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USAID'S REVIEW OF MULTILATERAL DEVELOPMENT BANK ASSISTANCE PROPOSALS

Likely to Have Adverse Impacts on
the Environment, Natural Resources,
Public Health, and Indigenous Peoples

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USAID Review of Multilateral Development Bank Assistance Proposals Likely to Have Adverse Impacts on the Environment

Introduction

The U.S. Agency for International Development (USAID) submits this report in compliance with Title XIII of the International Financial Institutions (IFI) Act.¹ The IFI Act instructs USAID to report to Congress on proposals before the multilateral development banks² (MDBs) that are likely to have adverse impacts on the environment, natural resources, public health, or indigenous peoples.

This report covers a six-month period (February 2015 through July 2015) and provides information regarding USAID's performance of its duties under Title XIII of the IFI Act to the Committee on Appropriations, the Committee on Banking, Finance and Urban Affairs and the Committee on Foreign Affairs of the U.S. House of Representatives, as well as the Committee on Appropriations and the Committee on Foreign Relations of the U.S. Senate.

USAID/Washington works with its regional bureaus and field missions, as well as other U.S. Government agencies, including the Department of Treasury (Treasury), the Department of State (State), the Environmental Protection Agency (EPA), and the Office of the U.S. Executive Directors (OUSEDs) at the Multilateral Development Banks (MDBs).

MDB Project Review

MDB proposals and projects with the potential for adverse environmental and social impacts are initially identified by USAID/Washington and field missions, EPA, State, Treasury and other U.S. Government agencies, OUSEDs of the MDBs, and/or nongovernmental organizations (NGOs) and researchers. The criteria for selecting identified MDB projects for USAID Title XIII review include consideration of the potential adverse impacts (direct, indirect, cumulative and associated facilities) on the environment, natural resources, public health, or indigenous peoples, as well as MDB project classification.

To increase the effectiveness of the Title XIII process, USAID engages in the MDB project proposal process as early as possible, typically through site visits and interviews with local,

¹ Title XIII International Financial Institutions Act of 1977, As Amended includes amendments of 1988 and 2005 Foreign Operations Appropriations Acts. Section 1303(3)(c) instructs USAID to identify assistance proposals likely to have adverse impacts on the environment, natural resources, public health, or indigenous peoples. The proposals identified are transmitted to designated Congressional Committees.

² As defined in Section 1307(g) of the International Financial Institutions Act, "In this title, the term 'multilateral development bank' means the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency, the African Development Bank, the African Development Fund, the Asian Development Bank, the Inter-American Development Bank, the Inter-American Investment Corporation, any other institution (other than the International Monetary Fund) specified in section 1701(c)(2), and any subsidiary of any such institution.

regional and international stakeholders. USAID continues this interaction with relevant stakeholders during the latter stages of the project proposal process when all of the environmental and social documentation is available. The U.S. Department of Treasury reviews USAID MDB Reports to Congress.

Potential MDB Proposals/Projects for Future Review: USAID maintains a list of MDB proposals and projects with potential environmental and social impacts. The list falls into two categories: 1) pre-MDB Board vote, and 2) post-MDB Board approval.

- 1) Pre-MDB Board Vote: USAID and Treasury maintain “upstream” proposal lists, which include proposals at various stages of development prior to the MDB Board vote. Proposals in this category have been identified based on their potential for adverse impacts (direct, indirect, cumulative and associated facilities) on the environment, natural resources, public health, or indigenous peoples. Proposals in this category are candidates for Washington-based review and/or Field-based affirmative investigations. New projects in this category are:
 - Burma – Greater Mekong Subregion East-West Economic Corridor Eindu to Kawkaeik Road Improvement Project [potential Asian Development Bank (ADB) financing]
 - Cambodia – Land Allocation for Social and Economic Development Project, Phase II (potential World Bank phase II financing)
 - Guinea – Fomi Multipurpose Hydropower Project (potential World Bank financing)
 - Ethiopia – Enhancing Shared Prosperity through Equitable Services (potential World Bank financing)
 - Vietnam – Second GMS Southern Coastal Corridor Project (potential ADB, additional financing)
- 2) Post-MDB Board Approval: Projects in this category are candidates for ongoing monitoring reviews pursuant to USAID’s Title XIII reporting responsibilities to determine the degree of incorporation and effectiveness of U.S. Government recommendations and the adequacy of safeguard policies. Projects are selected based on consideration of their potential adverse impacts (direct, indirect, cumulative and associated facilities) on the environment, natural resources, public health, and/or indigenous peoples. There are no new projects in this category.

