



1. Project Background

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The Government of the Lao People's Democratic Republic (GOL) and the Nam Theun 2 Power Company Limited (NTPC) entered into a concession agreement on October 3, 2002 allowing NTPC to build-own, operate and transfer the Nam Theun 2 Hydroelectric Project (the Project) in Lao PDR. This chapter introduces the Project within the socio-economic context of Lao PDR. The policy and legal and administrative framework, in which the Project is set, are also briefly presented.

Brief Description

Lao PDR is situated in the centre of mainland Southeast Asia. Covering an area of some 236,800 km², it is marginally smaller than the United Kingdom. Landlocked and mountainous, almost all of Lao PDR is located within the lower watershed of the Mekong River, which borders or traverses much of the length of the country in a general north to south direction. The population of Lao PDR is estimated at 5.4 million, with most of the people living in sparsely distributed villages that can be difficult to access due to terrain and the monsoonal climate. Lao PDR is bordered by the Chinese province of Yunnan to the north, Vietnam to the east, Cambodia to the south, Thailand to the west and by Myanmar to the northwest.

The majority of the Project will be located in Khammouane Province, in central Lao PDR. A main dam on the Nam Theun, a tributary of the Mekong River, will create a 450 km² reservoir (full supply level) on the Nakai Plateau with a total storage volume of 3,910 million m³. Water from the reservoir will drop approximately 350 m to a power station located at the base of the Nakai Plateau near the town of Gnommalat. The water discharged from the power station will then flow into a regulating pond and from there to the Xe Bang Fai via a 27 km-long channel. The power station, comprising 4 Francis and 2 Pelton turbines, will have a generating capacity of 1,080 MW (net 1,070 MW). Approximately 95% of the generating capacity and electrical energy made available by the Project will be sold to the Electricity Generating Authority of Thailand (EGAT) and the remaining 5% will be sold to Electricité du Laos (EDL). The electricity generated for sale to Thailand will be delivered by a 138 km-long, double circuit, 500 kV transmission line. The transfer point is to be located at the Lao–Thai border on the Mekong River, near the city of Savannakhet. A 70 km-long, 115 kV transmission line will deliver electricity from the power station to the Thakhek substation for connection to the EDL system.

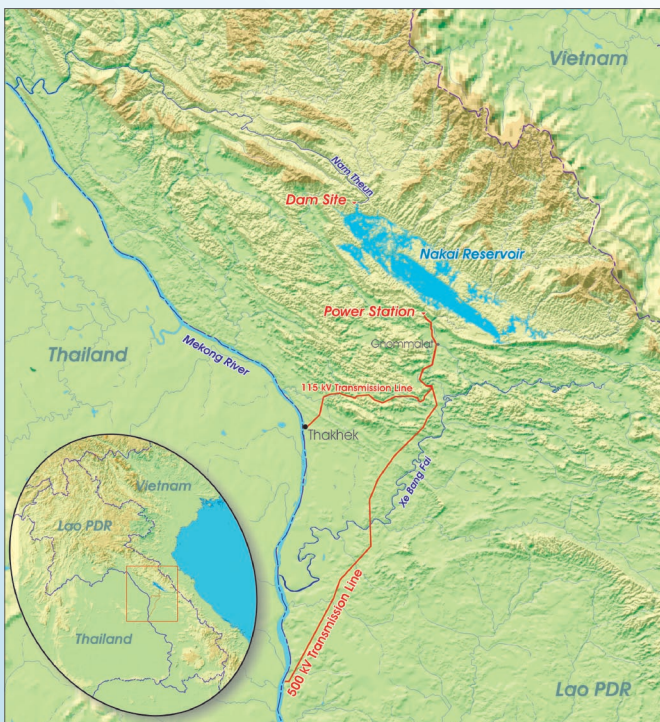


Figure 1.1: Location of the proposed Nam Theun 2 Hydroelectric Project

Project Equity

NTPC is a limited liability company that was incorporated under Lao law on August 28, 2002. Its registered office is currently in Vientiane, Lao PDR. The purpose of NTPC is to implement the Project. NTPC is owned by EDF International (EDFI) of France (a wholly owned subsidiary of EDF), Electricity Generating Public Company Limited (EGCO) of Thailand, Electricité du Laos (EDL) of the Lao PDR and Italian-Thai Development Public Company Limited (ITD) of Thailand, with the following shareholdings: EDFI, 35%; EDL, 25%; EGCO, 25%; and ITD, 15%.

