Early Warning System

MIGA-12869

Hoi Xuan Hydropower Project

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Quick Facts

Countries	Vietnam
Specific Location	Quan Hoa
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Approved
Bank Risk Rating	A
Voting Date	2015-09-21
Borrower	Goldman Sachs (Asia) LLC
Sectors	Energy, Hydropower
Potential Rights Impacts	Cultural Rights, Healthy Environment, Housing & Property, Labor & Livelihood, Marginalized Groups, Right to Food, Right to Health
Investment Type(s)	Loan
Investment Amount (USD)	$ 200.00 million
Project Cost (USD)	$ 200.00 million

Project Description

The primary purpose of the project, as identified by MIGA, is to contribute to the increasing electricity demand in Vietnam. The project involves construction of a “102 megawatt hydropower plant on the Ma River in the Quan Hoa district, Thanh Hoa province in northeastern Vietnam. The facility will consist of a 43-meter high dam and a reservoir with a capacity of approximately 63.7 million cubic meters at normal water levels with a standard water level of 80 meters.” Additionally, the project will involve construction of a spillway, intake gate, penstock, powerhouse, discharge canal, water routes and access roads. Impacts for the project, including land acquisition, are expected to displace a total of 2,002 households (or 7,934 people), this, however, does not take into account downstream impacts, which are considered unable to be “fully determined” until after the dam is in operation.

Location: The Hoi Xuan hydropower project is planned for construction within the two provinces of Thanh Hoa and Hoa Binh, on the Ma river. “The project is located nearby the National highway 15A, 95km far from Hoa Binh town in the West, 195km far from Thanh Hoa province in the North-west, and 15km far from Hoi Xuan town, Quan Hoa district. The project is located on Ma river hydropower cascade, in the downstream of Trung Son hydropower, with 38.5 km from Trung Son hydropower.”
Resources needed: Land to be acquired
Project Number: MIGA 12869

Early Warning System Project Analysis

Risk Assessment: Category A.

The Multilateral Investment Guaranteed Agency (MIGA) classifies proposed projects based on the type, location, sensitivity, and scale of the project and the nature and severity of its potential environmental and social impacts. A proposed investment is classified as Category A, “if it may have potentially significant adverse social or environmental impacts that are diverse, irreversible, or unprecedented”.

APPLICABLE SOCIAL & ENVIRONMENTAL STANDARDS

MIGA documentation identifies some potential impacts as “reservoir flooded areas, relocation, loss of agricultural land, especially land for bamboo plantation, need for livelihood restoration, threats to ethnic/cultural identities in resettlement sites [and] increased drug use and trade among construction workers.”

People Affected By This Project

OUR RISK ASSESSMENT

Based on the World Bank Group's Multilateral Investment Guaranteed Agency project documents, this project poses potential risks to the following human rights:

Right to Culture-

This project is due to impact the existing cemetery of Thanh Xuan and Tan Son province. However, "[t]he religious ceremonies when moving ancestors' graves will be financed by the project." Additionally, "[a] wall has been requested by the local community [which] will be built to separate the village graveyard from the construction worker camp." Further, bank documentation projects a "[l]oss of traditional crafts. Villagers who have preserved hand weaving and brocade or bamboo weaving skills might not be able to continue or transmit their craft after resettlement." Further, there is a potential "erosion of downstream historical/cultural artifacts."

Right to Food-

This right is triggered due to the projected impact that "most project-affected households will be severely affected on their agricultural land. The capacity of these households to produce for their sustenance will be seriously impaired. Replacement agricultural land, the first priority stated in consultations, is an option that will be provided to both to relocated households and households affected by land loss only, in accordance with the resettlement policy framework." While full use of the reservoir body is planned, "fishing resources are expected to decline after a few years of reservoir operation."

Right to Freedom of Expression, Assembly and Association-

Bank documentation states that "[c]ollective assets and public works are [going to be] affected in 7 communes (Thanh Xuan, Phu Xuan, Phu Son, Phu Le, Phu Thanh, Trung Thanh, Van Mai) including one elementary school, one nursery school, one commune health station, one community house." Additionally, "[s]chool dropout rates might increase among relocated households, particularly girls, due to income shock and the peak of labor during resettlement."