A list of 1) pre-MDB Board vote; and 2) post-MDB Board approval projects that have been reported in earlier MDB Reports to Congress that USAID continues to follow are included in the Annex.

MDB Proposal and Project Review

The MDB projects selected by USAID, in consultation with other U.S. Government agencies, for review during the period covered in this report are either candidates for financing or have been approved for financing by Multilateral Development Banks as

defined in Title XIII. Reviews of MDB proposals and projects related to Title XIII typically fall into one of the following categories:

1. MDB Proposals with Potential for Adverse Impacts (Washington-based review):

Following proposal selection by USAID, in consultation with State and the Treasury, USAID undertakes a desk-based technical review of the respective project's Environmental and Social Impact Assessment (ESIA) and supporting documentation. Based on this review, USAID develops recommendations regarding potential mitigation measures in an attempt to avoid and mitigate potential environmental and social impacts. USAID provides its technical assessment of the ESIA and proposed recommendations to Treasury for consideration prior to Board vote.

2. USAID Affirmative Investigations (Field-based reviews): An affirmative investigation is most likely to influence a project when the MDB and project sponsor are engaged early in the proposal development process. Affirmative investigations consist of in-country consultations with a variety of stakeholders, including government, project proponents, and civil society; site visits to the project and surrounding area and meetings with project-affected communities and document review. Proposals that are selected for an affirmative investigation include: 1) technical assistance or feasibility studies that have the potential to lead to additional MDB or private sector financing for project development; and/or 2) projects under discussion with various MDBs, for which a management decision has not been made on whether to bring these projects into the MDB formal appraisal process; and/or 3) projects that have not initiated the Environmental Impact Assessment/Environmental and Social Impact Assessment (EIA/ESIA) but which do have a pending Board date. MDB projects with ESIA's are selected for affirmative investigations based on information presented in the ESIA showing their potential to cause significant environmental and social impacts.

3. MDB Project Monitoring Review (Washington-based or Field-based reviews):

Monitoring reviews of an MDB-financed project are conducted at any time over the life of financial assistance of the project. Monitoring reviews evaluate the incorporation of U.S. Government recommendations from a previously conducted Affirmative Investigation or other in-depth ESIA review and assess the effectiveness of safeguard policies to assist in improving MDB safeguard policies and their implementation. A desk-based monitoring review is initially conducted to determine if a field visit is required. The criteria for selecting MDB projects for monitoring review include consideration of their potential adverse impacts (direct, indirect, cumulative and associated facilities) on the environment, natural resources, public health, or indigenous peoples. Projects in this category are:

- Brazil – Klabin – PUMA Pulp Production Facility [International Finance Corporation (IFC) and Inter-American Development Bank (IDB) financed – 2014]
- Brazil/Paraguay – Minerva S.A. Beef (IFC financed - 2013)

Section 1

MDB Proposal/Project Monitoring Reviews

The following are two MDB projects for which USAID has initiated a desk-based monitoring review during the six-month period from February to July 2015.

- **Brazil – Klabin – PUMA Pulp Production Facility** (IFC and IDB financed - 2014)

The Klabin project consists of the development of a greenfield 1.5 million tons per annum (mtpa) pulp production facility, with associated infrastructure and logistics investments, including a 260 Megawatt-hours (MWh) biomass co-generation plant in Parana state.³ The total estimated cost is approximately \$3.4 billion. The project will use primarily Forest Stewardship Council (FSC)-certified⁴ fiber from Klabin's existing plantations, supplemented by wood fiber from known and controlled sources locally, whose forestry management practices are in keeping with FSC requirements. The products are bleached hardwood kraft pulp for export markets and bleached softwood kraft pulp for the Brazilian market.

