

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED  
SAFEGUARDS DATA SHEET (PID/ISDS)  
CONCEPT STAGE**

**Report No.:** PIDISDSC16461

**Date Prepared/Updated:** 02-Mar-2016

**I. BASIC INFORMATION**

**A. Basic Project Data**

|                                    |   |                                    |                              |
|------------------------------------|---|------------------------------------|------------------------------|
| <b>Country:</b>                    | Lao People's Democratic Republic  | <b>Project ID:</b>                 | P158504                      |
|                                    |   | <b>Parent Project ID (if any):</b> |                              |
| <b>Project Name:</b>               | Lao Climate Resilient Road Asset Management Project (P158504)   |                                    |                              |
| <b>Region:</b>                     | EAST ASIA AND PACIFIC   |                                    |                              |
| <b>Estimated Appraisal Date:</b>   | 18-Apr-2016   | <b>Estimated Board Date:</b>       | 30-Aug-2016                  |
| <b>Practice Area (Lead):</b>       | Transport & ICT   | <b>Lending Instrument:</b>         | Investment Project Financing |
| <b>Sector(s):</b>                  | Rural and Inter-Urban Roads and Highways (70%), Public administration-Transportation (15%), Public administration- Water, sanitation and flood protection (15%) |                                    |                              |
| <b>Theme(s):</b>                   | Rural services and infrastructure (50%), Administrative and civil service reform (30%), Infrastructure services for private sector development (20%)            |                                    |                              |
| <b>Borrower(s):</b>                | External Finance Department, Ministry of Finance  |                                    |                              |
| <b>Implementing Agency:</b>        | Department of Planning and Cooperation  |                                    |                              |
| <b>Financing (in USD Million)</b>  |   |                                    |                              |
|                                    | <b>Financing Source</b>   | <b>Amount</b>                      |                              |
|                                    | BORROWER/RECIPIENT  | 17.30                              |                              |
|                                    | International Development Association (IDA)   | 25.00                              |                              |
|                                    | Total Project Cost  | 42.30                              |                              |
| <b>Environmental Category:</b>     | A - Full Assessment   |                                    |                              |
| <b>Concept Review Decision:</b>    | Track II - The review did authorize the preparation to continue   |                                    |                              |
| <b>Is this a Repeater project?</b> | No  |                                    |                              |

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| <b>Other Decision<br/>(as needed):</b> |  |
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## B. Introduction and Context

### Country Context

Despite impressive economic growth in the last few decades, poverty remains high in Lao PDR, especially in rural areas and among ethnic groups. Poverty declined from 41.4 percent in 2002/03 to 28.8 percent in 2012/13. With a GDP per capita of around US\$1,600 in 2014, Lao PDR has become a lower-middle income country. In general, Lao population now live in better housing, own more assets and have better access to infrastructure and services than ten years ago. Improvements in welfare at the national level, however, mask significant differences between regions and among socioeconomic groups. Poverty stands at 28 percent in rural areas as compared with 10 percent in urban areas.

The country has made significant progress in becoming more integrated both internally and with the regional and international trading system. Lao PDR completed its accession to the World Trade Organization (WTO) in February 2013. The country is also a member of the Association of Southeast Asian Nations (ASEAN) Economic Community (AEC) established in December 2015, which is a milestone towards regional economic integration.

Economic growth has continued to be rapid in recent years, boosted by the resource sector and its related activities but also buoyed by accommodative macroeconomic policies on both the fiscal and monetary fronts. Gross Domestic Product (GDP) has grown at an average of 7.5% for the past 15 years to US\$12 billion.

Going forward, real GDP growth is projected to slow to around 6.5% in 2015, before accelerating again in the medium term due to FDI. Major FDI funded energy projects have boosted domestic economic activity, such as construction and transport. The risk of debt distress was assessed to be “moderate” during 2012/13 as a result of the improvements in policy performance. The risk had previously been “high”. The fiscal deficit should narrow to about 4.2% as recent fiscal consolidation measures take effect.

