

## **Preliminary Assessment Summary**

**Sub-decree:** Environmental Impact Assessment (EIA) process  
**Ministry:** Ministry of Environment (MoE)  
**Ref no:** 000004  
**Date:** 25 July 2012.

The EIA Sub-decree was chosen to provide practice to the MoE staff in RIA as it impacts on every business (present and proposed) and therefore on the economy. It also affects the environment and the whole community. Hence, even though it is an existing regulation, it is an important one, and a good regulation to practice RIA.

All businesses are required to prepare either an Initial EIA (for small businesses) or a (full) EIA report (for larger businesses) and submit it to the MoE.

In an unregulated environment businesses may impose externalities on the public by way of adverse health effects (e.g. from pollutants) and environmental effects (e.g. adverse impact on fish migration). The Sub-decree attempts to prevent such externalities.

Two feasible alternatives were assessed: influencing businesses through aid providers and public awareness campaign. Both alternatives had insignificant compliance costs. However, the alternatives had much less benefits compared to the proposal. The proposal also had further benefits as it allowed the government to collect information, which can be used to react quickly to environmental disasters. In addition to the two feasible alternatives, further three alternatives were considered – but were not assessed as they were not considered to be feasible. *skt*

# Preliminary Assessment

## Environmental Impact Assessment (EIA) Sub-decree

### Ministry of Environment (MoE)

Reference no: 000004

Date started: 12 July 2012

(This is an existing Sub-decree. The PA has been done for training purposes only. Hence this PA is illustrative only)

Date finished: 25 July 2012

#### Contacts:

	Name	Phone	E-mail
Ministry-primary	Mr. Yin Samray	011 87 15 41 097 752 56 77	yinsamray@gmail.com
Ministry-backup	Mr. Ros Chor	012 98 60 98	roschor@gmail.com
ORIA-primary	Mrs. Lim Sokunthea	092 73 69 69	lskthea@yahoo.com
ORIA-backup	Mr. Chea Pisetnorak	012 90 8161	ps_norak@yahoo.com

#### A brief description of the proposal

All businesses are required to prepare an IEIA or EIA report and submit it to the MoE. This Sub-decree applies to every proposed project and activities (including proposed businesses, business in progress and existing businesses – except, in special case, for projects approved by RGC). (This proposal is considered as option 1 in this PA.)

#### Is this proposal regulatory in nature?

Does it change the behavior of businesses? Yes / No

Law	Royal Decree	Sub-Decree	<input checked="" type="checkbox"/>	Prakas	Decision	Circular	Other (describe)
-----	--------------	------------	-------------------------------------	--------	----------	----------	------------------

Tick the appropriate box, if other describe.

Does this proposal impact on business? Yes *st*

## 1. Problem – Why are we making this regulation?

Common themes		Evidence
Public health and safety	Yes	Adverse health effects from pollutants are well-known (e.g. Union Carbide accident in Bophal, India). Possible risks in Cambodia include: <ul style="list-style-type: none"> <li>To extract gold from mines, TNT is used. If this is not managed, it can pollute the water with mercury and cyanide and injure public health. (MoE /UNIDO report, 2011 refers.)</li> <li>To extract bauxite (mineral), lead is used. Lead can contaminate water and cause brain damage to people.</li> </ul>
Environmental protection & conservation	Yes	There are several environmental issues that are causing concern. For example, building hydroelectric plants and dams on the Mekong River can cause changes in water flow regimes, damaging biodiversity, fish migration, sedimentation, etc.
Social, gender equity & cultural conservation	Yes	The pollution can affect the villagers who depend on their environment (e.g. river) for their livelihood causing social problems. Also, rural women are mainly farmers whereas rural men are mainly fishermen; and these sectors can be affected differently due to pollution (Social Monitoring and Vulnerability Assessment Case Studies, Siem Reap and Pursat Provinces, Dr. Vannak, Jan 2011).
Promote competition	No	
Collection of information	Yes	IEIA provides some information, whereas EIA provides the government with comprehensive information, from problems to mechanisms to prevent those problems from escalating (containing/solving).
Comply with WTO and international agreements	Yes	Cambodia is a signatory to many environmental programs and initiatives such as the United Nations Environmental Program (UNEP).

*If there is any other problem, describe and provide evidence*

None.

skt



State how the regulation will improve the situation

By issuing the EIA Sub-decree businesses are compelled to focus on the environmental and social impact of their business operations.

## **2. Objective – What do we want to achieve?**

Reduce environmental cost and contribute to the sustainable development of Cambodia. (E.g. avoid contaminating water – as this can reduce productivity).

## **3. Options - Consider all alternatives**

### **3A. List any (existing) regulations that are related or similar?**

The Constitution of the Kingdom of Cambodia, 1993, Article 58 & 59 refers to environmental issues. Also there are several regulations:

1. Law on environmental protection and natural resource management, 1996 (article 6).
2. Prakas on general guidelines for developing initial and full EIA, Sep 2009.
3. Law on National Protection Area, 2008
4. Law on water resources management, 2007
5. Law on Forestry
6. Law on Fisheries
7. Law on administration of factory and handicrafts
8. Sub-decree on Water Pollution Control
9. Sub-decree on solid Waste Management
10. Law on Bio Safety
11. Sub-decree on air pollution and noise disturbance.
12. Minerals resource management.

### **State why these regulations are inadequate?**

All of the above regulations have a general purpose. The EIA brings all the environmental information together in a standardized format, thus facilitating businesses to address the possible environmental issues, resulting in the reduction of adverse environmental impacts and contributing to sustainable development.