The Klabin project is located in modified habitat, which includes plantations of eucalyptus and pine and some fragmented remnants of native forests of the Atlantic rainforest. Initial biological baseline surveys indicated that fragmented zones of Atlantic Forest vegetation are in different stages of regeneration with significant biodiversity value. Initial surveys identified eight mammals listed as threatened and endangered and 21 species that are endemic to the Atlantic Rainforest. There are also two Indigenous Peoples Reserves in geographic proximity to the project. The Queimadas Indigenous Peoples (IP) Reserve is located approximately 22 km from the plant site, and the Tibagy/Mococa IP Reserve is located 35 km downstream of the project on the Tibagi River. Construction is reported to be on schedule with the expectation of a 2016 production start date.⁵

The U.S. Government abstained on the project due to the lack of an environmental and social impact assessment for associated facilities (a railway spur and access roads) and a requirement under a loan from the Brazilian Development Bank (BNDES) that at least 60 percent of the goods and materials used in the construction of the plant be procured locally.

USAID is undertaking a desk study of this project due to the potential for significant environmental and social impacts of associated facilities to make a determination if a site visit is necessary.

³<http://ifcext.ifc.org/ifcext/spiwebsite1.nsf/651aeb16abd09c1f8525797d006976ba/ca51bce38cf6a03485257aa800610e7d>

⁴ FSC certification ensures that products come from well-managed forests that provide environmental, social and economic benefits.

⁵ <https://www.klabin.com.br/EN/search/?s=Puma+Project+construction&releases=true>

- **Paraguay – Minerva S.A. Beef** (IFC financed – 2013)

Minerva S.A. is one of the largest meatpackers in Latin America and the second largest beef exporter in Brazil, with a 22 percent market share in beef exports. The company operates in Brazil, Paraguay and Uruguay with plans to expand activities into Colombia. The project is projected to have significant social and economic benefits by: 1) supporting the implementation of an environmental and social action plan that promotes a model for sustainable cattle ranching that will set a benchmark for the rest of the industry; 2) supporting continued development of a company that employs more than 10,000 staff in rural communities, and has linkages to a network of 9,000 farmers in Brazil, Paraguay and Uruguay; 3) contributing to global food security through a sustainable increase in beef production; and 4) promoting rural economic development in frontier regions.⁶ Total project cost is estimated at \$290 million over three years.

Minerva recently acquired a slaughterhouse in Paraguay as part of this project. The Gran Chaco, in western Paraguay, is the primary source location for cattle farms and is also home to 13 indigenous ethnicities, which represent 31 percent of the country's population. The land rights of these indigenous peoples are not officially protected, as they lack legal titles to their traditional territories. Large sections of the Paraguayan Chaco are being deforested by cattle ranchers from Brazil. According to a satellite analysis, 232,000 ha and 286,742 ha were deforested in 2010 and 2011, respectively.⁷

USAID reviewed this project prior to financing and details can be found in the October 2013 MDB Report to Congress. USAID's concerns focused primarily on: 1) Minerva's operations in Paraguay and impacts on indigenous peoples and biodiversity; and 2) secondary and tertiary suppliers of cattle throughout Minerva's operations. The United States abstained on this loan due to both inconsistencies with the Pelosi amendment's disclosure requirements and the overly long timeframe (two years) proposed in which to allow the sponsor to become compliant with the relevant IFC Performance Standards.

USAID is undertaking a desk study of this project based on its potential for significant environmental and social impacts to determine if a site visit is necessary.

⁶<http://ifcext.ifc.org/ifcext/spiwebsite1.nsf/651aeb16abd09c1f8525797d006976ba/4627ff31488cb32685257b3d00583091>

⁷ <http://www.redd-monitor.org/2013/04/10/can-redd-save-the-thorn-forests-of-the-paraguayan-chaco/>; <http://www.wcs.org/where-we-work/latin-america/paraguay.aspx> and personal information gained during a 2015 site visit to Paraguay.