Lao PDR is one of the ASEAN region’s most vulnerable countries to natural disasters with the highest 100-year Probable Maximum Loss (PML) relative to GDP (as high as 11.7 percent). In 2009, Typhoon Ketsana resulted in estimated damages and losses of US\$58 million. In 2011, Typhoon Haima and Tropical Storm Nok-Ten caused damages of US\$66 million and US\$71.9 million, respectively. In 2013, a series of storms caused extensive flooding affecting 350,000 people in 12 provinces (out of a total of 18). Global and regional climate change projections suggest that natural disasters in Lao PDR are likely to intensify and increase in frequency.

The Government of Lao PDR (GoL) recognizes the strong link between economic development, sustainability, and the need to mainstream environmental considerations, including incorporating action on climate change into its development plans. A Climate Change and Disaster Law is currently being developed with expected approval in 2017. The National Strategy on Climate Change (NSCC) was approved in early 2010, and climate change action plans for the period 2013-2020 have been prepared for key sectors, including transport. In 2012, Lao PDR has apportioned US\$12.5 million for climate change from the national budget representing

approximately 0.14% of GDP. However, the financial needs for implementing the NCCC's identified mitigation and adaptation policies and actions stand at approximately US\$ 2.4 billion.

Since the 2000s Lao PDR has progressively devolved administrative responsibilities to local levels. The decentralization policy mandates central government to focus on policy, financing, regulatory frameworks and oversight, while planning and implementation responsibilities are delegated to provinces and districts. The process is intended to help improve service delivery and respond to local needs. It has nonetheless faced important challenges, particularly weak monitoring and regulatory capacity at central level, inadequate technical and managerial capacities at local levels, and poor coordination between the two. These problems have had a negative impact on fiscal stability, with provincial investment expanding unchecked and becoming a heavy contributor to the growing government debt. Weak controls and limited public investment planning capacities at local levels have also affected the transport sector.

### **Sectoral and Institutional Context**

The road network has a total length of 45,000 km and consists of national (16%), provincial (18%), district (12%), rural (44%), urban (5%), and special roads (5%). Local roads (provincial, district and rural road) make up 74% of the total network. Of the total road network, 22% is paved, 44% is gravel surfacing, while 34% is earth roads. 22% of the road network is in excellent or good condition, 23% in fair condition, and 55% in poor condition; seasonal closures, particularly of local roads, are frequent due to poor surface, deficient cross drainage, lack of water crossing structures, flooding, and slope slides.

Public investment in road infrastructure has significantly increased in recent years, doubling in the last two decades. However, despite these efforts, the financing gap remains acute in the sector, not only due to needed road improvement but also due to weak road asset management, debt settlement, and increasingly damage caused by natural disasters

Progress has been made in increasing revenue generated by the Road Maintenance Fund (RMF) from US\$2 million in 2002 to US\$50 million in 2014. The RMF is a key mechanism to ensure the sustained allocation of funds for road maintenance and its main source of funds is a fuel levy. Recently the GoL has approved an increase in the road maintenance fuel levy, which now stands at LAK520 per liter, and which is expected to result in revenues of more than US\$60 million during 2016. This is a positive development, however, the total funding needed for maintenance is estimated at about US\$2 billion over the next decade. It is anticipated that during this period the RMF would be able to generate approximately US\$1 billion or 50% of the total need. Significant budget will be required to settle the fiscal debt arising from road construction, disaster recovery and emergency maintenance and clear the maintenance backlog in the near term, with lower budget requirements afterwards. Therefore, an optimum financing option is to identify and obtain alternative budget sources to clear the debt and backlog and then increase the RMF to the level required to meet maintenance needs.

The current climatic environment, with its variability and frequency of extreme weather events, makes Lao PDR highly susceptible to climate impacts. The risks arising from these impacts increases considerably if the likelihood of increasing climate threats from future climate change is taken into account. The local transport infrastructure is particularly vulnerable as a result of low standards, lack of adequate maintenance, and inappropriate technical designs. Annually, approximately 30% of the road budget is spent on emergency road repair. The importance of increased climate resilience for roads is now considered a potentially significant factor in

reducing demand for emergency repair budget. However, the budget required to comprehensively address climate adaptation and strengthen the Lao road network exceeds by far available resources.

