

INTEGRATED SAFEGUARDS DATA SHEET
ADDITIONAL FINANCING

Report No.: ISDSA1131

Date ISDS Prepared/Updated: 14-Jan-2015

I. BASIC INFORMATION**1. Basic Project Data**

Country:	Lao People's Democratic Republic	Project ID:	P152066
		Parent Project ID:	P128393
Project Name:	Second Lao Environment and Social Project (Additional Financing to the Protected Area and Wildlife Project) (P152066)		
Parent Project Name:	Protected Area and Wildlife Project (Regional APL) (P128393)		
Task Team Leader:	Jean-Michel G. Pavy		
Estimated Board Date:	27-Apr-2015		
Managing Unit:	GENDR		
GEF Focal Area:	Biodiversity		
Sector(s):	Forestry (60%), General agriculture, fishing and forestry sector (40%)		
Theme(s):	Environmental policies and institutions (45%), Biodiversity (40%), Water resource management (10%), Climate change (5%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Project Financing Data (in USD Million)			
Total Project Cost:	16.60	Total Bank Financing:	15.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			1.60
International Development Association (IDA)			15.00
Total			16.60
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		
Is this a Transferred project?	No		

2. Project Development Objective(s)

A. Original Project Development Objectives - Parent

To strengthen the management systems for national protected areas conservation and for enforcement of wildlife laws (The GEO is the same as the PDO)

B. Current Project Development Objectives - Parent

To strengthen the management systems for national protected areas conservation and for enforcement of wildlife laws

C. Revised Project Development Objectives - Additional Financing (AF)

To help strengthen selected environmental protection management systems, specifically for protected areas conservation, enforcement of wildlife laws and environmental assessment management (the GEO is the same as the PDO)

3. Project Description

Additional Financing (AF) in the amount of US\$15 million equivalent is proposed for the existing Lao Protected Area and Wildlife project (PAW) and a level 1 restructuring comprising of: (a) revision of the project name, (b) revision of the Project Development Objective (PDO), and (c) modification of the project components and scope of work.

Because the PAW has been effective for a short period, its activities and the proposed AF activities would be concomitant. Therefore, the PAW and the AF are consolidated in a single project renamed Second Lao Environment and Social Project (LENS2), which is better adapted to the revised scope and branded in Laos. LENS2 would broaden the scope of the original project by: (a) improving the financing capacity of the Environment Protection Fund (EPF), (b) supporting capacity building of national, provincial and district institutions to implement and monitor the Lao legislation on environment and social impact of investment projects, (c) strengthening the environment and social curriculum in public education institutions, and (d) broaden project support to forested upper-watersheds of rivers important to hydro power, agriculture irrigation and flood prevention.

In PAW, only NPAs--a generic term for National Conservation Forests defined in the Forestry Law--are eligible for financing. With the inclusion of watershed protection forests, eligible areas will include not only National but also Provincial, District and Village Conservation Forests as well as National, Provincial, District and Village Protection Forests (watersheds forests). For the purpose of the LENS2, all categories are bundled under the generic term 'Protected Areas' (PAs).

LENS2 is implemented through 3 components. Component 1 and Component 2 will be implemented through a sub-project mechanism administered by the Environment Protection Fund (EPF). EPF would provide grants to sub-project delivery agencies (SDA) in line with PIM and following ESMF and CEF provisions. Component 3 will help the EPF Office administer the Project and expand/strengthen its own capacity.

The design of most of the sub-projects will occur during early implementation, if not later. All sub-projects must (a) support a GoL policy and an official plan such as a sector's 2020 action plan, (b) contribute to at least one outcome indicator and at least one intermediary outcome indicator. Sub-projects that support wildlife management must also contribute to a regional outcome such as cross border cooperation, knowledge transfer or prevention of illegal wildlife trade.

Each sub-project has a set of eligible expenditures. While the detail of these expenditure is unknown until the proposals are received, eligible expenditures include (a) modest civil works such as for

example, office building rehabilitation, construction of guard stations, laboratory, fence and sign posts, small wooden bridges, forest management road maintenance, etc., (b) equipment including for example, vehicles, motorcycles, computer, office, furniture, field and laboratory equipment, etc., (c) training expenditures including for example, workshops, study tours, scholarships, language training, short courses, research grants, etc., (d) consultant services including international and national technical assistance (TA) to SDAs, short term consultants for advisory services (individual, firm or NGOs), technical studies, legal advice, (e.g. to design a training module, a PA or a river basin management plan, a PES scheme, etc.), (e) community grants to implement the Community Action Plans (CAP), and (f) operating expenditures such as external auditors, non-consultant and non-civil service staff and labor, utilities, equipment operation insurance and maintenance, rental, office supplies, travel and subsistence, etc.

It is expected that some SDAs may submit subproject proposals before the Board approval of LENS2, however, these sub-projects will not be approved before the Board approval, and their approval is subject to confirmation of their eligibility and following all due procedures and processes.

Component 1: Institution development and capacity building (US\$14.4 million of which World Bank US\$14.0 million (82% IDA and 18% GEF))

This component seeks to improve the capacity and collaboration of national and provincial public institutions to design and monitor national and regional natural resources, environmental, and social policies. These sub-projects are implemented through the EPF's window Policy Implementation and Capacity Enhancement (PICE). The initial PICE sub-projects are (a) Capacity building for national environment and natural resources planning, (b) Institutional capacity building for protected area and protection forest management, and wildlife conservation (sub-project submitted and approved), (c) National-level capacity building in wildlife law enforcement (sub-project submitted and approved), (d) Human Resources Development for Protected Area and Wildlife Management (sub-project submitted and approved) , (e) Constituency building of high level officials on biodiversity and wildlife, and (f) Constituency building of public administration on environment, biodiversity and wildlife issues.