Section 2

Potential MDB Proposals/Projects for Future Review

USAID monitors the status of selected projects in the project proposal process. These proposals may not yet be in the MDB pipelines, may have initiated the ESIA, or may be scheduled for a board vote. USAID also monitors some projects that have been financed and are either in construction or operation phase. Criteria used for selecting projects include potential impacts (direct, indirect, cumulative and associated facilities) on biodiversity, environment/natural resources, indigenous peoples, or public health. These lists are not inclusive of all proposals or projects that could have adverse environmental and social impacts, but they provide an overview of the types of projects that are followed.

Projects recently added to USAID's list of potential projects to review

Pre-MDB Board Vote

- Burma– Greater Mekong Subregion East-West Economic Corridor Eindu to Kawkareik Road Improvement Project (potential ADB financing)

The Asian Development Bank (ADB), at the request of the Government of Burma, is considering the provision of financial assistance for the improvement of 66.4 kilometers of road between Eindu and Kawkareik, in Karen State.⁸ This section



of the road is critical for completion of the East-West Economic Corridor (EWEC), a flagship project of the Greater Mekong Subregion (GMS) and the ADB. Improvements to the road are expected to support the growing trade between Burma and Thailand through improved connectivity within the Karen State and into Thailand. In 2013, the ADB approved a technical assistance loan to the government for project preparation, including analyses and other work needed to address engineering, economic, social and environmental safeguards and financing requirements of the project.

The Karen Peace Support Network (KPSN) released a statement on July 10, 2015,⁹ concerning the recent fighting between the Burma Army and the Democratic Karen

⁸ <http://www.adb.org/projects/46422-001/main>

⁹ [http://business-](http://business-humanrights.org/sites/default/files/documents/KPSN%20Asian%20Highway%20Statement%20%28english%29.pdf)

[humanrights.org/sites/default/files/documents/KPSN%20Asian%20Highway%20Statement%20%28english%29.pdf](http://business-humanrights.org/sites/default/files/documents/KPSN%20Asian%20Highway%20Statement%20%28english%29.pdf)

Benevolent Army (DKBA) along the recently completed section of the Asian Highway between Myawaddy and Kawkareik. The KPSN statement reports that this is the fourth instance of armed clashes in the area in the past year, breaking out amidst rising tensions over control of the highway which is slated to officially open in July 2015.¹⁰ KPSN views the situation along the Asian Highway as similar to what has occurred in Burma’s ethnic areas, where large-scale development projects are pushed ahead in conflict zones. KPSN believe that temporary ceasefire agreements fail to bring meaningful peace, instead facilitating land grabs for destructive projects under centralized control and increased militarization. To improve the situation, the KPSN is requesting that “Thailand, ADB, JICA and other development actors financing large-scale development projects in Karen State should re-evaluate their approach to be conflict-sensitive. They should align their strategy according to recent political developments on the ground, in order to reduce risk to their investment and reputation.”¹¹

USAID is following this project due to potential impacts on ethnic minorities and biodiversity. The board is set to vote on this project in November 2015.¹²

- Cambodia – Land Allocation for Social and Economic Development Project, (LASED II) (potential World Bank phase II financing)

The World Bank is considering a \$25 million loan to finance a five-year Land Allocation for Social and Economic Development II project (LASED II) for 15 social land concessions in Kratie, Kampong Cham, Kampong Chhnang, Kampong Thom, Kampong Speu and Battambang provinces.¹³ LASED II is the second phase of the World Bank - financed “Land Allocation for Social and Economic Development Project” which was approved in 2008 and closed in 2015. The development objective of LASED was to improve the identification and use of state lands transferred to eligible, poor and formerly landless or land-poor recipients. Success will be measured using the following criteria:



- 1) the adoption rates of improved land management and agricultural production systems in Social Land Concession sub-projects, which use a Cambodian legal mechanism to

¹⁰ The road opened in early September 2015. <http://www.firstpost.com/india/new-asian-highway-linking-india-myanmar-and-thailand-put-into-service-2418178.html>

¹¹ <http://business-humanrights.org/sites/default/files/documents/KPSN%20Asian%20Highway%20Statement%20%28english%29.pdf>

¹² The Asian Development Bank Executive Directors approved a loan in the amount of \$100 million on November 10, 2015.

