



NATIONAL COMMITTEE FOR RURAL DEVELOPMENT AND POVERTY ERADICATION (NCRDPE)

**PRF II - ADDITIONAL FINANCING**

# **ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)**



February 2015



**LAO PEOPLE'S DEMOCRATIC REPUBLIC**  
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

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## **The Poverty Reduction Fund II**

### **ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)**

**Final draft - February 2015**

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## LIST OF ACRONYMS

CD	Community Development
CDD	Community Driven Development
CRPF	Compensation and Resettlement Policy Framework
DSPPO	District sub-projects Proposal Outline
DRM	Disaster Risk Management
ECOP	Environmental Code of Practices
EG	Ethnic Group
EGDP	Ethnic Group Development Plan
EGDF	Ethnic Group Development Framework
EGPF	Ethnic Groups Policy Framework
EIA	Environmental Impact Assessment
EMP	Environment Management Plan
ESMF	Environmental and Social Management Framework
EU	Engineering Unit
FRALA	Framework for Resettlement and Acquisition of Land and Assets
FRM	Feedback and Resolution Mechanism
FRC	Feedback and Resolution Committee
IEC	Information, Education, Communication
IEE	Initial Evaluation Examination
ISPPF	Infrastructure Sub-Project Proposal Form
JSDF	Japanese Social Development Fund
KSPPO	Koumban Sub-project Proposal Outline
LA	Land Acquisition
LARAP	Land Acquisition/Resettlement Action Plan
LA/RR	Land Acquisition or Resettlement Report
M&E	Monitoring and Evaluation
MIS	Management Information System
MRC	Mekong River Commission
NTFP	Non Timber Forest Product
OAs	Other Aquatic Animals
O&M	Operations and Maintenance
OP	Operational Policy (of the World Bank)
POM	Project Operations Manual
PAP	Person Affected by Project
PDO	Project Development Objective
PMO	Prime Minister Office
PMP	Pest Management Plan
PMT	Project Management Team (PRF central office)
PRF	Poverty Reduction Fund
PRF I	Poverty Reduction Fund Phase I
PRF II	Poverty Reduction Fund Phase II
RAP	Resettlement Action Plan
SESG	Social and Environmental Safeguards Guidelines
SPPF	Sub-project Proposal Form
TSPPF	Training Sub-Project Proposal Form
UXO	Unexploded Ordinances
VNPA	Village Need Priority Assessment
WB	World Bank
WREA	Water Resources and Environment Administration

## INTRODUCTION

The implementation of the PRF II (the original project) is progressing well. It improved access to and utilization of basic infrastructure and services for more than 450,000 rural poor in about 850 communities from financing about 1,000 subprojects identified by beneficiaries themselves. About half the direct beneficiaries are women, and ethnic minorities account for about 70% of Project beneficiaries. Utilization and sustainability of the infrastructure and services are seen in the fact that subprojects completed over two years ago are being used and maintained reasonably well, and beneficiary satisfaction levels is high at about 80%. Disbursement currently stands at 91 percent.

Against the positive outcome, the government of Laos (GoL) requested the Bank to provide a bridge financing in the amount of \$11 million<sup>1</sup> in order to avoid a premature closure of local project offices and maintain the PRF's implementation capacity in all ten project provinces. It is projected that, if project implementation proceeds at the current pace, all planned activities will likely be completed in seven of the 10 project provinces in September, 2015, more than one year earlier than the current closing date. Without additional resources, the PRF would be forced to significantly reduce the size of operation or staff in many provinces. Such a premature completion of project activities will result in a significant loss of implementation capacity at the local level, and create a significant capacity gap for the start of the prospective follow-on investments. An additional financing is thus requested so that project activities can continue to be implemented and project implementation capacity is maintained in all ten project provinces, while also contributing to further improving the rural poor' access to and utilization of priority infrastructure and services in villages that the PRF had not provided financing.