The following additional PICE sub-projects were pre-identified for potential funding under the AF: (a) Capacity building for enforcement of environment and social impact legislations, (b) Capacity building for environment promotion and scaling up integrated spatial planning (ISP) in selected provinces, (c) Capacity and institution building for pollution reduction especially from industries and small and medium enterprises, (d) Capacity building and strengthening of the environmental science and environment impact assessment curriculum, (e) Capacity building and strengthening of the environmental economic curriculum with focus on Payment for Ecological Services (PES) and valuing offsets, (f) Capacity building and strengthening of the of the social impact assessment and mitigation curriculum, (g) Strengthening PONRE divisions for implementation of the PESAP with a focus on enforcement of environment and social impact regulations (in eligible provinces), and (h) Development of an environment and social curriculum and teachers training at the National Academy of Politic and Administration (NAPA)'s.

Component 2: Management of wildlife and protected areas (US\$20.6 million of which World Bank US\$19.4 million (82% IDA and 18% GEF))

This component seeks to improve the capacity and collaboration of public institutions, civil society and communities to manage protected areas and implement wildlife laws. Some of these sub-projects are implemented through the EPF's window Community and Biodiversity Investment (CBI). The CBI

sub-projects proposed are (a) Capacity building for participatory management of the Nam Theun Two Watershed, (b) Capacity building for participatory management of the Nam Et Phou Louey NPA, (c) Support to community engagement and PA management in eligible provinces, and (d) Support to wildlife law enforcement in eligible provinces. None of these sub-projects will be initiated prior to the Board approval of the AF.

Component 3: Project administration and capacity building (US\$5.4 million of which World Bank US\$4.0 million (82% IDA and 18% GEF))

This component is implemented in 2 sub-components.

Sub-Component 3.1 Project Administration. This sub-component seeks to deliver the Project's outputs within the allocated time frame and with satisfactory planning, procurement, financial management, monitoring, and communication. It will support the administration of the sub-project mechanism by EPF. It will include technical assistance to help EPF assure compliance with the World Bank's fiduciary requirements, especially procurement, financial management, and environment and social safeguards, M&E, communication with stakeholders, and facilitating effective coordination and cooperation among SDAs.

Sub-Component 3.2 EPF's capacity development. This sub-component seeks to help EPF's become a significant and recognized player in environment financing and is capable to deliver and monitor sub-projects throughout the country. It will support capacity building of EPF staff and systems to improve EPF organization and staffing for effectiveness and efficiency as well as optimize various business functions of EPF such as (a) fund raising, (b) planning and M&E, (c) communicating.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

All sub-projects in Project component 1 will support national level's institutions. As for the Component 2, in addition to Vientiane capital, eight provinces are eligible for Sub-project support under LENS2: in addition to the five provinces that were included under the PAW project, namely, Bolikhamxay, Khammouane, Houaphan, Luang Prabang and Xiengkhouang, three more provinces, namely, Savannakhet, Xaysonboun and Vientiane Province are newly added under LENS2. Within those provinces, capacity building of provincial and district government officers, integrated development planning and/or river basin planning will be carried out. Site-specific investments and community support will be limited to "PAs" (both the conservation forests that protect biodiversity and the 'protection forests' that protect upper watersheds) as well as community areas adjacent to these "PAs".

In PAW, only NPAs - a generic term for National Conservation Forests defined in the Forestry Law - are eligible for financing. LENS2 will also support Provincial, District and Village Conservation Forests as well as National, Provincial, District and Village Protection Forests (watersheds forests). For the purpose of the LENS2, all categories are bundled under the generic term 'Protected Areas' (PAs). It is to note that watersheds forests inside National Conservation Forests were already implicitly considered eligible for funding under the PAW project. Given the importance for the objective of the project, it was decided that LENS2 will explicitly make sub-projects to strengthen watersheds forests management eligible for funding. Of notice, all PAs include rivers most of which are direct or indirect tributaries of the Mekong, itself an international waterway.

All sub-project locations will be confirmed during implementation, except for the two National Protected Areas (NPAs) identified for funding under the PAW project: Nakai Nam Theun National

Protected Area (NNT NPA) 3,450 km² and NEPL NPA (5,959 km²), which were already pre-selected at PAW appraisal. The SDAs of the two sub-projects are developing proposals for sub-project financing. These two NPAs are located in two of Lao PDR's most distinctive ecological regions: the Northern Indochina Sub-Tropical Moist Forests and the Annamite Range Moist Forests. Together they are globally distinguished by containing the last confirmed breeding population of Indochinese Tigers in Lao PDR, by having the largest remaining population of the critically endangered Northern White-cheeked Gibbon, and one of the densest concentrations of small carnivores in the world. The Annamite Range (shared between Vietnam and Lao PDR) contains the most species endemism of any non-island ecosystem in the world and new species are regularly discovered such as the critically endangered Saola (identified in 1993), and endangered Giant Muntjac (identified in 1994). The Annamite forest also contains scattered physical cultural resources such as ancient cemeteries and stupas. Of notice, the NNT NPA is adjacent to the Nam Theun 2 (NT2) Hydropower Station and protects the watershed of its reservoir. The dam investor/operator is already financing the protection of the watershed. LENS2 will provide incremental financing.

The Provincial Forest Resource Management units have pre-identified sub-projects in areas such as the Dong Na Tad Provincial Conservation Forest and the Nam Ngiep-Nam Mang National Protection Forest as well as PA within the Nam Lik river basin. Others are likely to be proposed. All are likely to be in the Annamite Range and are important for upper watershed protection and biodiversity. However, their eligibility will be confirmed during the implementation of LENS2. Their funding is also subject to fully complying with the processes and procedures provided in the ESMF and CEF.