¹³ <http://www.phnompenhpost.com/national/world-bank-mulls-new-loans>

- transfer private state land for social purposes to the poor who lack land for residential and/or family farming purposes;
- 2) the proportion of land recipients which meet poverty criteria and were landless or land-poor prior to project interventions; and
 - 3) the effective implementation of dispute resolution procedures under the project, related to challenges to the land recipient selection process.

Before the Social Land Concessions (SLCs) can be granted, the land must be registered as state private land. To date, a total of 3,148 land recipients have been selected for all SLC sites, and a total of 10,273 ha have been completely registered as state private land for designation as SLC sites. As of November 2014, 1,762 families have moved into the SLC sites and about 2,302 ha of total agricultural land has been cultivated.¹⁴ Land tenure security is considered the greatest benefit derived from the project. As of December 2014, steps have been taken to start the titling process for eligible land recipients.

Civil Society Organizations (CSOs) have reported that the project has met with mixed success. The Cambodian League for the Promotion and Defense of Human Rights (LICADHO), a Cambodian non-profit human rights organization, conducted field visits to all eight SLCs located in the seven communes in the provinces of Kampong Thom, Kratie and Tboung Khmum. Their findings indicate that numerous villagers at seven of the eight sites reported their inability to use the allocated agricultural plots due to low soil fertility, lack of equipment to clear the land, and land disputes. Many families still rely on daily labor on nearby farms or seasonal migrant labor to earn an income. One exception is the SLC site in Choam Kravien commune, which has the highest settlement rate of the eight SLC sites and benefits from good quality soil and adjacent streams for productive yields of cassava. Villagers told LICADHO that they were able to improve their food security, and that their main source of income is from their farm land. There is concern that many families will not be able to meet the government conditions of obtaining a land title.

Under the LASED project, according to the World Bank Implementation Completion and Results (ICR) report¹⁵ the Government had provided land titles to 250 households (roughly 22 percent) who had met the eligibility criteria and is processing title applications for the remaining eligible households. As reported in the ICR, the 2014 annual German Development Agency Food Security Survey conducted in four LASED sites found that food insecurity had significantly declined over a four-year period. The survey also noted that around 30 percent of LASED households still faced food shortages compared to 45 percent of households in the control survey group, and those agricultural production systems of most households, while improved, remained fragile and required more support.

USAID is following this project due to potential impacts on livelihoods following resettlement and the impact on the social structure of communities. CSOs are concerned

¹⁴ http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/EAP/2014/12/23/090224b08294a3fb/1_0/Rendered/PDF/Cambodia000Lan0Report000Sequence009.pdf

¹⁵ <http://documents.worldbank.org/curated/en/2016/02/25126243/cambodia-land-allocation-social-economic-development-project>

by the potential use of SLCs by the Government of Cambodia to respond to communities forcibly relocated from their land due to the actions of either the government or the private sector. This project is still in its early stages and World Bank has not decided to go forward with a second phase.

- Guinea – Fomi Multipurpose Hydropower Project (potential World Bank financing)

Fomi Multipurpose Hydropower Project is one of three priority regional infrastructure investments identified by the Niger Basin riparian countries under their 2007 Shared Vision and Sustainable Development Action Plan. Fomi Dam is a transboundary project impacting Guinea upstream and Mali downstream of the dam site. The project will require significant resettlement in Guinea (more than 45,000 people) and would impact the Niger Inner Delta in Mali. As currently designed, Fomi is expected to provide up to 6.1 billion m³ water storage in Guinea; generate 90MW of renewable electricity; increase downstream dry-season irrigation potential by 211,000 ha; and maintain dry-season environmental flows (40 m³/s).



The Bank’s engagement in the early analysis of a potential Fomi Dam includes: updating the Fomi feasibility study; detailed design and ESIA through the ongoing APL1 Niger Basin Water Resources Development and Sustainable Ecosystems Management Project. The World Bank is also providing regional support to the Niger Basin Authority. Informed dialogue and decision-making associated with the preparation of this project, including complementary environmental and social studies will be facilitated through a grant under the Cooperative International Waters in Africa Trust Fund.