The AF would remain as Environmental Category "B", and the four policies triggered for the original project would continue to be triggered: *Environmental Assessment (OP 4.01)*; *Pest Management (OP 4.09)*; *Indigenous Peoples (OP 4.10)*; and *Involuntary Resettlement (OP 4.12)*. Under the AF, there are 2 new policies triggered – *Natural Habitats (OP 4.04)* and the *International Waterways (OP 7.50)* since the AF would finance subprojects in villages located in protected zones and investment maybe to build or rehabilitate gravity-fed water supply systems or irrigation systems on tributaries of the Mekong river, which is considered an international waterway. It is highly unlikely that the AF activities create major, significant or irreversible adverse impacts that cannot be managed by communities themselves given the very small size of subprojects – on average, \$43,000. However, some minor land acquisition and/or minor asset loss may occur since sub-projects are designed during implementation on a demand driven basis. Similarly, ethnic groups will continue to be the majority of project beneficiaries who will participate in the design, implementation and monitoring of subproject implementation based on participatory processes. However, care has to be exercised to ensure that free, prior informed consultations are carried out with ethnic minorities and their broad community support is established, given their precarious socioeconomic as well as political situation.

To be in line with OP 4.01, OP 4.09, OP 4.10, and OP 4.12, four existing safeguard instruments prepared as a standalone documents<sup>2</sup> for PRFII remains applicable for the AF.

- the Compensation and Resettlement Policy Framework (CRPF),
- the Ethnic Group Policy Framework (EGPF),
- the Environmental and Social Management Framework (ESMF), and
- the simplified Pest Management Plan (PMP).

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<sup>1</sup> It is expected that the Swiss Agency for Development and Cooperation (SDC) may also provide a parallel financing in the amount of \$4 million.

<sup>2</sup> These safeguards documents have been disclosed (both in English and Lao) at the World Bank InfoShop as well as at PRF offices in Vientiane, provinces, districts, and villages and at the World Bank office in Vientiane.

All safeguard instruments developed for the original project were updated for the AF, taking into account the experience of the original project and in order to better align with the scope of activities to be carried out under the AF. They aim to provide the national, provincial and district government, the PRF team, consultants, village officials, private and public sector agencies and beneficiary community members with adequate guidance for effectively managing environmental and social issues in line with the Bank safeguard policies. The process will be implemented as part of the PRF project cycle and the activities will be fully integrated into the subproject selection, approval, implementation, and monitoring and evaluation process.

### **SECTION I: PROJECT DESCRIPTION**

The AF would continue to finance, in the main, participatory processes and the improvement of small scale rural infrastructure identified under the participatory processes. The AF would also finance livelihood and nutrition activities which were included in the scope of the original project and implemented by the PRF, but which had been financed by a Japan Social Development Fund (JSDF) rather than through the IDA Grant. The existing safeguard instruments of the original project include measures to minimize and mitigate potential negative impacts of livelihood and nutrition activities support under the JSDF funding. The AF would also finance demand creation for improved sanitation in partnership with the Water and Sanitation Program (SWP) on a pilot basis in 40 selected villages of three provinces.

Specifically, the AF would finance the following activities.

#### **Component 1 – Community Development Grants**

- Planning for community and local development The koumban planning process would continue to be carried out during the AF period based on a bottom-up processes, starting with the village level participatory meetings. The village development plans thus developed would be integrated at the koumban level through an inclusive process led by elected village representatives. Keeping in mind the objective of the PRF is to empower communities, due attention will be paid to further strengthening villagers' participation in sub-project planning, implementation and monitoring. Efforts will continue to be made under the AF to enhance the participation of ethnic minorities and women, especially those who live outside village main settlements, in the project planning and implementation processes and to ensure they receive project benefits.