5. Environmental and Social Safeguards Specialists on the Team

Ruxandra Maria Floroiu (GENDR)

Satoshi Ishihara (GSURR)

Feng Ji (GENDR)

Sybounheung Phandanouvong (GSURR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Project is a Category B project. It seeks a positive environmental and social outcome. The project and sub-projects will not involve any major civil works. Sub-project includes the following two types of interventions that would have safeguards implications: (1) sub-projects in support the formulation, and/or capacity building for implementation, of studies, surveys, strategies, policies, regulations, decrees and laws on watershed planning, environment and social impact mitigation, protected area conservation and wildlife protection at regional, national, and local level; (2) sub-projects to strengthen the soils, forest and wildlife conservation in PAs starting with NE-PL and NNT NPAs by

	<p>supporting the preparation and implementation of PA management plans and annual plans, participatory demarcation of PA boundaries and internal zoning; and supporting community livelihood development activities. These impacts are expected to be environmentally and socially positive and adverse effects minor, identifiable and readily mitigated through implementation of mitigation measures and monitoring.</p> <p>Subprojects of type (1) will support the review of existing laws, decrees, guidelines and rules. The impacts of such reviews are expected to be positive, both on environment and social, because they will help improve the sustainability of natural resources use and ultimately reduce the environmental damage created by hydro power, mines and roads. Such rules and regulations, however, may not be developed with sufficient consultations with stakeholders, including ethnic groups and local communities, and may inadvertently restrict their access to natural resources. Given that the specific laws, regulations is unknown before project appraisal, an Environmental and Social Management Framework (ESMF) has been prepared to describe the process and guidance to address the alignment of such regulatory framework with the World Bank 's own safeguards. The same hold for training modules and for the development of bachelor courses in environment and social impact management.</p> <p>Also, experience in other countries indicates that the exploitation of natural resources may temporarily increase prior to the introduction of stricter enforcement. In order to address such risks, the draft rules and regulations will be consulted with key stakeholders including ethnic groups and local communities, and their perspectives will</p>
--	--

	<p>be addressed in the regulations before official adoption. Also, PAs will be alerted of the temporary increase in the exploitation of natural resources during the development of regulations and support will be provided so they step up enforcement.</p> <p>Regarding sub-project of type (2), given the unknown specific activities, or the list of PA and village selected before project appraisal, the ESMF describes the process to address environmental impacts once investments are selected and their location defined during project implementation. The ESMF includes screening criteria for selecting investments that could be financed by the Project; lists potential impacts and relevant mitigation measures such as an Environmental Code of Practice (ECOP) and a Physical Cultural Resources (PCR) chance find forms annexed to the ESMF); describes implementation arrangements for environmental management aspects; and includes the Project consultation and disclosure process.</p> <p>During PAW and then LENS2 project preparation, stakeholders--in particular of the two pre-selected NPAs--have been regularly consulted on sub-project proposed design, potential impacts and procedures toward sub-projects preparation and implementation. The sub-projects have not yet been designed, so no ancillary activities exist.</p> <p>It is in this context a standalone Environmental and Social Management Plan (ESMP) for each of the sub-project covering a PAs will be prepared. The ESMPs will address the requirements of OP4.01, OP4.04 and OP4.36 that are relevant for the revised project scope. Specifically, the ESMPs will include: (a) Baseline information on each of the participating PAs, including its current management practices, stakeholders</p>
--	--

	<p>involved in its management, ongoing and planned infrastructures (e.g., roads, transmission lines, hydropower projects) or other natural resource excavation activities (e.g., mining, wood factory) in the participating PA, the extent to which the communities are using the timber/non-timber forest resources, main biodiversity value, etc.; (b) Assessment of whether the ongoing/planned infrastructures or other natural resource excavation activities would significantly affect the effectiveness of the project activities in achieving the PDO; and (c) Preliminary review of the existing PA management plan(s) for the participating NPAs, if available, and identify areas that require improvements to achieve the project objectives, especially in the context of the findings from the above assessment.</p> <p>The above review and assessment will be used as a basis for developing recommendations on actions that need to be taken during project implementation. The recommendations would include:</p> <p>(a) Recommendations for the formulation/update during project implementation of PA Management Plan and annual plan, institutional arrangements of sustainable use of non-timber forest resources by local communities, demarcation of PA boundaries and internal zoning, etc. The recommendations are expected to include advice on how these activities will be designed and implemented in a manner that will conserve the health and quality of the forests; protect the rights and welfare of local communities and their livelihood of dependence on/interaction with forests; and minimize the adverse impacts from bringing changes in the management, protection, and utilization of forest resources (as specified under para 3, policy scope of OP4.36 Forests); (b) Recommendations for additional studies and monitoring programs that may need</p>
--	---

		<p>to be commissioned during project implementation in order to inform the design and implementation of PA Management Plans and annual plans, arrangements of sustainable use of non-timber forest resources by local communities, demarcation of PA boundaries and internal zoning, etc.</p> <p>The ESMP will be prepared through a consultative and participatory process by involving a representative range of stakeholders, including national and international NGOs, local communities, key government agencies, and disclosing relevant information in a timely manner in local language(s)</p> <p>As the proposed project will also assist the government in formulating new regulations during project implementation to help define, strengthen, and enforce the existing laws and policies on PA management/wildlife conservation. It was agreed that these new regulations will be developed through a consultative, participatory, and informative process, which engages key stakeholders including indigenous peoples groups, and takes into account the potential environmental and socio-economic impacts on local communities during the implementation of the new regulations.</p> <p>To mitigate any potential environmental impacts from those small-scale civil works to be financed under the community-level livelihood development activities and establishment of office facilities for the institutions, the project will prepare Environmental Codes of Practices (ECOPs) for each type of physical works. The ECOPs will provide site selection criteria to avoid potential impacts on Physical Cultural Resources.</p>
Natural Habitats OP/BP 4.04	Yes	This policy is triggered as the proposed activities involve positive changes in management of natural habitats in PAs. Project or sub-project activities will