USAID is following this project due to potential impacts on indigenous peoples and biodiversity. This project is in its early stages of development with the World Bank supporting additional environmental and social studies to incorporate into the ESIA’s.¹⁶

- Ethiopia – Enhancing Shared Prosperity through Equitable Services—(ESPES) (potential World Bank financing)

The World Bank has developed ESPES as a new framework for engaging in decentralized basic services in Ethiopia. Building on almost 10 years of support for the Promoting Basic Services Program, the ESPES is designed to “focus on leveraging the government’s broad program of service delivery support to promote equity, enhance capacity, and

¹⁶ <http://www.worldbank.org/content/dam/Worldbank/document/Africa/Guinea/fomi-fact-sheet-2015.01.pdf>;
<http://www.worldbank.org/en/news/feature/2015/03/04/niger-basin-countries-collaborate-on-hydropower-irrigation-and-improved-water-resource-management>

institutionalize critical systems for service delivery, especially at the woreda (district) level.”¹⁷ The project supports the Government of Ethiopia’s basic services delivery system (e.g., education and health) which is done through intergovernmental transfers program to the woredas.

The choice of World Bank financial instrument, Program for Results (PforR), allows the ESPES program to address critical institutional capacity-building needs identified in the Inspection Panel report. The Anuak peoples made the request to the World Bank Inspection Panel as they believe that they have been or may be harmed by the Bank-supported Promoting Basic Services (PBS) program. They claimed the BPS program is not in compliance with its policies and procedures because it is "contributing directly to the Ethiopian Government's Villagization Program in the Gambella Region." The PforR has the following objectives:

- 1) Institutionalizing citizen engagement in social accountability, grievance redress mechanisms, financial transparency, and accountability. Interventions under the PforR are anchored around linking such initiatives to the client’s good governance agenda.
- 2) Providing a critical vehicle to address key safeguard issues by introducing a dedicated program of support for environmental and social capacity management to strengthen risk assessment from the ground up.
- 3) Minimizing operational risks through strong fiduciary support, including a focus on enhanced public financial management capacity and performance assessment, coupled with deepened financial oversight, procurement, and control mechanisms.

USAID is following this project due to findings of the World Bank Inspection Panel in the case of the Protection of Basic Services III project’s potential impacts on indigenous peoples. Additionally, USAID is also concerned about potential impacts on biodiversity. This proposal is expected to be presented to the board for financing in September 2015.¹⁸

- Niger – Niger Basin Water Resources Development and Sustainable Ecosystems Management Program (Kandadji Multipurpose Hydropower Project)(World Bank, AfDB financed 2012, 2014)¹⁹

Of the three priority regional infrastructure investments identified by the Niger Basin riparian countries, Kandadji is expected to be the first dam in the pipeline operational in 2019-2020. As currently designed, Kandadji’s reservoir storage of approximately 1.56 billion m³ is expected to generate 130 MW of renewable electricity, increase downstream dry-season irrigation potential by 45,000 ha, and maintain dry-season environmental flows

¹⁷ http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/07/03/090224b082fcd74f/1_0/Rendered/PDF/Ethiopia000Enh0ble0Services0Project.pdf

¹⁸ The World Bank Executive Directors approved an IDA credit in the amount of \$600 million on September 15, 2015.

¹⁹ This project was initially identified as a candidate for an affirmative investigation due to the potential of additional financing for an expanded agricultural irrigation scheme in the Niger Basin. Based on communication with World Bank and AfDB staff, at this point in time, neither MDB has any foreseeable plans for financing a new operation.

(120 m³/s). Similar to the Fomi dam, Kandadji is expected to provide multipurpose benefits, including expansion of food production with irrigated agriculture, electricity generation, and water storage for dry season use in Niamey.

The Kandadji Program is an initiative to increase food production, generate more electricity, boost jobs, and create economic opportunities for families and communities in the Sahel.²⁰ The Kandadji Hydropower Project – one component of the program – is divided into two stages. Although significantly delayed, the first stage involves the civil works with the relocation of 5,410 people and the development of 2,000 hectares of irrigated land to support economic development and livelihoods of resettled people. The second stage includes the construction of a hydropower plant and 200 km transmission lines to serve the cities of Niamey and Tillabéri, and expands resettlement efforts to those living in the entire affected region, primarily those living in the flooded area once the dam construction is complete. Approximately 32,500 people will be relocated during this stage. A Resettlement Policy Framework and a separate Resettlement Action Plan will be prepared for this stage.