Right to Health-

The right to health is expected to be impacted in a variety of ways. Firstly, a commune health station will be adversely affeted by the dam construction. Further, bank documentation states "[t]he presence of a large number of mostly male workers creates a risk of HIV/AIDS and other sexually transmitted diseases (STDs), especially for women, compounded by the risk of more prevalent drug use. Additionally, "During operation phase: The reservoir is likely to increase the presence of disease vectors. The health system will encourage use of mosquito nets. However, vulnerable households so far unaffected by mosquitoes might fail to use them. Households using rivers for their livelihoods and hygiene might use the reservoir water body for these purposes and be affected by waterborne vectors."

Right to Housing and Property-

Bank documentation states that due to reservoir flooding, "[t]he majority of households are losing houses, residential land and agricultural land (often with bamboo plantations)." Those households to be relocated have the option to choose a new location independently, or move to one of the resettlement sites. While "resettlement [is] for land only, replacement land will be provided with a Land Use Rights Certificate (LURC) at no cost to the households and in the name of both husband and wife." The Environmental and Social Impact Assessment states that "the cumulative number of households impacted by land acquisition under each project element is 2,002 (5,839 people)." "The planned resettlement sites are located in four of the communes affected by resettlement, so that most relocated households moving to a planned site will remain within their commune of current residence, and often within the boundaries of their village." It is estimated that 517 households "(out of

Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

Bank financing: This project is funded by the Goldman Sachs Group (Asia) LLC, for VNECO Hoi Xuan Investment and Electricity Construction Joint Stock Company. The loan would be guaranteed by the Ministry of Finance acting for and on behalf of the Government of Vietnam. “The arranger [Godman Sachs (Asia)] has applied for a MIGA guarantee of up to $200 million for a period of up to 15 years against the risk of non-honoring of sovereign financial obligations.”
Borrower: Socialist Republic of Vietnam
Amount of bank loan or investment: 200 million USD
Total project cost: 200 million USD

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Goldman Sachs (Asia) LLC	Client	-

Contact Information

Initial consultations have taken place in August of 2014, and the resulting concerns include compensation for land and livelihood, clearly defined living areas for workers as well as safety concerns regarding workers' presence in the communities and the impact of both relocation and the presence of construction workers on the cultural life of indigenous peoples. Environmental concerns include the cutting of trees and the importance of adhering to environmental laws. Mitigating health issues during construction phase, such as the increase of dust, is questioned, along with the feasibility of mitigation measures.

Bank documentation notes that the "[d]isclosure of information about the project is necessary during project implementation. ESIA will be announced in Vietnamese at the affected CPCs by a minimum of 60 days prior to construction." Further, according to the RLEMDP document, compensation to project affected families "will take place at least 5 months before land acquisition in most cases."

While no specific dates for future consultations are available, the project implementation schedule is as follows.
The original board date was scheduled for September 21, 2015 – however this date has been indefinitely postponed.
April to June 2014: Arrival of construction workers
April to June of 2014 through June of 2018: Relocation of persons in the reservoir-affected area
January to March 2018: "Reservoir filling […] and start of downstream impact of the dam on fish resources"

To dispute grievances with the Land law, one can follow these steps of the national procedure:
"First step: If any aspect of the resettlement and rehabilitation program aggrieves any person, he/she can lodge an oral or written grievance with commune authorities. The CPC will resolve the issue within fifteen days from the date it receives the complaint.
Second step: if any aggrieved person is not satisfied with the decision in the first step, he/she can bring the complaint to the DPC within fifteen days from the date of the receipt of the first step decision. The DPC will reach a decision on the complaint within fifteen days.
Third step: if the aggrieved person is still not satisfied with the decision at district level, he/she can appeal to the Provincial People's Committee within 45 days of receiving the decision of the DPC. The Provincial People's Committee will reach a decision on the complaint within the timing regulated by Vietnamese law.
Fourth step: If the DP is not satisfied with the decision of the Provincial level, the case may be submitted for consideration by the District Court within 45 days of receiving the decision of the PPC. The District Court will reach a decision on the complaint within the timing regulated by the Vietnam's law."

The World Bank Inspection Panel is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by a World Bank-financed project. It is not necessary to exhaust the grievance mechanism procedures before accessing the Inspection Panel. If you submit a complaint to the Inspection Panel, they may investigate to assess whether the World Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Inspection Panel and how to file a complaint at:
http://ewebapps.worldbank.org/apps/ip/Pages/Home.aspx

ACCOUNTABILITY MECHANISM OF MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/