	<p>improve the capacity of GoL to manage natural habitat in PAs and adjacent areas including aquatic habitat as well as to identify and mitigate the impact of investment projects on natural habitats. Minor disturbance and localized negative impact on natural habitat may occur during the construction and operation of small conservation facilities planned the in the PAs management plans, such as substations and checkpoints or small infrastructure's requested by communities as part of the Community Action Plan (CAP). However, the impact is expected to be minor and localized and easily mitigated through measures incorporated in the ECOP (annexed to the ESMF). The ESMF include provision for monitoring the ESMPs. A negative list prevents the implementation of investments whose impact is irreversible or difficult to mitigate.</p> <p>Also, Participatory Land Use Plans (PLUP) will be developed to clearly delineate areas of critical natural habitats and incentives for protection of critical and non-critical natural habitats are provided through community grants based on community compliance with forest conservation contracts. The ESMF includes screening procedure to (1) determine whether the proposed facilities are in a critical or non-critical natural habitat and (2) avoid any significant conversion or degradation of any critical natural habitat. Areas demarcation under PLUP will be subject to management measures within criteria considered by the policy to avoid, minimize, mitigate, restore, and offset. Conservation Agreements (CA) will be made with communities during the initial stage of sub-project implementation. CAs includes restriction of use and incentives for community compliance provided through community grants. The CA could include wildlife, natural habitat</p>
--	--

		<p>conservation, fish protection zones, anti-erosive measures and forest resources management programs with small-holders, which will be based on the principles of the policy for achieving sustainability.</p> <p>Review of sub-projects will ensure that invasive exotic species are not introduced or promoted within and in the buffer-zones of PAs.</p>
Forests OP/BP 4.36	Yes	<p>This policy is triggered as the proposed activities involve positive changes in management of forest areas in PAs. The Project is expected to improve the management of forested areas including a beneficial impacts and reduction of the deforestation rates. Still, its implementation may locally affect the forest cover as well as affect the rights and welfare of people and their dependence on the forests.</p> <p>The ESMF includes screening procedures (and a negative list) for project investments so that interventions, which could have the potential to adversely impact upon forested areas are not eligible for financing under the Project. Participatory Social Assessment and PLUP under the Community Engagement Framework (CEF) process will ensure relevant government agencies and communities work to delegate protection/ production forests from community use areas, and communities will be supported to develop alternative livelihoods to reduce dependency on forest resources for livelihood. Conservation Agreements (CA) will be made with communities that include restriction of forest resource use and incentives for community compliance provided through community grants. The CA will include forest and non-timber forest product (NTFP) management programs with small-holders, which will be based on the principles of the policy for achieving sustainability.</p>

Pest Management OP 4.09	Yes	The project will not finance procurement of pesticides or use of any pesticides that are banned in country or adhere to international best pest management practice. However, support to agriculture activities compatible to PA purposes is eligible as a community grant that might increase the use of insecticides/chemicals/eligible pesticides or present pest management practices. Impacts of pesticide use will be assessed during each subproject screening. If eligible pesticides will be used, the project impact is expected to be mitigated through a simplified Pest Management Plan (PMP) (developed and annexed to the ESMF). The plan includes criteria to ensure that the pesticides used are legal and have negligible or minimal impact on environment and are listed as allowed to be used in country in line with World Health Organization and World Bank standards.
Physical Cultural Resources OP/BP 4.11	Yes	The project will not affect any known Physical Cultural Resources (PCRs)(e.g. historical, cultural, and/or archaeological, paleontological, religious, or unique natural values of national and/or regional cultural importance). However, the Project area covers Ethnic Minority groups such as Hmong, Mien, Lao Tai and Khmu; there could be a limited number of graves, village cemeteries, and/or communal properties in spiritual forests in the subproject sites that may be affected by project activities. ESMF includes provisions for screening of PCRs during subproject investments and sites' location as well as "chance find" procedures, so that suitable mitigation measures are implemented and incorporated into the corresponding PA management plan(s).
Indigenous Peoples OP/BP 4.10	Yes	As with the PAW project, many project beneficiaries of LENS2 are expected to be Ethnic Minorities who are known in Lao PDR as Ethnic Groups and meet

		<p>eligibility criteria under OP 4.10. For example, Hmong, Khmu, Mien, Makong, Bru and others are living in and around the two pre-selected NE-PL and NNT NPAs. Many ethnic groups are also known to be present in other provinces that are included under LENS2, especially in and near PAs where LENS2 will likely finance sub-projects. These are considered to be vulnerable ethnic groups in Lao PDR as their livelihood is heavily based on subsistence agriculture and forest. The presence of these Ethnic Groups triggers this safeguard policy. It is expected that the types, scale and scope of activities to be supported under LENS2 are similar to those of PAW subprojects, and that the environmental and social impacts that may result will also be similar, even though LENS2 will expand the geographical coverage from five to eight provinces. The impact of LENS2 on these communities is anticipated to be of the same nature, scale and scope, and generally positive, as under the PAW project. No new impacts that are not anticipated under PAW are expected to occur to ethnic groups under LENS2. The same eligibility criteria as under PAW will be used under LENS2 for the selection of sub-projects, and all activities will be implemented inside or near PA, as under PAW.</p> <p>Any negative impacts that may occur will be addressed under the Community Engagement Framework (CEF) that was originally developed for PAW and updated for LENS2. The CEF includes an Ethnic Group Planning Framework. Where their broad community support is not ascertained based on free, prior and informed consultations, sub-projects will not be implemented.</p>
Involuntary Resettlement OP/BP 4.12	Yes	The policy is triggered because LENS2, like the PAW project, will support a stricter enforcement of PA management which will restrict the current access of local communities and people to natural