The total estimated cost of \$785 million includes co-financing from several partners, including a \$200 million IDA credit to the Republic of Niger and a \$3 million grant to the Niger Basin Authority. In May 2014, the World Bank also approved an additional \$55 million loan for the Kandadji Program to replenish a \$259 million financing gap for the Kandadji Hydropower project. The United States supported the original IDA credit, but abstained on the second loan due to concerns about the implementation of the resettlement program.

USAID is following this project due to the potential environmental and social impacts of construction and operation of the Kandadji dam, impact on pastoralists and associated infrastructure and potential for future MDB financing.

- Vietnam – Second GMS Southern Coastal Corridor Project (proposed ADB additional financing)

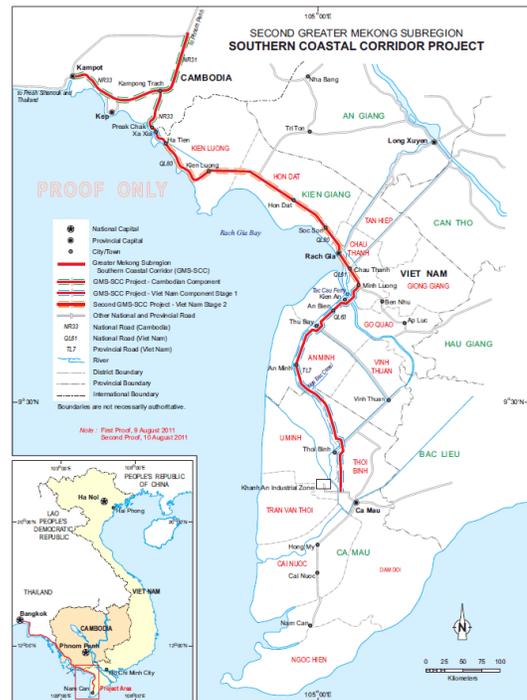
The ADB’s “Second Greater Mekong Subregion (GMS) Southern Coastal Corridor Project”²¹ (Second GMS-SCCP) is proposed to complement the first project approved in 2007. The additional ADB financing would be used for the construction of the missing sections of this GMS road corridor in Kien Giang province in the southern coastal area of Viet Nam. The Southern Coastal Corridor (SCC) is one of three main subcorridors of the

²⁰ <http://www.worldbank.org/projects/P148972?lang=en>

²¹ <http://www.adb.org/projects/41496-013/main>

Southern Economic Corridor, and one of 11 flagship programs endorsed by the First GMS Summit in Cambodia in November 2002. The upgrading of these three subcorridors will significantly improve subregional economic cooperation among Cambodia, Lao Peoples Democratic Republic, Thailand, and Viet Nam. Most of the sections of the SCC within Thailand and Cambodia are complete or under construction, and with the implementation of the Second GMS-SCCP, the improvement of the SCC will significantly improve roads from Bangkok to Ca Mau.

The project, located in the coastal area, is prone to floods and crosses a number of rivers and canals. The project requires new road alignment resulting in about 500 ha of primarily agricultural land for construction. It is expected to displace people from their housing, businesses and productive land. The Khmer ethnic minority group accounts for about 12 percent of the population in Keing Giang Province. The project is not expected to have a relatively larger impact on Khmer people compared to the majority ethnic Kinh, so an ethnic minority development plan is not expected to be required. The GMS Southern Coastal Corridor goes through part of ADB’s Biodiversity Corridor in Cambodia – the Cardamon and Elephant Mountains.



USAID is following this project due to potential impacts of construction and operation on ethnic minorities and biodiversity. This project is expected to be presented to the board for financing in October 2016.

Annex

Pre-financing projects discussed in earlier MDB Reports to Congress that are still being followed. Board dates are included when the information is available.