Community sub-projects: The AF would also continue to finance sub-projects identified by communities by themselves based on participatory processes. PRF district staff, district local government and sector officials would provide technical validation of proposals. It is expected that the AF would finance about 210 additional sub-projects in seven existing project provinces. The final decision for sub-project financing would be made in a transparent manner by the PRF koumban committee (which consists of representatives of villages that constitute respective koumbans) based on criteria specified in the updated Project Operations Manual (POM). Sub-projects would continue to be required to meet appropriate technical standards of relevant sector ministries, which are outlined in the Quality Management System (QMS) recently updated and applied under the original project and will remain applicable under the AF. The QMS was reviewed by the Bank safeguard specialists and found to be in line with the project safeguard instruments. Activities to be financed under the grants would be open except for items specifically excluded through the project's negative list<sup>3</sup>. The sub-grant ceiling<sup>4</sup> of 60,000USD will continue to be used under the AF. Care will continue to be exercised to strengthen the disaster resilience of PRF investments. On-site inspection will continue to be conducted for selected sub-projects under the AF to assess their disaster resilience, and guidance be developed to make PRF investments more resilient against disasters.

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<sup>3</sup> The negative list is provided in the Annex 1.

<sup>4</sup> A sub-grant is typically awarded to individual villages, but may be awarded to a group of villages within a koumban.

- Livelihood and Nutrition enhancement: The AF would finance activities to enhance livelihood and nutrition status of selected PRF beneficiary villages that had been implemented by the PRF under the Livelihood Opportunity and Nutrition Gain (LONG) pilot, financed by the Japan Social Development Fund (JSDF)<sup>5</sup>. The AF would provide small grants (<\$100 per grant) as well as technical guidance to Self-Help Groups (SHG) and “Village Nutrition Centers” (VNC) in eight districts including four which will be newly supported under the AF, in order to help beneficiaries start livestock production and home gardens, and provide special meals and nutritional education to malnourished infants and pregnant/ lactating mothers. The total number of villages expected to be supported under the AF would be about 100. Livelihood grants are typically used for the production of small livestock (poultry, catfish, etc) the majority of which are consumed by beneficiary community members themselves including VNC members but some of which are also sold to external markets. The Pest Management Policy will continue to be triggered for this activity under the AF as under the original project.
- Pilot partnership with Water Sanitation Program (WSP): The AF would pilot a partnership with the National Center for Environmental Health (Nam Saat) under the Ministry of Health (MoH) and support their Open Defecation Free (ODF) campaign in 40 selected PRF beneficiary villages. The Nam Saat has been implementing its sanitation program using Community-Led Total Sanitation (CLTS) approach, and the Bank has been providing Technical Assistance<sup>6</sup>. Under the existing ODF campaign, Nam Saat district staff sensitize villagers of the benefits of avoiding open defecation, and encourage them to build simple pit latrines on their own, which cost around \$30 per latrine. No external funding is involved in the construction of latrines - they are built by the villagers’ own resources. The AF would finance the training and travel cost of community facilitators at the koumban level (“koumban facilitators”) and Village Implementation Team (VIT) so they regularly engage with villagers, induce their behavioral changes and help beneficiary villages build simple dry pit latrines and achieve ODF status. Nam Saat recently developed an Environmental Code of Practice (ECOP) to provide guidance to villagers to build latrines in an environmentally sustainable manner, which the Bank safeguard specialists reviewed and found are in line with the Bank’s OP 4.01. The revised ESMF includes the ECOP that the construction and management of latrines would be carried out in an environmentally sustainable manner. It is expected that the travel cost and per diem that will be financed from the AF to support the ODF program in 40 villages would amount to about \$50,000

## **Component 2: Local & Community Development Capacity-Building**

- Village & Koumban level: This component will continue to support the PRF objective of empowering communities by training them in assessing their own needs, discussing these with local authorities, implementing and supervising the construction of small public infrastructure investments, procurement, financial management, operations and maintenance (O&M), and lastly monitoring outputs and outcomes at the community and koumban levels.
- District & Provincial level: The component would continue to finance investments to strengthen the capacity of district and provincial officials to support pro-poor local and community development processes, including financing of training on community and local development planning, financial management, and procurement.
- Central level: The component would also continue to finance strengthening of the Leading Committee to support national poverty targeting efforts, and to strengthen coordination of PRF investments with those of various sector ministries and other entities supporting rural development in target koumbans.

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<sup>5</sup> The LONG has been part of the original project and the safeguard documents developed for the original project included measures to address potential negative impacts due to LONG.