Innovative approaches are required to effectively and efficiently improve the climate resilience of the Lao local network, for example by focusing on the most vulnerable and important sections of the network. Prioritized back-strengthening of vulnerable road sections is a potential solution that could be adopted as a form of periodic maintenance. In 2008, the World Bank supported the establishment of a Road Management System for optimizing decision-making and planning, thereby making more efficient use of the RMF. The system provides data on existing roads, their status, and routine and periodic maintenance needs. It does not provide data related to damage caused by natural disasters, nor does it support the identification of sections vulnerable to extreme weather events. The capacity to identify and prioritize key road sections most vulnerable to climate threats is an essential tool to enhance this process.

At the institutional level, the sector faces important capacity gaps for the effective management of road assets. With the ongoing devolution of responsibilities, MPWT has progressively delegated tasks for maintenance of local roads to the Department of Public Works and Transport (DPWT) of each province. However, limited central capacities for monitoring and oversight, combined with the lack of policies and effective business processes to guide and enable provinces to undertake maintenance tasks, and insufficient technical and managerial capacities at local level remain major challenges.

Road traffic crashes are a major cause of mortality and serious injury in Laos, and lead to substantial loss of economic productivity and national resources. Reported road fatalities doubled between 2000 and 2010 (from 358 to 790), increasing to 1,054 in 2014. Nearly three-quarters of these fatalities are motorcyclists. According to the World Health Organization (WHO), road traffic injuries are the ninth leading cause of death in Laos and the second fastest growing cause behind Dengue Fever. Regionally, the WHO places Laos third behind Thailand and Vietnam – countries with significantly higher motorization – in terms of road crash related fatalities costing the country an estimated 2.7% of GDP (in 2010). Lao PDR has established a National Road Safety Committee, but more support is needed to operationalize road safety management.

Donor support for the sector is coordinated through the Infrastructure Sector Working Group (ISWG) led by MPWT. Donors currently funding road maintenance include the World Bank Group (WBG), the Japanese Government and the Japan International Cooperation Agency (JICA), the German KfW Development Bank, and the Asian Development Bank (ADB).

The WBG is currently financing the Lao Road Sector Project (LRSP; IDA H547-LA and H789) which targets rehabilitation of two national roads (NR1B and NR6A), maintenance of selected sections of the provincial road network, and institutional development including the establishment of a disaster recovery and contingency fund, road safety campaigns, and a feasibility study for Public Private Partnership (PPP) on sections of national road 13 South and North. The PPP activities are being undertaken in close collaboration with the International Finance Corporation (IFC), which is providing advisory service support for PPP to MPWT. The LRSP closing date was extended during additional financing to September 30, 2017. However, LRSP is expected to achieve its development objectives and fully disburse ahead of schedule by mid-2016.

JICA funds ongoing roads maintenance works in Vientiane and Savannakhet provinces. KfW is targeting road maintenance in Sekong, Saravan, Bokeo, Oudomxay and Louangnamtha provinces; and from 2016, the Asian Development Bank (ADB) will finance maintenance works in Attapeu, Saravan and Sekong provinces. JICA and KfW have started to integrate climate change adaptation measures in some of their work. This has been done on a road section basis. The value added of the WBG in this area will be to integrate climate resilience measures on the decision support systems as a whole so as to mainstream the approach into the planning and prioritization of maintenance works. While the civil works under IDA financing will target six provinces, the institutional capacity developed will be in place to serve the whole network in all provinces. Furthermore, the project will work with MPWT at policy level to consolidate the sector response to climate change adaptation into sector strategies and plans. Towards this aim, the proposed project will collaborate closely with development partners in the sector to ensure a unified approach towards climate change adaptation in provincial road maintenance.

### **Relationship to CAS/CPS/CPF**

The proposed project is closely aligned with the twin goals of ending extreme poverty and boosting shared prosperity and with the global Sustainable Development Goal 9 to build resilient infrastructure and Goal 13 to take urgent action to address the impacts of climate change. The project would directly benefit road users in six provinces, four of which (Phongsaly, Houaphan, Oudomxay, Xiengkhouang) present high indices of rural poverty, and incur high maintenance costs due to disaster-related road damages (their mountainous topography causes frequent landslides and flashfloods). The remaining two provinces of Xayabouly and Bolikhamxay present better socio-economic indices overall, but are high risk-prone areas to recurrent floods from the Mekong River and its tributaries. Enhancing maintenance practices and reducing the vulnerability of roads in these provinces will improve the condition and connectivity of local roads, and year round access to services, jobs, markets, and farmland.