The shareholders of NTPC, including the parent companies and associated companies within the respective group, have extensive experience in the design, construction and operation of large-scale hydroelectric power projects.

The total cost of the Project is estimated at US \$1.3 billion, inclusive of construction costs, mitigation and compensation measures, resettlement and contingency funding. Base equity will represent approximately 30% of this total, while Thai and US denominated debt will each represent approximately 35%.

Need & Rationale

Lao PDR is officially recognised as a least developed country (LDC) and relies heavily on external aid. Almost half of its 5.4 million people live in poverty. In 2001, gross national income per capita (GNI, formerly GNP per capita) was US \$290 (World Bank, 2001). The United Nations Development Programme (UNDP) ranks Lao PDR's "Human Development Index" at number 135 out of a total of 175 countries evaluated, making Lao PDR the lowest ranked country in Southeast Asia (UNDP Human Development Report, 2003). GOL is actively seeking foreign investment opportunities to help develop the nation's economy and lift it out of LDC status by the target date of 2020.

Lao PDR has few options to secure sustainable and environmentally sound economic and social development. Due to its low population and lack of skilled workers, the country's ability to develop labour intensive industries is limited, while its mineralogical resource base is as yet relatively undeveloped. In addition to the mining potential, opportunities also exist for timber harvesting, tourism and hydroelectric power.

Historically the use of forest resources has not been sustainable. In many instances, logging operations have led and continue to lead to extensive degradation of habitats and loss of soils due to erosion. A major drain on wildlife stems from the sale of wildlife both domestically and to neighbouring countries. Recently, GOL established a legal framework for monitoring the harvest of timber and is actively developing procedures to enable the sustainable use of forests, with the assistance of a number of donor organisations, including the World Bank, Finnish Department for International Development Cooperation (FINNIDA) and German Technical Cooperation (GTZ). In light of the potential further degradation of the environment through uncontrolled logging and the wildlife trade, the development of hydroelectric power is one option that will enable GOL to obtain sustainable foreign exchange revenue and to improve the country's socio-economic profile.

The development of hydroelectric power facilities within Lao PDR represents a highly appropriate method of achieving sustainable social and economic development. With neighbouring Thailand needing large amounts of competitively priced electricity, and identified feasible hydroelectric potential in Lao PDR exceeding 23,000 MW, the export of hydroelectric power is presently seen as the most appropriate way for GOL to best achieve its development goals.

Potential Contribution to the Economy of Lao PDR

The Governments of the Lao PDR and the Kingdom of Thailand entered into a MOU in 1996 for the development and supply of up to 3000 MW of electricity from Lao PDR to Thailand by the year 2006. GOL and the Government of Thailand subsequently agreed in 1998 to increase the export target to 1,600 MW by December 2006 and 1,700 MW by March 2008.

Under that MOU the Project has been nominated by GOL as a supplier of electricity to Thailand. The MOU represented the formalisation of a long history of bilateral electricity trades. Thailand began buying electricity from Lao PDR in 1971 (from the Nam Ngum 150 MW hydroelectric project) and has continued to purchase electricity since, notwithstanding minor disputes between the two countries during the mid-1970s. GOL has likewise been purchasing low voltage electricity from Thailand to supply its border provinces for many years.

Whilst Thailand presents a long-term viable customer for power generated from Lao PDR, importing 2,806 GWh of power from the Lao PDR in 2002, the current trade represents a fraction of the potential electricity exchanges between the two countries. As of today, only the 214 MW Theun-Hinboun and 126 MW Houay Ho projects (i.e. 340 MW or just over 10% of the capacity agreed under the MOU) have been constructed and the target figure of 1,600 MW by 2006 will not be met. However, thanks to its strong economic fundamentals and its particular focus on Lao PDR's social and economic development, the Project has remained under active development since 1994 and is now in the process of being implemented.