<sup>6</sup> Such TA programs have been provided as the Bank Executed Trust Fund (BETF).

### **Component 3: Project Management and Implementation Support**

- This component would continue to finance the costs of implementing, monitoring, evaluating and reporting. It would include salaries and fees of national, provincial and district PRF staff; associated equipment and operating costs; Management Information System (MIS), key studies and evaluations, accounting, procurement assessments, legal services, auditing, and other specialized areas. Critical technical assistance and implementation support would also be financed under this component.

## **SECTION II: POLICY AND REGULATIONS**

### **World Bank's safeguard policy on environmental assessment (OP 4.01)**

OP 4.01 (environmental assessment) for Category "B" project requires a submission of an environmental management plan (EMP) designed to mitigate potential negative impacts of the project. Review of the safeguard issues and implementation experience from the original project suggests that the required mitigation measures described in the ESMF appears adequate, however, more detailed clarification should be made to facilitate simple application at local level and this is discussed in more details below.

### **World Bank's safeguard policy on Natural Habitats (OP 4.04)**

It is expected that some of the communities who benefit from the AF live inside national protected areas. Minor disturbance and site specific impact may occur during the implementation and operation of subprojects, however, the impact is expected to be minor and site specific and it can be mitigated through the application of ECoP included in this ESMF. The ESMF includes screening procedure to (i) determine whether the proposed facilities are in a critical or non-critical natural habitat and (ii) avoid any significant conversion or degradation of any critical natural habitat.

### **World Bank's safeguard policy on Pest Management (OP 4.09)**

The AF will not promote the use or finance procurement of pesticides. The AF would continue to promote organic farming under the livelihood activities. However, livelihood activities and rehabilitation or construction of gravity based irrigation system might lead to the future use of pesticides or present pest management practices. The use of pesticide is expected at a very small scale and can be mitigated through the implementation of PMP (included in this ESMF). The potential use of pesticide will be assessed during each subproject screening. The PMP includes criteria to ensure that the pesticides used have negligible or minimal impact on environment and are listed as allowed to be used in country in line with the World Health Organization.

### **World Bank's safeguard policy on Involuntary Resettlement (OP 4.12)**

The WB's *Operational Policy 4.12: Involuntary Resettlement* is triggered for this project. The policy describe objectives and guidelines to be followed in situations involving involuntary taking of land and restrictions of access to legally designated parks and protected areas as a result of land and forest use planning and demarcation and when indigenous peoples or ethnic minorities are involved. The OP 4.12 aims to avoid involuntary resettlement to the extent feasible, or to minimize and mitigate its adverse social and economic impacts. It promotes participation of displaced people in resettlement planning and implementation, and its key economic objective is to assist displaced persons in their efforts to improve or at least restore their incomes and standards of living after displacement. The policy describes compensation and other resettlement measures to achieve its objectives and requires that borrowers prepare adequate resettlement planning instruments prior to Bank appraisal of proposed projects.

For land acquisition and restriction of access to resources, the policies require close consultation of the affected population and appropriate mitigation of the potential negative impacts given special attention to ethnic, gender, and other vulnerable group issues. The policies also specify the need for monitoring and evaluation and ensuring adequate budget and capacity of the agencies.



### **World Bank's safeguard policy on Indigenous People (OP 4.10)**

The WB's Operational Policy 4.10 (Indigenous Peoples) requires that special planning measures be established to protect the interests of ethnic groups with a social and cultural identity distinct from the dominant society that may make them vulnerable to being disadvantaged in the development process. The Policy defines that ethnic groups can be identified in particular geographical areas by the presence in varying degrees of the following characteristics:

- a close attachment to ancestral territories and to the natural resources in these areas;
- self-identification and identification by others as members of a distinct cultural group;
- an indigenous language, often different from the national language; and
- presence of customary social and political institutions.