The project is consistent with the Lao PDR Country Partnership Strategy (CPS) 2012-2016 that aims to enhance Lao PDR's competitiveness and connectivity. The CPS recognizes the importance of high quality infrastructure (physical investment and services), including transport to achieve this aim. The project would specifically help to increase access to improved infrastructure services in transport (Strategic Objective 1), enable improved access to public services and markets, specifically among the large rural majority, thus contributing to inclusive development (Strategic Objective 3). The project also contributes to the CPS's cross cutting theme of improving public sector management through strengthening sector capacities for road asset management.

The project is aligned with the National Transport Sector Plan to 2020 and Strategy to 2025, in which sustaining the performance and maintenance of existing infrastructure are considered top priorities. The project supports two of the three main goals of the Eighth National Socio-Economic Development Plan (NSED): to attain sustained and inclusive economic growth, and to reduce the effects of natural shocks.

## **C. Proposed Development Objective(s)**

### **Proposed Development Objective(s) (From PCN)**

The Project Development Objective (PDO) is to improve climate resilient road connectivity in selected provinces in Lao PDR.

### **Key Results (From PCN)**

The proposed PDO-level results indicators are:

- (i) Roads in good and fair condition as a share of total classified roads (percentage) – (CSI)
- (ii) Length of vulnerable road sections strengthened (km)

Intermediate outcome indicators include:

- (i) Preparation and implementation of multi-year climate resilient maintenance plans for provincial and district roads in selected provinces, on an annual basis (Y/N)
- (ii) Climate change adaptation strategies mainstreamed into road sector strategic planning framework (Y/N).
- (iii) Police Officers, authorities, community members, teachers, and students exposed to road safety training and awareness raising activities

#### **D. Concept Description**

The proposed Climate Resilient Road Asset Management Project seeks to support overall sustainable road asset management by improving capacity for planning, prioritization, sector financing allocation and management, maintenance efficiency, and climate resilience of road assets. Towards this aim the project will work with government to analyze the relative allocation of funding between new construction and maintenance, and allocation of the maintenance budget between national and local roads, with the objective of achieving an optimum balance and more efficient use of maintenance funding. The project will promote dialogue among government and development partners on the importance and commitment to supporting integrated approaches to sector financing. The project will also provide technical assistance to further develop MPWT institutional capacity for the future implementation of road sector projects using PPP modalities.

The Project would have three components:

Component 1: Climate Resilient Road Maintenance (US\$18.5 million from IDA and US\$ 17.3 million from RMF). This component would support road maintenance works and supervision of works of provincial and district road networks in selected provinces.

Sub-component 1.1: Provincial and District Road Maintenance (US\$17.30 million IDA and US \$17.30 million RMF) this sub-component would invest in maintenance works of provincial and district roads in six provinces (Oudomaxay, Phongsaly, Houaphan, Xiengkhouang, Xayabouly, Bolikhamxay) including periodic maintenance, spot improvement, and routine maintenance through performance-based contract. Spot improvement of critical sections aims to improve the roads climate resilience and may include elevating flood prone road sections, paving road sections with steep slope and sections passing through large communities, drainage improvement/ construction, and slope improvement/stabilization. Given the limited size of the investment and low traffic volume, spot improvement activities would be carried out only on some critical sections of the existing carriageway, not the whole road, within the existing ROW and may involve minor re-alignments to improve road safety and strengthening road climate resilience. Periodic maintenance would include re-gravelling and re-sealing of existing roads, and routine maintenance would include drainage cleaning, patching of potholes, clearing of roadside vegetation, light grading, etc.

Sub-component 1.2: Supervision of road works and data collection (US\$1.2 million IDA). This sub-component would finance technical assistance and operating cost for supervision and quality assurance for maintenance works and road data collection in the selected provinces under 1.1.