While the country has many potential hydroelectric projects, the Project has, through the export of 995 MW of generating capacity and electrical energy to EGAT and the supply of 75 MW of generating capacity and electrical energy to EDL, long been recognised by independent experts as the one project with the greatest potential to achieve the development objectives of the Lao PDR.

It has been estimated that over the life of the 25-year project concession period GOL will receive approximately US \$2 billion from the Project, which includes revenues from royalties (approximately US \$765 million), taxes (approximately US \$428 million), dividends (approximately US \$729 million), watershed management (US \$25 million) and equity (approximately US \$48 million). This estimate is being reassessed by the WB economic study. The precise amount of revenues from the Project will depend on several factors, including the demand for energy by EGAT, as defined in the Power Purchase Agreement (PPA). GOL intends to use its share of revenues to develop programmes that will contribute to the alleviation of poverty through the promotion of economic and social development.

The watershed management fee is an annual contribution of US \$1 million from the revenues of the Project during the operation phase and is in addition to the US \$6.5 million that will be allocated during the construction phase for the development of the Social and Environmental Management Framework and first Operational Plan (SEMFOF). These funds are to be utilised for the management of the 3,500 km² Nakai – Nam Theun National Biodiversity Conservation Area (NNT NBCA), which constitutes the majority of the watershed area upstream of the reservoir. In this way, the Project will contribute directly to improving local infrastructure and agricultural technologies utilised by communities residing within the NNT NBCA, as well as protecting its biodiversity.

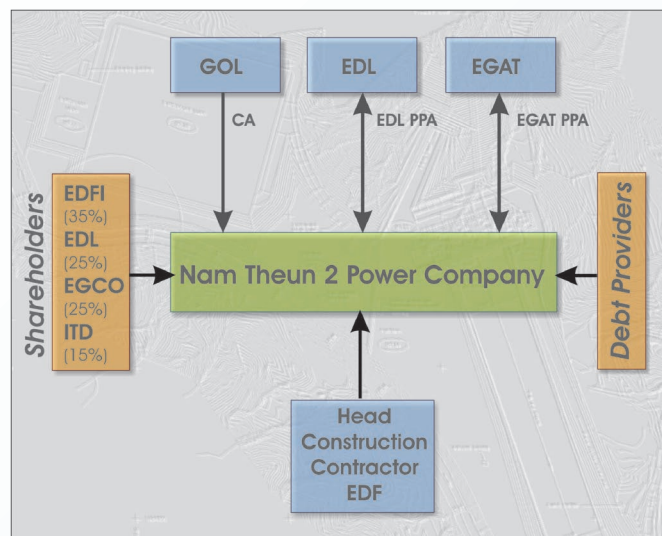


Figure 1.2: Parties to the Project

CA: Concession Agreement; PPA: Power Purchase Agreement; EDFI: Electricité de France International; EDL: Electricité du Laos; EGCO: Electricity Generating Public Company Limited; ITD: Italian-Thai Development Public Company Limited

Lao Policy, Legal & Administrative Framework

This section aims at briefly summarising the Lao laws, decrees and regulations that have been enacted in relation to environmental aspects and are relevant to the Project, as well as the international conventions that impose obligations on GOL in relation to environmental issues. NTPC's assessment of framework and the ADB's assessment of capacity will be incorporated into this section when they become available.

The Lao PDR Environmental Protection Law (EPL) promulgated in 1999 is the basis of Lao legislation regarding protection of the environment. It establishes a framework for unified environmental management of environmental resources, with the objective of preserving and facilitating sustainable use of natural resources. The Science, Technology and Environment Agency (STEA) of GOL is responsible for implementation of the EPL. Various ministries have issued guidelines for implementing provisions of the EPL but STEA is ultimately the agency issuing a conditional or unconditional environmental certificate of compliance after reviewing the Environmental Impact Assessment (EIA) with the various ministries involved. To comply with the requirements of the EPL, NTPC has prepared the EIA, called the Environmental Assessment and Management Plan (EAMP). The plan is also one of Safeguards Documents required by the World Bank for this Project.

National Laws

Over recent years GOL has developed and updated a number of regulations and policies for environmental management. This section presents the legislation and policies relevant to environmental management for the Project.