	<p>resources inside the PAs. No new impacts that are not anticipated under PAW are expected under LENS2. It is expected that the types, scale and scope of activities to be supported under LENS2 are similar to those of PAW sub-projects, and that the environmental and social impacts that may result will also be similar, even though LENS2 will expand the geographical coverage from five to eight provinces. The same eligibility criteria as under PAW will be used under LENS2 for the selection of sub-projects, and all activities will be implemented inside or near PA, as under PAW. The Water Resources Management (WRM) window will be newly introduced, however, this window is expected to support the same kinds of activities as under PAW, such as the preparation of management plan, resource protection and monitoring by the management team, establishment of boundary posts, management trails and guard posts, in addition to community involvement in forest management and improvement in livelihoods through the implementation of the CEF. LENS2 just decided to explicitly make them eligible for funding, given the importance for the objective of the project.</p> <p>Like under the PAW project, local people affected by LENS2 will benefit from more sustainable access to forest and other natural resources and project support for alternative livelihoods which seeks to enhance their livelihoods sustainably. Nonetheless, short-term loss of livelihood could be unavoidable because adaptation to changes in resource allocation and livelihoods may be a longer-term process. Project impacts due to access restrictions to natural resources will be addressed under a Process Framework (PF) that is contained in the updated Community Engagement Framework (CEF). It is developed in line with OP 4.12, to allow a meaningful participation of affected</p>
--	---

		<p>people in the developing a plan of action (Community Action Plan - CAP) to enhance livelihood in the long run and mitigate short-term livelihood losses, and grant financing will be provided to support implementing the CAP. The project will not involve physical relocation. However, minor land acquisition may be required under community livelihood activities and/or small repair, rehabilitation or new construction of office buildings and other facilities on public land. The Resettlement Policy Framework (RPF) was also updated that set out policies and procedures for the limited land acquisition. RPF is attached to CEF. During the Project implementation, if land acquisition is required, an abbreviated Resettlement Action Plan(s) (RAP) will be prepared and implemented for any activities that require involuntary land acquisition.</p>
Safety of Dams OP/BP 4.37	No	<p>The NNT NPA which may receive funds under this project is located in the area of the Nam Theun 2 (NT2) dam and hydropower station. However, none of the Project activity is dependent and/or affects the existing dam as the Project area is upstream of the dam. Most PAs in Laos are adjacent or include an existing or future hydro-power scheme. However, none of the Project activity is dependent and/or affects those dams.</p>
Projects on International Waterways OP/BP 7.50	Yes	<p>Some of the PAs supported by the Project are likely to include rivers that are direct or indirect tributaries of the Mekong, an international waterway. In or around these PAs and along these tributaries, the CEF implementation may include construction of small water distribution systems or small scale irrigation if this is a community priority and if it is compatible with the CAs. The OP/BP is therefore triggered. At the request of the EPF, the Bank has notified riparian countries (China, Myanmar, Viet Nam, Thailand and Cambodia) on December 18, 2014 prior to appraisal.</p>

Projects in Disputed Areas OP/BP 7.60	No	The project activities are not located in any disputed areas as described in OP/BP 7.60.
---------------------------------------	----	--

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Like under the PAW project, no large scale or irreversible adverse environmental or social impacts (at the level of Category A projects) are anticipated under LENS2 given the Project objective to strengthen GoL capacity to improve the management of natural resources and of environment / social issues associated with investment projects hence the Category B rating. The Component 1 of LENS2 will be implemented nationwide, however, the Component 2 will be implemented in three new provinces on top of the five included under the PAW project. It is expected that the types, scale and scope of activities to be supported under LENS2 are similar to those of PAW subprojects, and that the environmental and social impacts that may result will also be similar, even though LENS2 will expand the geographical coverage from five to eight provinces. The same eligibility criteria as under PAW will be used under LENS2 for the selection of sub-projects, and all activities will be implemented inside or near PA, as under PAW.

OP4.01 on Environment Impact Assessment is triggered for several reasons. First, while the legislative and regulatory works is anticipated overall to have positive impacts, it is always possible that the new legislation or regulations are not well aligned with World Bank safeguards and cause unexpected harm. In the same vein, the training modules developed with Project support, especially those dealing with environment and social standards, could also oppose some of the some low environmental and/ or social adverse impacts. Second, the sub-projects under the component 2 will support enforcement of national and international good practice conservation laws and the development of sustainable protected areas management, which may result in a short-term loss in livelihood of local people who will not continue carrying out some of the livelihood activities they traditionally engaged in before the Project. The initial assessment conducted during PAW project preparation, and confirmed during the design of the LENS2preparation, did not find significant potential negative impacts that may be caused by project activities. This is partially because the Participatory Land Use Planning (PLUP) will be carried out which will help preserve the current patterns of land and natural resource use.

OP4.11 on Physical Cultural Resources is triggered given the potential impacts on PCR and the unknown location of the sub-projects.

OP 4.04 on Natural Habitats is triggered given the high biodiversity value and protected area status of project area and the positive benefits provided by the Project interventions in the targeted natural protected areas.