Component 2: Institutional Strengthening (US\$6.5 million IDA). This component would cover technical assistance, goods, training, and operating cost to enhance institutional sector capacities for planning and prioritization that would result in optimized allocation of funds for the road sector as a whole. The component would provide support to MPWT to enhance its capacity and road asset management systems, thereby facilitating the delivery of Development Partners' funds through government systems for road maintenance.

Sub-component 2.1: Sector policy and strategic planning. This sub-component would provide Technical Assistance (TA) to MPWT for high-level policy advice for the operationalization of the Sector Strategy to 2025 and Action Plan to 2020, including assessment and optimization of the road sector financing, integration of climate change adaptation, monitoring implementation, periodic review, evaluation, and preparation of the Sector Strategy and Action Plan 2020-2025.

Sub-component 2.2: Road asset management: This sub-component would finance consultant, training, goods, and incremental operating cost to (i) further develop necessary systems and tools for planning, prioritization, budgeting, implementation and monitoring for road asset management, (ii) strengthening capacity of MPWT, DPWTs and contractors on environmental and social management, quality control and contract management, climate resilience, and traffic safety.

Sub-component 2.3: Capacity Building for Use of PPP in the Road Sector. This sub-component would finance technical assistance consulting services, goods, and training to continue developing the institutional capacity of the MPWT to better prepare the sector for the future implementation of potential PPP projects. The sub-component will include TA to assist GoL to develop regulatory frameworks, environment and social management and technical capacity to identify, prepare and implement road improvements using PPP modalities. The proposed project will not finance a feasibility study (FS) or develop environmental and social safeguards instruments for a PPP project, nor will it implement a PPP investment. The FS for the prospective PPP project was carried out, and the development of corresponding safeguards instruments is on-going under the on-going Lao Road Sector Project (LRSP).

Component 3: Contingency Emergency Response Component (US\$0). A contingent emergency response component with a provisional allocation of zero dollars is included under the project in accordance with OP10, Paragraphs 12 and 13, for projects in situations of urgent need of assistance or capacity constraints. This will allow for rapid allocation of project proceeds in the event of the government declaring that a crisis or emergency has occurred and the WBG agreeing with such determination. This component would finance public and private sector expenditures on a positive list of goods and/or specific works, goods, services and emergency operation costs required for emergency recovery. An Emergency Response Operations Manual will apply to this component, detailing financial management, procurement, safeguards and any other necessary implementation arrangements.

Component 4: Project Management. This sub-component would finance project management for day-to-day implementation, M&E, reporting and coordination among the implementing

departments

The project design continues to be evolving and there is a possibility of the use of disbursement linked indicators for some components.

## II. SAFEGUARDS

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

The institutional aspects of the proposed Lao Climate Resilient Road Asset Management project have national coverage. The project is expected to consolidate institutional strengthening activities at ministry/central level, particularly strategic planning and oversight, on the other hand, it will build much needed organizational and human resource capacities at local levels (provincial and district).

The investment aspect of the project is expected to cover six provinces. In the north and mountainous region the selected provinces include Phongsaly, Houaphan, Oudomxay, Xiengkhouang. In the central region, the selected provinces include Xayabouly and Bolikhamsay. The northern provinces present the highest indices of rural poverty in the country and are home to multiethnic groups including Akha, Mien, Khmu, and Hmong. People in these areas engage in subsistence swidden agriculture on steep slopes. The two central provinces selected are located at lower altitudes and present better socio-economic indicators; livelihoods are based on paddy cultivation and agricultural produce such as tobacco and sugar cane. All these six provinces are highly vulnerable to natural disasters, with each area facing particular types of natural disasters affecting the road network. In the north flash floods and landslides are common while in the central provinces backwater flooding is the main problem. The project will address these challenges through the use of appropriate technical solution for spot improvement and maintenance to improve road disaster resilience.