The Environmental Protection Law, 1999

The main piece of legislation is the Environmental Protection Law, which was approved on the 3rd of April 1999. Basic principles of environmental protection are that the national socio-economic development plan shall include provisions to protect the environment and natural resources; all persons and organisations residing in Lao PDR have an obligation to protect the environment. Whoever causes damage to the environment is responsible for the impact under the law. Natural resources, raw materials and energy

shall be used in an economical manner to minimise pollution and waste and allow for sustainable development (art. 5).

Important provisions of the Law include: Development projects and activities that have the potential to affect the environment shall require an EIA (art. 8). It is an obligation of all organisations to control pollution in accordance with environmental quality standards (art. 22) set forth in regulations by the various agencies involved.

In addition to the main EIA for the Project, a number of smaller environmental assessments are required under the EPL. These impact assessments will deal with the removal of vegetation for the various construction activities, the spoil disposal areas, the quarries, the borrow pits, the Transmission Lines, the resettlement villages and the construction work camps. These EIAs will be reviewed by STEA for approval. Additionally, it is expected that the World Bank will review these impact assessments prior to the start of construction of the Nakai Dam, the Headrace Channel, the Power Station, the Downstream Channel and the Transmission Lines and the Mekong River crossing of the transmission lines. Additional impact assessments are required for the operator's village, the sub-stations and the resettlement villages.

The implementing decree of the EPL (2002) provides the legal tool for implementation of the law. The Environmental Management Standard (2001) stipulates the minimum requirements to develop a project, including an environmental management plan for hydropower projects. STEA has also developed a set of regulations for conducting the environmental assessment of a proposed hydropower project (2000, 2001). These regulations and standards establish general environmental assessment requirements, including the timing of the environmental impact assessment in the project development cycle. They stipulate detailed project screening, initial environmental examination, and EIA requirements including content and format of reporting and the approval of the report.

The Forestry Law, 1996

The Ministry of Agriculture and Forestry (MAF) administers the Forestry Law, approved on the 11th of October 1996. The Forestry Law includes the following general provisions: i) Forest resources are comprised of all resources, whether living or non-living, that are found on forest lands, including soil, plants, water, aquatic animals and wildlife (art. 3); ii) All organisations have obligations to protect and conserve forest resources including watersheds, wildlife and the environment (art. 8); and iii) GOL is responsible for allocating the use of forest lands and resources. The Forestry Law (art. 16) categorises forests in Lao PDR into five groups: Protection, Conservation, Production, Regeneration and Degraded. In the management of forest resources, MAF has the right and responsibility to perform an executive, regulatory and advisory role to the government in the development of programmes, projects and legislation (art. 60). As the Project will affect some forests, MAF will review the EIAs for the construction areas, the resettlement areas, the spoil areas, the quarry areas and the transmission lines. Most of the forestlands in the resettlement area on the Nakai Plateau will likely be classified as Production Forests. These areas are adjacent to the northern end of the Nam Malou basin, which is considered a Wildlife Corridor and therefore should be classified as Protected or Reserve Forests.

The Water Law, 1996

The Law on Water and Water Resources (the Water Law), approved on the 11th of October 1996, is intended to assure the sustainable use of water. Water use is divided into small, medium and large scale uses (art. 14) and the legislation defines the rights, obligations and procedures for gaining approval for use of water resources (art. 4). The Water Law establishes requirements for preparation of an EIA for any large scale use of water (art. 18). The provisions include

construction of water reservoirs for the purpose of irrigation, consumption and energy production. Medium and large-scale users of the resource are restricted by permitting specific reservoir developments (art. 17). The Law does not require the development of a basin management plan. For hydropower development, an EIA is required prior to development of the project. The Water Resources Committee under the Prime Minister's Office administers the Water Law and is responsible for review and evaluation of the EIA.

The Electricity Law, 1997

The Electricity Law, approved on the 12th of April 1997, provides the basis for developing a concession agreement to construct and operate a hydropower project (art. 11) and provides requirements for the construction of transmission lines. In both cases, the Electricity Law provides for minimal damage to the environment that is to be monitored by the Environmental Management Unit in the Hydropower Department of the Ministry of Industry and Handicrafts (MIH). The law requires that EIAs be prepared, particularly for large-scale hydropower projects (art. 6, 12). The EIA requires incorporation of mitigation measures and requires compensation for damages to the environment, people's livelihoods, and if necessary relocation of affected people (art. 14, 18). The Hydropower Department within the MIH will also review the Project EIA.