OP4.36. on Forest is triggered as the proposed activities involve positive changes in management of forest areas in PAs. The Project is expected to improve the management of forested areas including a beneficial impacts and reduction of the deforestation rates. Still, its implementation may locally affect the forest cover as well as affect the rights and welfare of people and their dependence on the forests.

OP 4.09 on Pest Management is triggered as subproject activities in PA may include interventions that could further lead to increased use of pesticides or of current pest management practices. Screening

procedures (and negative list) are in place to prevent any use of pesticides that would impact the Project area of intervention.

OP7.50 on International Waterways is triggered since many of the PAs supported by the Project are likely to include rivers that are direct or indirect tributaries of the Mekong, an international waterway and small community water supply (less than 50 l/s) and small scale irrigation (less than 10 ha) are eligible for financing.

OP4.10 on Indigenous Peoples (who are called Ethnic Groups in Lao PDR) is triggered because they will constitute the majority of affected people and project beneficiaries under the sub-projects of component 2. The overall project impacts on Ethnic Groups are expected to be positive, however, care will be exercised so their precarious land/ natural resource tenure will not be adversely affected by the Project. As with the PAW project, many project beneficiaries of LENS2 are expected to be Ethnic Minorities who are known in Lao PDR as Ethnic Groups and meet eligibility criteria under OP 4.10. For example, Hmong, Khmu, Mien, Makong, Bru and others are living in and around the two pre-selected NE-PL and NNT NPAs. Many ethnic groups are also known to be present in other provinces that are included under LENS2, especially in and near protected areas where LENS2 will likely finance sub-projects. These are considered to be vulnerable ethnic groups in Lao PDR as their livelihood is heavily based on subsistence agriculture and forest. No new impacts that are not anticipated under PAW are expected to occur to ethnic groups under LENS2. It is expected that the types, scale and scope of activities to be supported under LENS2 are similar to those of PAW subprojects, and that the environmental and social impacts that may result will also be similar, even though LENS2 will expand the geographical coverage from five to eight provinces and from biodiversity protected areas to watershed protected areas. The same eligibility criteria as under PAW will be used under LENS2 for the selection of sub-projects, and all activities will be implemented inside or near protected areas, as under PAW.

OP4.12 involuntary resettlement is triggered because LENS2, like the PAW project, will support a stricter enforcement of PA management which will restrict the current access of local communities and people to natural resources inside the PAs. No new impacts that are not anticipated under PAW are expected under LENS2. It is expected that the types, scale and scope of activities to be supported under LENS2 are similar to those of PAW sub-projects, and that the environmental and social impacts that may result will also be similar, even though LENS2 will expand the geographical coverage from five to eight provinces and from biodiversity protected areas to protected areas managed for watershed protection. The same eligibility criteria as under PAW will be used under LENS2 for the selection of sub-projects, and all activities will be implemented inside or near PA, as under PAW. The management of watershed protection forests is expected to support the same kinds of activities as under PAW, such as the preparation of management plan, resource protection and monitoring by the management team, establishment of boundary posts, management trails and guard posts, in addition to community involvement in forest management and improvement in livelihoods through the implementation of the CEF.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

All PAs in the country are subjected to a form or another of infrastructure/concession overlap. But all must comply with the national Environmental impact assessment legislation and guidelines, some of which, such as Social and Environment Standard for Operation (SESO), are supported by the Bank and IFC under the Hydro-Mining Technical Assistance project. This Project also intend to build the capacity of the Department of Environment and Social Impact Assessment (DESIA), and provincial equivalents, to review EIAs, deliver certificates and monitor the implementation of mitigation plans of

investment projects.

Still, the improving/upgrading funded by GoL of existing roads passing through NE-PL (roads No. 1C, No. 3204, and Phathi road) and NNT (8B or 1E) are likely to degrade some natural habitat and increase the threats to both NPAs by facilitating access to remote area. There is a plan for hydropower development outside of the NE-PL NPA, which could flood a portion of the NPA as well as increase boat access and threat to the NE-PL NPA. The development of hydro-power projects in NE-PL NPA is at feasibility stage. Construction is unlikely for several years. The upgrading of other roads in NE-PL NPA is also at the stage of plan. There is a gold mine concession adjacent to the NNT NPA which, if not monitored properly, may impact the PA in the future. It is likely that other PAs that will be supported under LENS2 are facing or will face similar issues related to infrastructure development. The Bank is not involved in any of these projects or concessions. However, the Bank will raise the issue of possible impacts linked to large infrastructure development in highly valued biodiversity PAs and provide advice to the Government as well as support if requested.

The linkage to these activities and any associated impacts, including future activities linked to technical studies that will be financed under the LENS2, will be assessed as part of sub-projects preparation and approval. The project will help MONRE build its capacity on environment law enforcement, build the capacity of PONRE and PA teams to monitor investment projects, help the PONRE and the Department of Forest Resources Management (DFRM) develop a database of large projects so they can better anticipate their environmental and social impacts and feasibility, and prepare guidelines for biodiversity offsets. These potential developments will be taken into account, in the PA management plan, which will be developed and implemented during the implementation of PAW as well as LENS2.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The 5 provinces selected under PAW are the most relevant in terms of wildlife trafficking and biodiversity. The additional 3 provinces are selected based on poverty data, provincial initial capacity and MONRE department priority. Alternative provinces or PAs are less relevant in terms of biodiversity although within these provinces additional PAs meet global biodiversity importance criteria or include the watershed of rivers important for hydropower or irrigation. In terms of alternative design, the Bank considered a strictly-PA support project as many have been done in the past. However, because undoubtedly infrastructure driven by economic development will accelerate degradation, the Project has decided to allocate more than half of its resources to institutional and human resources development to gradually enable the country to make trade off that are more conducive to greener growth.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The country adopted a new Environment Law in 2013 and is gradually preparing its implementation decree. The Department of Environment and Social Impact Assessment (DESIA) is tasked with reviewing EIAs and delivering certificates of compliance including clearing Social and Environment Standards for Operation (SESOs) which are attached to concession agreements. DESIA is lightly staffed but its current staff capacity for ESIA screening is reasonable. At the provincial level, the Provincial Office for Environment and Natural Resources (PONRE) includes an environment impact assessment unit. Those units are critically understaffed and under equipped. They have difficulties monitoring EIA compliance. The Project aims to build the capacity and effectiveness of all of these departments as well as the faculties of social science and the faculty of environment science at the National University of Laos (NUOL).