### B. Borrower's Institutional Capacity for Safeguard Policies

MPWT is familiar with and has experience in managing safeguards under World Bank financed projects. An assessment of the clients' capacity for safeguards implementation will be carried out during project preparation, with recommendations for training as needed. MPWT developed Environmental and Social Optional Manual (ESOM), which is mostly in line with World Bank environmental and social safeguard policies. The knowledge and understanding of the Bank's environmental and social safeguard policies has been improved during LRSP implementation among the MPWT staff, both at the central and provincial level. The Environment and Social Division (ESD) of the Public Works and Transport Institute (PTI) of the ministry has eight staff with broad experience in safeguards responsible for monitoring safeguards implementation and provide continuous training to local level staff. The Technical and Environmental Department (TED) of the Department of Roads (DOR) of the ministry has 3 staff responsible for safeguard compliance, whose capacity has been significantly strengthened through the implementation of the LRSP. During preparation, gaps in the capacity of MPWT in managing social and environmental issues in line with the Bank's safeguard policies will be assessed and measures to fill them be included in the safeguard instruments to be developed for the project. Safeguard instruments including Environmental and Social Management Framework (ESMF), Ethnic Group Development Framework (EGDF), Resettlement Policy Framework (RPF), which are being used under ongoing Lao Road Sector Project, will be updated for the new project. World Bank safeguards specialists are expected to provide close guidance for the updating and implementation of the relevant project safeguard instruments. Capacity building on safeguards is included as a key element of the institutional development activities under the project.



### C. Environmental and Social Safeguards Specialists on the Team

Lola Ibragimova (GSU03)

Satoshi Ishihara (GSU02)

Waraporn Hirunwatsiri (GEN02)

### D. POLICIES THAT MIGHT APPLY

| Safeguard Policies                     | Triggered? | Explanation (Optional)  |
|--|------------|---|
| Environmental Assessment<br>OP/BP 4.01 | Yes        | <p>The project focuses on provincial and district road maintenance, including periodic maintenance and spot improvement in order to improve climate resilience and road safety of provincial and district road networks. Activities may include elevating flood prone road sections, paving road sections with steep slope and the sections passing through big communities, drainage improvement/ construction, slope improvement/ stabilization etc. These spot improvement activities would be carried out only on some critical sections of the existing carriageway within the existing ROW and may involve minor re-alignments to improve road safety and/or strengthening road climate resilience. It is anticipated that environmental impacts from road work activities will not be significant as the works will be conducted on existing roads and may involve minor realignments without expansion. Potentials impacts includes dust dispersion, noise, traffic obstruction, access, road safety, construction waste management, borrow pits management etc. Component 2 of the project will provide TA support to develop the E&amp;S capacity of the MPWT with view to the potential PPP, but the PPP road investment itself is outside the scope of the project. Also preparation of Feasibility Study (FS) and safeguards instruments that meet Category A requirements for the NR13 PPP project is already underway under the on-going Lao Road Sector Project (LRSP). E&amp;S related capacity development activities to be supported under this project would be up to the level required for Category A investment. The project is therefore classified as Category A. This project would be category B if only component 1 (maintenance works) would be implemented, but it is category A due to the support for technical assistance for PPP under component 2 consistent with the category A rating for the PPP activities under the on-going LRSP</p> |

|                             |     |   |
|-----------------------------|-----|---|
|                             |     | <p>project.</p> <p>A work plan will be prepared annually. The first year work plan will be prepared and site locations will be identified before appraisal. However, sub-projects/ roads and their locations for the rest of project period will be identified during implementation phase.</p> <p>Therefore, an Environmental and Social Management Framework (ESMF) will be prepared prior to appraisal for screening and assessing environmental and social issues and preparing required site-specific safeguard instruments. The ESMF will cover all investments and TA activities financed under the project and will include Standard Environmental Management Plan (EMP) for road work activities. In addition to the ESMF, safeguards screening will be done for the first year maintenance plan and the site- specific EMP will be developed, consulted and disclosed before appraisal. No safeguard instrument would be developed specifically for PPP capacity building activities but the project will ensure that TA activities would be conducted in line with World Bank safeguards policies and up to the level expected for the Category A investment, by clearly spelling out in the consultant ToRs. With regard to component 3 - Contingency Emergency Response Component (CERC), a generic Emergency Response Operation Manual is being prepared for countrywide. A separate ESMF will be prepared when the generic operation manual is finalized. Nevertheless, this CERC component cannot be activated before the operational manual is finalized. The operation manual and ESMF for the CERC, which are acceptable to the Bank, will be disbursement condition for the CERC component.</p> |
| Natural Habitats OP/BP 4.04 | Yes | No new investment is envisaged under the project and maintenance/spot improvements would be conducted on existing roads. However, work plan will be prepared annually. The first year work plan will be prepared and site locations will be identified before appraisal. But sub-projects/roads and their locations for the rest of project period will be identified during implementation phase. The ESMF will include procedures to screen, identify, assess and address sub-project impacts on natural habitats.  |
| Forests OP/BP 4.36          | Yes | No activities financed under this Project are   |