Additional Decrees

Implementation of the laws described above is the responsibility of the various ministries and agencies administering the different laws. Implementation is generally set forth in a series of decrees that formally implement them. Several important decrees relevant to the Project are described briefly in the following paragraphs.

PM Decree 164 of 1993 Relative to the Establishment of National Biodiversity Conservation Areas

This decree legally established eighteen NBCAs throughout Lao PDR, including the NNT NBCA and satisfies certain GOL obligations to set aside biologically diverse areas under the Convention of Biological Diversity, ratified in 1996. The decree contains provisions for i) the main objectives of the protected areas; ii) measures and restrictions in protected areas; and iii) entrusting the MAF to establish provisions, detailed rules and management plans for each NBCA. Written into the decree is the planning for potential or existing uses that are feasible and appropriate in portions of the NBCA without compromising the overriding goal of biodiversity conservation. Such developments and uses include hydropower projects and customary use by populations that have been resident in or near the NBCA prior to their designation.

PM Decree 193 of 2000 Relative to the Definition of Boundaries of the NNT NBCA & Corridors, Reservoir & Resettlement Area

In order to clarify and legally define the various areas related to the Project, this decree determines the boundaries of: the NNT NBCA; two corridors between NNT NBCA and Phou Hin Poun NBCA and between NNT NBCA and Hin Nam Nor NBCA; the reservoir area at full supply level; and the resettlement area for the affected populations on the Nakai Plateau.

The area marked for removal of trees and vegetation was determined to be the highest elevation of the reservoir at 538 m above sea level. The designation of the two corridors between the three NBCAs is part of the compensation for the Project. The corridors effectively connect the three NBCAs immediately surrounding the Project. These corridors will be managed by the Watershed Management and Protection Authority of the NNT NBCA.

PM Decree 25 of 2001 Relative to the Establishment of the Nam Theun 2 Watershed Management & Protection Authority

Following review and negotiation by a range of stakeholders and Government agencies, this decree established the Nam Theun 2 Watershed Management and Protection Authority. It provides a detailed definition of the Authority's objectives, goals and functions, and the membership of the Board of Directors that will protect and manage the NNT NBCA. The responsibilities of the Watershed Management and Protection Authority are described in detail in the SEMFOP.

Other Ministerial Decisions & Orders

Current timber harvest policy is contained in Prime Minister's Order No. 15, which specifically prohibits logging of all kinds in the NBCAs and the corridors between the NBCAs. The policy regarding village use of forest is contained in the Minister's Decision 535, of the 18th of June 2001. Besides the NNT NBCA management objectives and specific wildlife regulations, a new policy regarding wildlife is contained in the Ministry of Agriculture and Forestry Order 76. This order prohibits hunting and trading of aquatic and forest animals both in-country and out-country, importation or transfer to a third country. In effect, this order prohibiting trade in wildlife establishes the basis for GOL to become a member of the Convention of International Trade in Endangered Species (CITES).

GOL Resettlement Policy

In 1997, GOL developed a draft policy on the relocation of people directly affected by development schemes. Under the Electricity Law, the Water Law and the Road Law, project developers are required to provide the affected population with compensation and/or replacement land for land taken from them as a result of the construction and operation of a project. The Draft National Resettlement Policy for Major Projects in Lao PDR provides a set of regulations for preparing and implementing an involuntary relocation programme.

Rights of ethnic groups are enshrined into the Lao Constitution of 1991 and were reinforced in 1992 through a policy paper entitled the Resolution of the Party Central Committee on Ethnic Affairs over the Past Years. This policy is to be used as a reference for the planning, implementation and development of compensation programmes. Resettlement plans address social and economic rehabilitation of the affected communities to enable them to re-establish, and possibly improve the quality of, their lives.

A resettlement policy specific to the Project, prepared by the Nam Theun 2 Resettlement Committee, was issued in June 2002 by the Deputy Prime Minister as Resettlement Committee Policy Adjustment No. 1147/CPC. Its objectives centre on providing agricultural and forestry production areas and developing a compensation package for the affected populations, with the aim being to upgrade and develop sustainable livelihoods. PM Decree 193 identifies the area where the resettlers are to be relocated and the Prime Minister's supplemental Decree 37/PM approves the allocation of this area. From a legal perspective there are two key requirements for the relocated populations: i) that they have some form of ownership of the land; and ii) that they are able to use the natural resources within that area.