As a prerequisite for a project approval, OP 4.10 requires the borrower to conduct free, prior and informed consultations with potentially affected ethnic groups and to establish a broad-based community support for project objectives and activities. It is important to note that the OP 4.10 refers to social groups and communities, and not to individuals. The primary objectives of OP 4.10 are:

- to ensure that such groups are afforded meaningful opportunities to participate in planning that affects them;
- to ensure that opportunities to provide such groups with culturally appropriate benefits are considered; and
- to ensure that any project impacts that adversely affect them are avoided or otherwise minimized and mitigated.

### **World Bank's safeguard policy on Projects on International Waterways (OP 7.50)**

The AF would finance gravity fed water supply systems or gravity fed irrigation systems which take water from run-of-rivers which flow into the Mekong, an international water. The Bank's Safeguards Policy on the International Waterways (OP.7.50) is thus triggered. PRF will make a request to WB to notify the riparian countries (China, Myanmar, and the Mekong River Commission) about the project as required by OP/BP 7.50.

### **Government regulation on EIA**

Key government regulations related to environmental assessment is the environmental impacts assessment (EIA) decree number 112, Pursuant to law on government of the Lao People's Democratic Republic, Ref., No. 02/NA, dated 06/05/2003, the Environmental Protection Law, Ref., No. 02/99/NA, dated 03/04/1999, and based on Request from Minister to Prime Minister's Office, President of the Water Resources and Environment Administration (WREA), Ref., No. 2843/PMO.WREA, dated 21/12/2009. The main objective of the decree is "to lay down principles and rules, and adopt measures on establishment, functions, management and monitoring (of the concerned agencies) in environmental impact assessment and ensures that all investment projects of the State and of both domestic and foreign private individuals foreign operating in Lao PDR which create or may create adverse environment and social impact, are designed with the right and appropriate environmental and social impact prevention and mitigation measures to effectively prevent, minimize and mitigate adverse environmental and social impacts derived from investment projects" (*annex 6*).

The decree 112 defines two different groups of projects based on the size of the investment/environmental and social impact:

- Group 1 refers to the small investment projects or small environmental and social impact which are subjected to an initial environmental examination.
- Group 2 that refers to the size investment projects or with significant environmental and social impact and are subject to an environmental impact assessment.

Provision has been provided to ensure that adequate actions can be carried out if an Initial Evaluation Examination (IEE) is required. A sub-project that requires a full Environmental Impact Assessment (EIA) by the Government EIA regulation will not be funded and this measure is included in the “negative list” (*Annex I*).

### **Government’s Policy, Regulations, and Guidelines on land acquisition and resettlement**

In Lao PDR, compensation principles and policy framework for land acquisition and resettlement are governed by several laws, decrees and regulations as follows: (a) The Constitution (1991), (b) the Land Law (2003)<sup>7</sup>, (c) Road Law (1999). (d) Decree of the Prime Minister on Compensation and Resettlement of People Affected by Development Project (No.192/PM, dated 7 July 2005), and (e) Regulations for Implementing Decree of the Prime Minister on Compensation and Resettlement of People Affected by Development Project (No.2432/STEA, dated 11 November 2005) (CAR Decree). Technical Guidelines of the CAR Decree has been finalized recently and training is being provided to key agencies and provinces. New Instruction on Environmental Impact Assessment (ESIA) and new Instruction on Initial Environmental Examination in December 2013<sup>8</sup> will provide a comprehensive legal basis for development projects to conduct social assessment and plan/implement mitigation measures as needed. The Public Involvement Guideline approved by the Minister, of the new ministry of Natural Resource and Environment (MONRE) in 2012 also provides legal basis for people affected by development projects and concerned stakeholders to participate in project development and monitoring.

The MONRE through its Department of Environmental and Social Impact Assessment (DESIA) is responsible for ensuring effective implementation of the CAR Decree and ESIA and IEE Instructions in close consultation with other line agencies and the provinces.

### **Government’s Policy and Regulations on ethnic groups**

Constitution of Lao PDR, ratified in 1991, uses the term “citizens of all ethnicity” throughout the document. It specifically recognizes the need to incorporate the concerns of ethnic groups in developing policy and programs in all sectors, and has reaffirmed its commitment to strengthen the rights of all ethnic groups in various congresses, conferences, decrees, and laws since the 1980s (Articles 8 and 22). Article 75 of the Constitution specifically indicates that “the Lao language and script are the official language and script.

