party monitoring panel. The roster would include international, regional, and local experts in the environment, social development, transport, and energy.

(iii) Assess government resources for the management of a third-party monitoring system and thru financial implications.

(iv) Prepare and conduct a workshop on the third-party monitoring system and its implementation procedure, with participants from all relevant sectors and levels of government, together with stakeholders from the private sector, NGOs, and assistance community.

(v) Based on the results of the workshop, revise and finalize the third-party monitoring system in accordance with the Government’s procedures for adoption.

(vi) Prepare an operational manual for the use of third-party monitoring.

(vii) Submit to ADB a report on established third-party monitoring system.

4. **User Charges and Selected Market Mechanisms**

(i) Review the potential for introducing user charges for selected environmental services that could help finance the Government’s regulatory, review, monitoring, and compliance functions.

(ii) Submit to ADB a report on user charges.

(iii) Review options for selected market mechanisms.

(iv) Submit to ADB a report on options.
B. Environmental Fund Specialist (5 person-months)

5. The consultant should have strong environmental economic and financial skills; an understanding of the design, establishment, operation, evaluation, and strengthening of public funds for the financing of environmental protection; and knowledge of the operations and activities of environmental funds. Experience in the use of market-based instruments for environmental protection is required. Knowledge of the region would be an advantage.

6. The detailed tasks, to be undertaken with extensive consultation and cooperation with the Government of Lao PDR and other stakeholders, will include, but may not be restricted to the following:

   (i) Examine the institutional and legal status of the proposed fund and formulate decision-making structure and procedures.
   (ii) Establish arrangements for the endowment of the fund, including the funding cycle and the design of economic instruments upon which the fund will most heavily rely.
   (iii) Establish a fund management structure.
   (iv) Determine fund activities, spending strategy, and expenditure.
   (v) Establish evaluation, reporting, and public information measures.
   (vi) Hold consultation workshops with all relevant sectors and levels of government and the assistance community and prepare a report on the consultation.
   (vii) Prepare an issues and options paper on the establishment of the fund.
   (viii) Prepare a detailed proposal for the establishment of the fund, including concept, rationale, scope, governance, operations, modalities, financial management, and resource mobilization strategy;
   (ix) Draw up the charter of the proposed fund in accordance with the Government’s procedures for its establishment.
   (x) Review the potential of user charges for selected environmental services as an element for financing the fund.

C. Legal Specialist (1 person-month)

7. The legal specialist will assist the fund specialist. He or she will have experience in company law and civil code jurisdiction. Knowledge of the region is required. The detailed tasks to be undertaken with extensive consultation and cooperation with the Government of Lao PDR and other stakeholders, will include, but may not be restricted to the following:

   (i) Advise on any legal constraints on and issues in the establishment of the environmental fund.
   (ii) Assist the Government to address any legal obstacles pertaining to the establishment of the environmental fund.
   (iii) Draw up charter of the proposed fund in accordance with Government’s procedures for its establishment.
(iv) Draw up implementing regulations and guidelines for the proposed fund.
(v) Submit a report to ADB.

D. Involuntary Resettlement and Compensation Specialist (2 person-months)

8. The consultant will have the following responsibilities:

(i) Analyze the elements of involuntary resettlement and compensation policies and practices and compare them with ADB’s Policy on Involuntary Resettlement, the World Bank’s OD. 4.3. on Involuntary Resettlement, and the Involuntary Resettlement Policy and Regulations prepared by the Nam Theun 2 Resettlement Committee as part of the Nam Theun 2 Resettlement Action Plan;

(ii) Undertake consultation with all levels of Government and agencies and review the agency’s responsibilities for resettlement in terms of mandates, understanding, commitment, staff, financial resources, and implementation experience.

(iii) Advise on good international practice on involuntary resettlement and compensation, and prepare key findings and recommendations to enhance policy and implementation framework;

(iv) Prepare a draft national policy on involuntary resettlement and compensation, which should define the following key terms and consist of (i) defined objectives of the policy, such as improved livelihood, compensation and entitlements of affected persons; (ii) outline of the legal framework; (iii) principles of the policy that address the issues of compensation, vulnerable groups, and consultations; (iv) rights of compensation; (v) financial resources and budget; (vi) management of resettlement, that is the administrative and institutional set-up; and (vii) steps for the implementation of the policy.