- Bhutan – South Asia Sub-regional Economic Cooperation Transport, Trade Facilitation and Logistics Project (SASEC) (potential Asian Development Bank (ADB) financing)
- Burma – Myingyan Power Generation Project (MPGP) (potential World Bank Group financing)
- Cameroon – Nachtigai Hydropower Project (potential IFC financing)
- Colombia – Ituango Hydropower Project (potential IDB financing)
- Democratic Republic of the Congo – Inga 3 Hydropower Project [potential World Bank (WB) and African Development Bank (AfDB) financing]
- Guatemala – Land Administration Project II (WB approved 2006, potential for additional financing and expansion of the project)
- Indo-Nepal Transmission Line (potential IFC financing – project on hold) Indonesia – Regional Road Development II Project (potential ADB financing)
- Indonesia – Scaling Up Hydropower Development (potential ADB financing)
- Kenya – Lamu Port, Southern Sudan-Ethiopia Transport (AfDB-financed road study, potential additional AfDB financing)
- Laos – Nam Theun 2 Hydropower Expansion
- Laos – Vietnam Power Interconnection Project (potential AfDB financing)
- Liberia – Dugbe Gold Project (\$8.8 million IFC equity investment for feasibility studies, potential subsequent IFC investments)
- Malawi – Kholombidzo Hydropower Project (potential AfDB financing)
- Mongolia – Regional Transport Development Project (potential ADB financing)
- Mongolia – Orkhon River Diversion Project (potential WB financing)
- Mozambique – Mphanda Nkuwa Hydropower Project (potential IFC and AfDB financing)
- Nepal – Energy Access and Efficiency Improvement Project III (potential ADB financing)
- Nepal – Trishuli Hydropower Project (IFC InfraVentures; potential IFC financing)
- Nepal – Upper Marsyangdi Hydropower Project (IFC InfraVentures; potential IFC financing)
- Nepal – Upper Arun Hydropower Project (potential WB financing)
- Regional – North-South Corridor: DRC, Zambia, South Africa (potential AfDB, WB financing)
- Regional – Isaka – Kigali railway: Burundi, Tanzania, Rwanda (potential AfDB financing)
- Samoa – Port Master Plan and Submarine Cable to Fiji (potential ADB financing)
- Solomon Islands – Tina River Hydropower Project (potential WB financing – tentative board date is in March 2016)²²

Post-financing projects discussed in earlier MDB Reports to Congress that are still being followed:

- Bhutan – Nikachhu Hydropower Project (ADB approved in 2014)
- Burma – National Community Driven Development Project (WB approved in 2012)
- Burma – Ayeyarwady Integrated River Management (WB approved in 2014)
- Colombia – PetroNova (IFC approved in 2013)
- Ethiopia – Regional Pastoral Resilience Livelihood Project (WB approved in 2014)

²²<http://tina-hydro.com/> The International Finance Corporation (IFC) is the Transaction Advisor for Solomon Islands Government. IFC is proposing to issue a Request for Proposal for the BBOT contract in the second quarter of 2014. It is likely that the Power Purchase Agreement will be supported by a World Bank Partial Risk Guarantee. (PRG)

- Ethiopia – Pastoral Community Development Program III (WB approved in 2013)
- Ghana – Ahafo Gold mine (IFC approved in 2006)
- Indonesia – Regional Roads (trans-Kalimantan highway) (ADB approved in 2012)
- Laos – Nam Theun 2 Hydropower Project (WB, ADB approved in 2004)
- Laos – Scaling-Up Participatory Sustainable Forestry Management (WB approved in 2013)
- Laos, Cambodia, Vietnam – Biodiversity Conservation Corridors (ADB approved in 2008-2013)
- Mongolia – Oyu Tolgoi Copper Gold Mine (IFC, EBRD approved in 2013)
- Multinational: Study on the Ouesso-Bangui-N'djamena Road and Inland Navigation on the Congo, Oubangui and Sangha Rivers (AfDB – Technical assistance approved in 2012, potential for financing part of the construction activities)
- Paraguay – Minerva SA (IFC approved in 2013)
- Peru – Camisea Oil and Gas Project (IDB approved in 2003)
- Nepal – Bridges Improvement and Maintenance Program (WB approved in 2012)
- Tanzania – Road Sector Support Project II (AfDB approved in 2012)