The State grants rights to individuals, families and organisations to use the land pursuant to the Land Law of 1997, either as a temporary "right to use" for up to five years or as a thirty-year "lease". The Ministry of Finance, in conjunction with the Prime Minister's Office, has the responsibility for land titling, registration and leasing of land. MAF manages the use of such land. For the populations affected by the Project, Decree 37/PM specifies that the MAF Pro-

vincial Office shall determine which parts of the resettlement area shall be used for what purposes. The land will then be surveyed by the Department of National Land Use and Planning, which can grant a thirty-year lease on the land for housing and agricultural development. The use of forestry products will be managed on a community basis through the establishment of a forestry association, representing all of the affected families, authorised by MAF and further defined by the District Governor.

GOL Responsibilities Under International Treaties

The method for implementing obligations contained in international treaties to which Lao PDR is a party is an open issue within GOL. The Constitution does not specify whether Lao PDR has a monist system or a dualist system. The Ministry of Justice is currently developing provisions for regulating the ratification of treaties as a dualist system. Currently, it is understood that when GOL adopts an international convention, the legal system must conform to the provisions of the treaty and appropriate laws incorporated into the legal code. The National Assembly has enacted specific laws relative to their obligations under various international conventions. The specific conventions and agreements presented in this section pertain to biodiversity, social development and protection of significant cultural resources. Although the conventions do commit GOL to meeting the obligations, some of the conventions do not currently have a basis in Lao law.

Convention on Biological Diversity

On the 20th of September 1996, Lao PDR became a signatory to the Convention on Biological Diversity (CBD) of 1992, which imposed a number of obligations including the establishment of protected areas, the development of guidelines to manage those areas, identify and monitor components of biological diversity, and to assess the environmental impact of proposed projects which may have adverse impacts on biological diversity. Since the 9th of July 1985 Lao PDR has been a signatory of the ASEAN Agreement on the Conservation of Nature and Natural Resources, which covered most of the basic components of the CBD. Several key pieces of legislation were enacted to meet the obligations of the CBD: The Prime Minister Decree 164 of 1993 relative to the establishment of NBCAs; the EPL, in 1999; and the Regulation on the Management of the NBCA, Aquatic and Wild Animals, in 2001. The regulations provide rules on the establishment and management of the National Protected Areas.

Convention on Climate Change

On the 4th of January 1995, Lao PDR became a signatory of the United Nations Convention on Climate Change. Although there is currently little industry in Lao PDR, the government is responsible for assuring that future development in the country meets the conditions of the convention. In the case of the Project, one relevant issue, addressed in Chapter 3, is the potential for generation of greenhouse gas from the reservoir. Some other conditions that pertain to the Project include:

- Enhancement of energy efficiency in relevant sectors of the economy;
- Protection and enhancement of sinks and reservoirs of greenhouse gases, taking into account commitments under relevant international environmental agreements;
- Promotion of sustainable forest management practices, afforestation and reforestation;
- Promotion of sustainable forms of agriculture in light of climate change considerations;
- Measures to limit and/or reduce emissions of greenhouse gases; and
- Limitation and/or reduction of methane emissions.

Convention on the Protection of the World Cultural & Natural Heritage

GOL ratified this Convention on March 20, 1987. A Presidential decree on the preservation of cultural, historic and natural heritage issued in 1997 (No 03/PR) outlines the regulations and measures for the management, conservation, preservation and use of the national heritage, including for the upgrading of movable and immovable assets with historical or cultural or natural value into the national heritage (art. 1).

The Ministry of Information and Culture (MIC) is responsible for implementing the Convention for the Protection of World Cultural and Natural Heritage resources. This convention aims at the protection and conservation of the world cultural and natural heritage including habitats of threatened animal and plant species and sites of outstanding cultural value.

An initial physical cultural survey was completed on the Nakai Plateau in 1995. Prior to constructing the Project, a more detailed survey of the construction areas and the Nakai Plateau within the reservoir area is being conducted. The purpose and methodology of this survey are defined in the impact assessment and management chapter.