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|  |     | anticipated in forest areas. However, work plan will be prepared annually. The first year work plan will be prepared and site locations will be identified before appraisal. But sub-projects/roads and their locations for the rest of project period will be identified during implementation phase. The ESMF will include procedures to screen, identify, assess and address sub-project impacts on the health and quality of forests.   |
| Pest Management OP 4.09                | No  | The project activities are not expected to use pesticides, nor lead to increased usage of pesticides.   |
| Physical Cultural Resources OP/BP 4.11 | Yes | While road works will be conducted on existing roads, work plan will be prepared annually. The first year work plan will be prepared and site locations will be identified before appraisal. But sub-projects/roads and their locations for the rest of project period will be identified during implementation phase. The ESMF will include chance find procedures in order to ensure that unexpected discovery of PCR are properly handled.   |
| Indigenous Peoples OP/BP 4.10          | Yes | There may be ethnic groups living along road sections under the project. An Ethnic Group Development Framework (EGDF) will be prepared to provide policies and procedures with regard to (i) ethnic screening; (ii) free, prior and informed consultations with ethnic groups leading to their broad community support; and (iii) Social Assessment (SA) and the development of Ethnic Groups Development Plan (EGDP). Work plan will be prepared annually. The first year work plan will be prepared before appraisal. Safeguard screening will be done and if ethnic groups are found to be present in project affected areas, the site-specific EGDP will be developed and disclosed before appraisal. |
| Involuntary Resettlement OP/BP 4.12    | Yes | Resettlement Policy Framework (RPF) will be prepared and disclosed before appraisal which will provide policies and procedures to avoid, minimize or mitigate negative impacts that may result from the project investments. The annual work plan will be prepared annually. The first year work plan will be prepared before appraisal. Safeguard screening will be done and if any land loss or asset loss is expected to occur under the first year program, the site-specific Resettlement Action Plan (RAP) will be developed and disclosed before appraisal.  |

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| Safety of Dams OP/BP 4.37                      | No | The project will not involve construction or rehabilitation of dams nor investment, which rely on the services of existing dams. |
| Projects on International Waterways OP/BP 7.50 | No | There are no known project components involving international waterways as defined under the policy.                             |
| Projects in Disputed Areas OP/ BP 7.60         | No | The project is not located in any known areas as defined under the policy.   |

### E. Safeguard Preparation Plan

#### 1. Tentative target date for preparing the PAD Stage ISDS

31-Mar-2016

#### 2. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the PAD-stage ISDS.

The ESMF, RPF and EDGF and sub-project specific safeguards instruments (ESIA/ESMP, RAP, EGDP) for the first year road work plan will be prepared, consulted and disclosed before project appraisal.

### III. Contact point

#### World Bank

Contact: Sombath Southivong

Title: Senior Infrastructure Speciali

#### Borrower/Client/Recipient

Name: External Finance Department, Ministry of Finance

Contact: Angkhansada Mouangkham

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#### Implementing Agencies

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### V. Approval

|                      |                          |
|----------------------|--------------------------|
| Task Team Leader(s): | Name: Sombath Southivong |
| <i>Approved By</i>   |                          |

|                               |                          |                   |
|-------------------------------|--------------------------|-------------------|
| Safeguards Advisor:           | Name: Peter Leonard (SA) | Date: 19-Feb-2016 |
| Practice Manager/<br>Manager: | Name: Binyam Reja (PMGR) | Date: 21-Feb-2016 |
| Country Director:             | Name: Ulrich Zachau (CD) | Date: 23-Mar-2016 |

1 Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.