The 1992 Ethnic Minority Policy of the Lao PDR<sup>9</sup> towards ethnic minorities identifies three essential tasks: (i) strengthening political foundations, (ii) increased production and opening of channels of distribution in order to convert subsistence-based economics towards market-based economics, and (iii) a focus on the expansion of education, health and other social benefits. Of direct relevance to this Project this 1992 Policy states that the Lao PDR must discourage ethnic minorities from continuing their practices associated with shifting cultivation through arranging for permanent livelihoods for such groups so that the benefits of other forms of agriculture outweigh those associated with shifting cultivation. Basically the Lao PDR considers that many of its upland minorities (and this especially includes the Khmou and Hmong) observe “backward traditions that are reflected in their production lifestyle”. In practice the Lao PDR realizes that it is quite impractical to change all these “backward” practices it attributes to ethnic minority groups because of limited arable area for Lowland agriculture and even many Lowland Lao are involved in some forms of upland agriculture.

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<sup>7</sup> The Land Law 04/NA of 21 October 2003 supersedes the earlier Law 01/NA 12 April 1997.

<sup>8</sup> These two ministerial instructions supersede the earlier EIA Decree, 2010

<sup>9</sup> Known under its full title as Resolution of the Party Central Organization Concerning Ethnic Minority Affairs in the New Era.

A new national guideline on consultation with ethnic groups launched by the LFNC in 2013 in line with the National Guideline on Public Involvement, 2012. The ethnic consultation guideline provides principles and process of organizing and conducting free, prior and informed consent and meaningful consultations with all ethnic minority groups of people potentially affected by both public and private development projects. Key principles and procedures for consultation with ethnic groups in this guideline are adopted into the PRFII AF's safeguard instruments (ESMF, CRPF and EGPF).

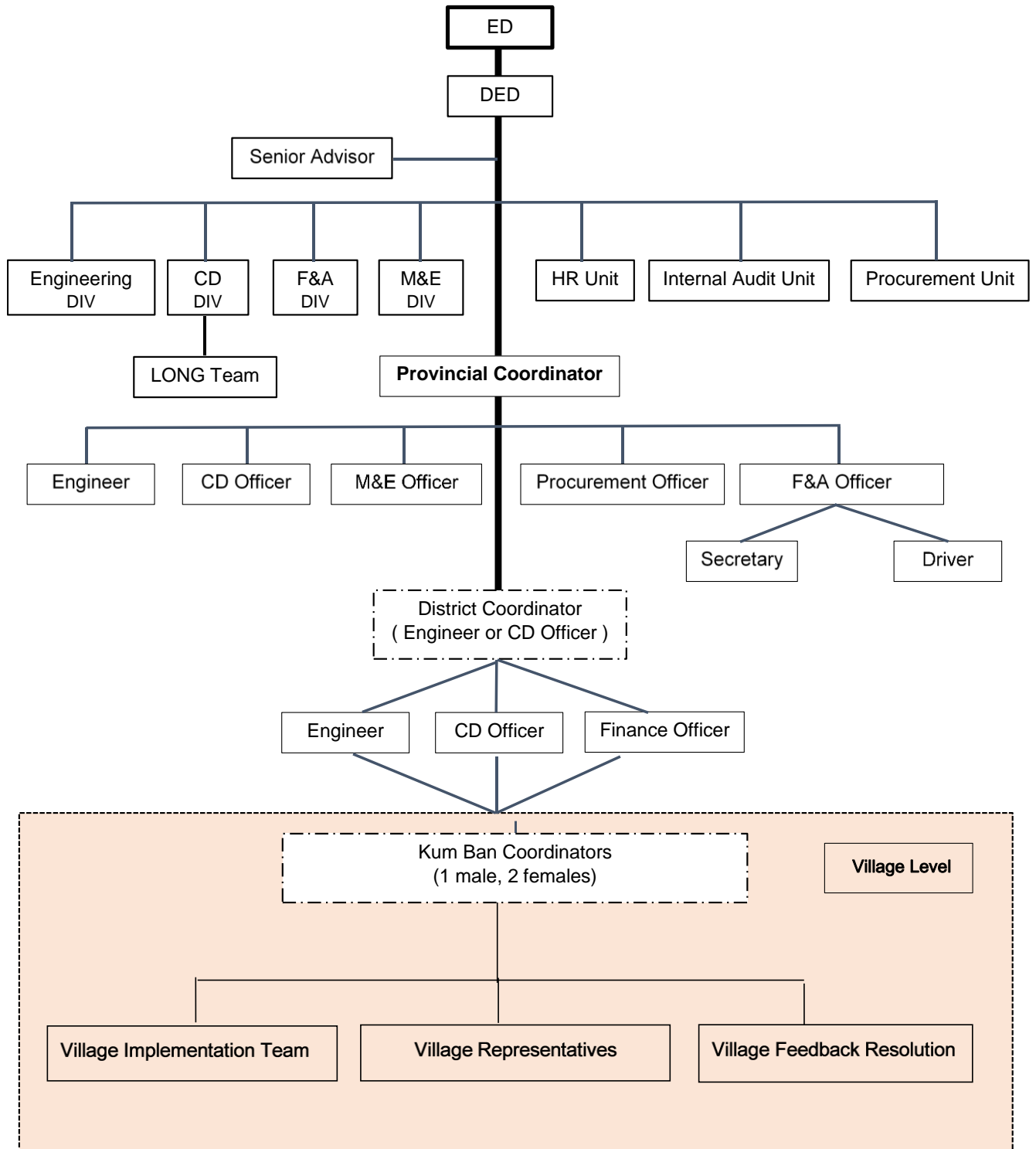
### **Project Implementation Management**