Agreement on the Cooperation for Sustainable Development of the Mekong River Basin

The Agreement on the Cooperation for Sustainable Development of the Mekong River Basin was ratified by GOL on the 5th of April 1995. The primary purpose of the agreement is to ensure the sustainable development, utilisation, management and conservation of resources associated with the Mekong River.

Provisions that are directly applicable to the Project include:

- Cooperate in sustainable development, utilisation, management and conservation of water and related resources of the Mekong River;
- Assist in development of sustainable benefits to all countries bound by the agreement;
- Protect the environment, natural resources, aquatic life and ecology of the Mekong River Basin;
- Accept provisions outlined in the agreement relating to intra- and inter-basin diversions;
- Cooperate in the maintenance of flows on the mainstream of the Mekong River;
- Avoid, minimise and mitigate harmful effects to the environment; and
- Ensure the Mekong River remains free from obstructions, measures, and actions that may impair navigability of the river.

Planning for the Project has incorporated many of the issues related to this agreement. In addition to the hydrological impacts on the Mekong River, a 500kV transmission line will cross the Mekong River to deliver power to Thailand. The design of the transmission line will not affect navigability of the river.

International Waterways

As the Mekong River is an international waterway, to be crossed by the Project's proposed 500kV transmission line, notification was sent to all riparian countries, China, Myanmar, Thailand, Cambodia and Vietnam, and to the Mekong River Commission. An initial notification was sent in 1996 to each of the countries and no response was received. A second notification was sent to the Mekong River Commission by the Lao National Mekong Committee Secretariat in 2000 and a presentation of the Project was given to the Joint Committee prior to the MRC Council Meeting in October 2000. A third notification was sent in 2003 to each of the

countries as a backup to the initial notification. Responses to the notification are expected in 2004. If no responses are received, it will be assumed that there are no comments on the transmission line crossing and that the crossing is acceptable to all countries.

Disputed Territories

The concern about disputed territories stems from the crossing of the Mekong River by the transmission line. Two towers will be constructed in the river with one tower close to the Lao side and the other near the Thai side of the Mekong River. Although there is some debate as to where the actual international border occurs within the river, both countries have accepted the positions of the towers relative to their national borders. Arbitrarily, the delivery of electricity from Lao PDR to Thailand is at the midpoint between the two towers, which does not imply that the middle of the river is the international boundary. The decision to name the midpoint between the two towers as the delivery point to Thailand is an arbitrary determination that was agreed to by both Lao PDR and Thailand. Consequently, there is no real debate about the bed of the Mekong River being part of either Lao PDR or Thailand, and no debate relative to the 500 kV transmission line crossing of the Mekong.

Other International Conventions

Lao PDR has also ratified on the 14th of August 1980 the international convention on the elimination of all forms of discrimination against women and the convention on the rights of the child on the 8th of May 1991. The United Nations Children's Fund (UNICEF) and UNDP are helping GOL to develop specific legislation related to these two conventions. These will be taken into consideration by the Project in due time. For the record, in 1996 Lao PDR ratified the convention on desertification, with limited relevance to the Project.

Enforcement & Implementation of the Law Relative to the Project

Mechanisms for the enforcement and the implementation of the law are being established. The ADB is currently assessing national capacity on this issue. The findings of this study will be incorporated into the EAMP once they become available. The following institutional measures are planned to assist in the strengthening of the environmental management of projects. STEA will take the lead in developing the necessary regulations and the development of staff to implement the National Environmental Action Plan (NEAP). Particular importance is given to:

- Adoption of environmental assessment regulations and guidelines for the industrial, agricultural and forestry, hydropower, mining and transport sectors;
- Improvement and implementation of forest management and conservation policy;
- Improvement of watershed management in areas with existing and planned hydropower projects;
- Assistance in expanding and managing the national biodiversity conservation area system;
- Reinforcement of staff capability for participating in the environmental protection aspects of development planning and implementation;
- Expansion of environmental data collection systems including land resource/use mapping, land capability assessment and zoning; and
- Assistance with training of staff of various line agencies that are involved with environmental assessment of infrastructure.