The Bank portfolio in Laos focuses on natural resources management and environment. In other

project such as the HMTA, with the International Finance Corporation (IFC), the World Bank is helping the Ministry of Energy and Mines develop guidelines for environment compliance. The LENS project, just closed, assisted the development of resettlement curriculum in the faculty of sociology as well as grievance mechanism and Ethic Group consultation guidelines.

OP4.01 on Environment Impact Assessment and other OP described earlier. An Environmental and Social Management Framework (ESMF) prepared by the Client for PAW project was revised and updated for LENS2, to address potential environmental and social issues that may result from such institutional development activities, capacity building, technical studies, river basin planning as well as relevant mitigation measures. The ESMF includes screening procedures (and a negative list) for project investments so that interventions, which could have the potential to adversely impact upon natural habitat and forested areas are not eligible for financing under the Project. The ESMF includes relevant Environment Code of Practices (ECOPs), Physical Cultural Resources (PCR) chance finds provisions and a Pest Management Plan (PMP). When necessary, the promoters of sub-projects will prepare an Environment and Social Management Plan which will be submitted to World Bank review and approval. Environmental and Social Management Plans (ESMPs) will address site-specific environmental impacts that may occur in targeted PAs as a result of minor civil works and other activities implemented under Component 2. Provision to guide management of biodiversity and forest in protected areas are included in the ESMF.

OP7.50 on International Waterways. At the request of the EPF, the Bank will notify riparian countries (China, Myanmar, and the Mekong River Commission) prior to appraisal.

OP4.12 Involuntary Resettlement. The client has also updated the Community Engagement Framework (CEF) which was originally developed for the PAW project. The CEF through its Process Framework (PF) will continue to address potential impacts of access restrictions under the Project, by providing detailed steps to ensure a full and informed participation of local people in PLUP process and in the development of alternative, sustainable income streams. Free, prior and informed consultations will be carried out with affected people, and their broad community support to project activities will be ascertained. Community Action Plan (CAP) will be developed based on a participatory process, and LENS2, like the PAW, will provide grant funding to implement part of the CAP, in order to at least maintain pre-project level of livelihood after the Project. Potential presence of the PCRs will also be identified through PLUP and verified through field visits. PA Management Plans will place emphasis on conservation and management of endangered wildlife. Villagers will continue to be consulted on and participate in the Project throughout implementation through participatory social assessment, PLUP, CAP and CA processes at the village level, and through participatory Monitoring and Evaluation (M&E) at the PA level. Baseline livelihood data especially of vulnerable households, including women headed households, will be collected based on participatory Social Assessment (SA) to be carried out during implementation, and their livelihood status will be regularly monitored throughout the Project implementation under the participatory M&E. Where villages consist of hamlets that previously constituted independent villages but are now consolidated into larger villages, participatory planning process will start at the hamlet level.

The CEF provides detailed steps to ensure that free, prior and informed consultations will be conducted with ethnic groups leading to their broad community support, and that they meaningfully participate in a culturally appropriate manner in land and natural resource use planning and zoning, and the development of alternative, more sustainable income streams.

In order to address minor land acquisition that may be required for community livelihood development and the construction of office buildings and facilities, a Resettlement Policy Framework (RPF) was also updated in line with OP 4.12 and as part of the CEF. An abbreviated Resettlement Action Plan

(RAP) will be developed during implementation should involuntary land acquisition become necessary.

In order to address project risks with regard to the ongoing GoL program of village consolidations, LENS2 will continue to distinguish between villages that have been consolidated in the past, and those scheduled or proposed for consolidation. Villages scheduled or proposed for consolidation during the life of the project are excluded from participation in the Project.

In villages consolidated in the past, the Project will identify such villages and: (a) determine through participatory social assessment if land and tenure issues associated with the consolidation have been resolved to the satisfaction of communities; (b) ascertain if adequate land for agriculture or other means of livelihood to improve, or at least maintain their livelihoods, has been made available; (c) exclude such villages if outstanding issues related to land for agriculture and natural resource are identified, and convey findings to Provincial Authorities for appropriate action; and (d) excluded villages can subsequently become Project beneficiaries if: (i) Provincial Authorities demonstrate that issues have been resolved, (ii) communities confirm such resolution met standards of free, prior and informed consultation, and (iii) communities provide their broad community support for participating in LENS2.

In cases where project participating villages consist of multiple hamlets including those of Ethnic Groups, separate CAPs may be developed for respective hamlets. Elected representatives will represent such hamlets both in village-wide and district level meetings to present views and opinions collected at the hamlet-level meetings. The project will utilize the map of concessions granted in the previous few years and continuously engage with provincial governors to avoid project risks due to allocation of land concessions.

The project will use indigenous leadership and conflict resolution mechanisms as the first tier grievance mechanism but will significantly strengthen their capacity including on safeguards requirements, gender equity, existing legal and administrative frameworks and land management.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Key potential stakeholders for the sub-projects are included national (EPF, several national department and provincial offices of MoNRE; the Department of Forest Inspection (DOFI) of MAF; several faculties of the National University of Lao (NUoL), provincial environment and inspection offices in eligible provinces), about 150 villages in and around NE-PL NPA and NNT NPAs and other villages that will be supported under LENS2.