### Alternatives

#### **3B. Feasible alternatives (for impact analysis)**

2. Influence businesses through aid providers – e.g. IFC, ADB technology development fund, donor governments (e.g. China) – to comply with EIA.
3. Education and public awareness – also by working with NGOs and financial institutions (e.g. ACLEDA bank's environmental loan).

### 3C. Alternatives which are theoretically possible, but unlikely to be feasible

1. Government directive. E.g. sectorial guidelines – Each sector will have a different guideline, signed by the Minister undertaking similar assessment for industries. The outcomes are similar to the proposal but the mechanism to achieve this is difficult – relies on persuading several ministries to implement a similar scheme.
2. Securing agreement with other countries regarding trans-boundary environmental impact issues - this is difficult and is outside the control of the RGC.
3. Common law remedies – strong laws and strict enforcement making polluters pay heavy penalties making polluting financially risky – the legal system of Cambodia is based on civil law, making common remedies difficult.

## 4. Preliminary estimate of compliance costs and competition impacts

### 4.1 Identification of tasks and cost-categories

### 4.2 Scope of the options

Cost categories (4.1), scope (4.2) and cost estimates are included in the attachment.

### 4.3 Estimate the level of compliance cost *increases*

BUSINESS	Level	Justification
Option 1	Significant	Preparing EIA statements can be expensive depending on the type/size of project.
Option 2	Non-significant	No cost.
Option 3	Non-significant	No cost.
<b>GOVT</b>		
Option 1	Non-significant	Assessment and inspection only.
Option 2	Non-significant	Staff costs only.
Option 3	Significant	TV, Seminars, etc., can be expensive.

SK

#### 4.4 Estimate the level of benefits

Option	Level of benefit	Reasons
Option 1	Significant	Offers systematic and standardized environmental assessment for all businesses
Option 2	Non-significant	Only applies to donor funded projects. Does not cover other (private sector) projects that are likely to be more risky.
Option 3	Non-significant	Cost of environmental problems are borne by others (i.e. externality) so education campaigns are likely to be less effective.

#### 4.5 Is there any competition impact? NO

No significant competition impacts.

#### 4.6 Is there any gender impact?

Does the regulation affect women (individuals and women owned businesses) more than men? Yes / No

Different environmental impacts affect men and women differently. In Cambodia women usually work in farming whereas men work in fishing and in manufacturing. However, 80% Cambodians are farmers, so environmental disasters are likely to affect women more.

Is the impact significant? Yes / No

See above.

Can you quantify the impact? Yes/ No

If so, provide the amount.

#### 5. Initial consultation

Group	Firms	Method	Summary of views
Firms	1 MH Bio Energy 2 Colben Energy 3 Cambodian Brewery 4 Chantex garments 5 Senabo garments.	Meeting  Questionnaire.	Though the firms supported the EIA process in principle, they were critical about the administration, mainly because they were subjected to several inspections from various ministries. Also some said that the requirements were not



			transparent.
NGOs	PACT Cambodia. Live & Learn Cambodia	Meeting	Generally critical of the process. Decisions are usually not made based on the EIA reports. Lack of expertise in Cambodia to conduct EIA.
Govt	Ministries  CDC / MIME /MAFF / MoC / MoT /MoWRAM		Not consulted. But the requirements were studied. Consultations with MIME on the application.
Gender	Women's groups  MWA	Phone	
Experts	Key Consultants, Cambodia	Meeting	Cambodian EIA process has a low threshold and more investor friendly compared the processes in neighboring countries. MoE administers the process flexibly without holding up the projects.

## 6. Conclusion

### 6.1: Summary of incremental costs and benefits

Option	Costs to the industry	Costs to the public sector	Benefits
Option 1	Significant	Non-significant	Significant
Option 2	Non-significant	Non-significant	Non-significant
Option 3	Non-significant	Non-significant	Non-significant

### 6.2 Is a RIS required?

- YES – End of PA, start preparing a RIS

Because of this PA of the Sub-degree is done for learning purpose only, thus we skipped RIS for now. It will be done later.

### 6.3: Selected option(Describe the option)

The proposal (see page 1 for description)

Criterion		Reasons
Is this the least cost option to industry and community?	No	Cost of the proposal is higher (by less than \$400,000 pa) than the other options. However there is a less costly alternative (environmental protection contract) for smaller firms.
Does this option offer the greatest benefit?	Yes	Option 2 is limited in scope. Option 3 is not likely to be effective.
Is this the least risk option to public?	Yes	

If all the answers are YES proceed to step 7, else continue

If any of the answers to the above is *NO* why was the option selected? (*tick one box*)

Combination of criteria was favorable, even though one or two were negative

Justify and go to step 7

Though the cost of the proposal was higher it was more than offset by benefits. Also the costs are less for smaller firms because they can opt for Environmental Protection Contracts. *dit*



## 7 – Implementation

If a regulatory option was selected:








### 7.1 What measures were adopted to enhance transparency and good governance during the implementation stage?

There is a choice for businesses; those with less risky profile can chose the environmental protection contracts instead.

MOE promotes and encourages the EIA to businesses.

### 7.2 Should this regulation be reviewed post implementation?

NO review plan.

PROCESS	Name	Signature	Date
Prepared by (line ministry)	CHHUN Vannak		29/08/2012
Checked by (ORIA)	Lim Sokunthea		30/08/2012
	Eng - Ratnani		31/08/2012
	MAM SARITH		03/9/12
Approved by (ORIA)	Peek Sokha		05/9/12
Entered the database	Lim Sokunthea		30/08/2012
Uploaded on website	Eang Ratha		06/9/12