(v) Prepare draft regulations, which consist of requirements for statistical data collection, contents of the implementation schedule, a dispute resolution mechanism, and provisions for monitoring.

(vi) Review the resettlement guidelines for the hydropower sector prepared under the World Bank–assisted Hydropower Development Strategy for Lao PDR, the resettlement guidelines for energy and transport prepared under ADB TA 3133-LAO and the environmental impact assessment guidelines for energy and the road sector.

(vii) Undertake consultation with all relevant levels and sectors of government and concerned agencies.

(viii) Revise these resettlement guidelines to outline preconstruction activities for the planning stage, socioeconomic and cultural information required for planning, institutional arrangements for resettlement, activities for the implementation phase, resettlement and compensation for rights-of-way (roads and transmission lines), monitoring of resettlement in the implementation and operational phases, and funding issues. Guidelines addressing issues of improving livelihoods of project-affected persons should be included.
Tailor these guidelines to the energy and transport sectors, respectively.

Prepare and conduct a national workshop to discuss the draft national policy on involuntary resettlement and compensation, its regulations, and the respective sectoral guidelines for energy and transport with participants from all the relevant sectors and levels of Government, together with other key stakeholders from the private sector, NGOs, and international and bilateral assistance agencies.

Based on the results of the workshop revise the draft national policy on involuntary resettlement and compensation and its implementing regulations as well as the respective sectoral guidelines for energy and transport.

Finalize as a Prime Ministerial decree the draft Involuntary Resettlement and Compensation Policy and Implementing Regulations in accordance with the Government’s procedures for adoption.

Prepare an operational manual on the implementation of the guidelines and provide training to staff with regard to the implementation.

Finalize draft Involuntary Resettlement and Compensation Guidelines for the Energy Sector and Transport Sector, respectively, in accordance with the Government’s procedures for issuance by the respective ministers.

E. Public Involvement and Participation Specialist (2 person-months)

9. The consultant will have the following responsibilities:

(i) Review the Public Involvement Guidelines for Natural Resource Development Projects prepared by UNDP/Economic and Social Council for Asia and the Pacific, the guidelines completed under TA 3133-LAO, and the Public Involvement Guidelines prepared based on lessons learned from the Nam Theun 2 experience.

(ii) Review additional mechanisms for public disclosure of information, such as the establishment of a public information center, the publication of an environmental gazette, and the establishment of a civil society consultation forum.

(iii) Refine the guidelines to include key definitions and guidance on planning, implementing, and monitoring involvement of affected communities during the project cycle and to promote participation, transparency, and accountability.

(iv) Hold a public and stakeholder consultation workshop.

(v) Revise the National Public Consultation Guidelines based on the results of the workshop.

(vi) Provide training on the carrying out of public consultation.

(vii) Finalize the guidelines in accordance with Government’s procedures for issuance by the President of STEA.

10. The domestic consultants will carry out their assignments under the general supervision of the international consultants. The domestic consultant recruited by the resource economist will assist the international consultants with the tasks related to compliance and enforcement and the establishment of the environmental fund. He or she will be recruited for the duration of the TA (16 person-months). The social development specialist who will be recruited by the
international resettlement specialist will assist the international resettlement and public consultation experts respectively. The duration of his or her assignment will be 5 person-months. The main tasks of the domestic consultants will be as follows:

(i) Maintain liaison with the focal ministries and agency staff responsible for the TA and coordinate with them and the international consultants on the necessary steps to achieve the TA targets and outputs.

(ii) Review the policies, laws, guidelines, and directives at national– and where appropriate at regional–level, identifying any area or sector where there may be gaps or ambiguity.

(iii) Conduct consultations with key stakeholders from Government, the assistance community and civil society, including the private sector and NGOs.

(iv) Coordinate the arrangements for the workshops, including setting the agenda and working arrangements, the presentations and discussions, and the workshop evaluations and reporting. Prepare workshop reports as required, summarizing key findings and recommendations to enhance the policy framework and build implementation capacity.

(v) Prepare training material and operational guidelines as required and translate into the official language.

(vi) Prepare legal documents in accordance with procedures for adoption by the Government.