Free, prior and informed consultations had been held during preparation of PAW project with provincial and site level stakeholders as well as local people in the two pre-selected PAs as part of social assessment development process, which ascertained broad community support to the Project. In particular, the need to combine conservation with livelihood support and allow local people to participate in conservation and natural resources management activities was emphasized and supported. The ESMF provides guidance on how to prepare and ESMP and to carry out consultation in that process. No support to PAs or villages will be carried out without an ESMP cleared by EPF and the World Bank. Affected communities will directly participate in project implementation through the process described in CEF.

The LENS2 ESMF and CEF are not substantially different from the PAW ESMF and CEF. The PAW ESMF and CEF underwent public consultation organized by MONRE in December 2013 and January 2014 in Vientiane as well as in the districts concerned with the two NPAs in Bolikhamxay and

Khammouane Provinces, in Viengkham, Phonexay and Phonethong Districts, Louang Prabang Province, in Viengkham, Samneua and Houamouang Districts, Houaphanh Province and in Phoukout District, Xiengkhouang Province (see details in the PAW appraisal ISDS). In general, the meetings were supportive of the approach, training has been proposed to provide for sub-projects implementing unit during the Project implementation to improve the performance of safeguard implementation. The meetings had been announced in the local newspaper in capital Vientiane. The results of these public meetings are reflected in the final PAW ESMF which has been disclosed to Infoshop and on the MONRE website in January 2014. SDAs will conduct free, prior and informed consultations with affected people including but not limited to ethnic groups as they develop subproject proposals in line with the CEF.

The ESMF and CEF was updated for LENS2 and translated in Lao language, and underwent additional consultation in May and June 2014 in 7 provinces, including the 3 new provinces, as well as in Vientiane capital. A separate stakeholder consultation report, with minutes of meeting has been shared with the World Bank. The meetings had been announced in the local newspaper in capital Vientiane. Both documents are disclosed on the EPF site since September 1 2014, updated with a new draft on December 3, 2014 as well as in draft form at infoshop on December 3 2014. The final approved ESMF and CEF will be re-disclosed to Infoshop and CEF site prior to the start of appraisal.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	01-Dec-2014
Date of submission to InfoShop	03-Dec-2014
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Lao People's Democratic Republic	01-Sep-2014
<i>Comments:</i> The draft #1 was disclosed in country September and improved over the period between September and December. It was officially received at the Bank on December 1, 2014. The draft was disclosed at Infoshop on 12/03/2014 and, after RSA clearance, the final version was disclosed at Infoshop on January 13, 2015.	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	01-Dec-2014
Date of submission to InfoShop	03-Dec-2014
"In country" Disclosure	
Lao People's Democratic Republic	01-Sep-2014
<i>Comments:</i> The draft #1 was disclosed in country September and improved over the period between September and December. It was officially received at the Bank on December 1, 2014. The draft was disclosed at Infoshop on 12/03/2014 and, after RSA clearance, the final version was disclosed at Infoshop on January 13, 2015.	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	01-Dec-2014

Date of submission to InfoShop	03-Dec-2014
"In country" Disclosure	
Lao People's Democratic Republic	01-Sep-2014
<i>Comments:</i> The draft #1 was disclosed in country September and improved over the period between September and December. It was officially received at the Bank on December 1, 2014. The draft was disclosed at Infoshop on 12/03/2014 and, after RSA clearance, the final version was disclosed at Infoshop on January 13, 2015.	
Pest Management Plan	
Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	01-Dec-2014
Date of submission to InfoShop	03-Dec-2014
"In country" Disclosure	
Lao People's Democratic Republic	01-Sep-2014
<i>Comments:</i> The draft #1 was disclosed in country September and improved over the period between September and December. It was officially received at the Bank on December 1, 2014. The draft was disclosed at Infoshop on 12/03/2014 and, after RSA clearance, the final version was disclosed at Infoshop on January 13, 2015.	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment			
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.04 - Natural Habitats			
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]	NA [<input type="checkbox"/>]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
OP 4.09 - Pest Management			
Does the EA adequately address the pest management issues?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Is a separate PMP required?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]	NA [<input type="checkbox"/>]

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes []	No []	NA [X]
OP/BP 4.11 - Physical Cultural Resources			
Does the EA include adequate measures related to cultural property?	Yes [X]	No []	NA []
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [X]	No []	NA []
OP/BP 4.10 - Indigenous Peoples			
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [X]	No []	NA []
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [X]	No []	NA []
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	Yes []	No []	NA [X]
OP/BP 4.12 - Involuntary Resettlement			
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [X]	No []	NA []
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [X]	No []	NA []
OP/BP 4.36 - Forests			
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [X]	No []	NA []
Does the project design include satisfactory measures to overcome these constraints?	Yes [X]	No []	NA []
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes []	No [X]	NA []
OP 7.50 - Projects on International Waterways			
Have the other riparians been notified of the project?	Yes [X]	No []	NA []
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes []	No [X]	NA []
Has the RVP approved such an exception?	Yes []	No []	NA [X]
The World Bank Policy on Disclosure of Information			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [X]	No []	NA []
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to	Yes [X]	No []	NA []

project-affected groups and local NGOs?	
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

III. APPROVALS

Task Team Leader:	Name: Jean-Michel G. Pavy	
<i>Approved By:</i>		
Regional Safeguards Advisor:	Name: Peter Leonard	Date: 3/9/15
Practice Manager/Manager:	Name: Iain Shuker	Date: 3/8/15