The Poverty Reduction Fund (PRF) is overall responsible for the implementation of the AF and environmental and social safeguard compliance. Specifically, the Technical Assistance (TA) department with staff from the central down to the district level is directly responsible for the implementation of this ESMF. In each district the TA department has one staff who help the community to do the survey and design, identify environmental and social impacts and develop mitigation measures for about 8 subprojects annually. The district TA department is also responsible to ensure that an appropriate ECOP is attached to the civil works contract and supervise the contractors for compliance. The District TA is also responsible for the implementation of the Compensation and Resettlement Policy Framework (CRPF) in close collaboration with the Community Development (CD) department, and collectively identify and mitigate land/ asset loss as a result of subproject implementation. The CD department has staff from the central down to the district level and is responsible for managing participatory processes including consultation with and participation of ethnic groups in the project planning and implementation processes. The CD is thus responsible for the implementation of the Ethnic Group Development Framework (EGDF). In case negative impacts are likely to occur, the CD team would collaborate with the TA team and seek to avoid, minimize and mitigate such negative impacts.

At the village level, the Village Implementation Team (VIT) is responsible for overall safeguard compliance on behalf of the beneficiary communities. The VIT consists of villagers elected by villagers themselves. Decisions with regard to the use of project resources is made at the community-wide meetings. Efforts have been made during the implementation of the original project to increase the participation of ethnic minorities who may not live in the main village settlements in decision making processes by holding separate meetings with them before the village wide meeting is held and a community wide decision is made. The PRF TA and CD staff participate in a community wide meeting where subproject designs, expected environmental and social impacts and mitigation measures including voluntary donations are presented for feedback from community members. Prior to the community wide meeting, PRF TA and CD staff will meet affected households individually and confirm their will to donate assets.

At the koumban level, which is the cluster of villages, koumban Facilitators help facilitate community meetings and mediate between District PRF staff and communities. Their responsibility includes confirmation that voluntary donation processes are completed prior to the commencement of the civil works. They are empowered to report to the district PRF to delay the commencement of civil works if voluntary donation process is not completed as per CRPF.

### PRF organizational structure



## **SECTION III: EXPECTED IMPACTS AND EXPERIENCES OF THE ORIGINAL PROJECT**

### **General Project Impacts**

Monitoring and evaluation conducted during the original project indicated that no major adverse environmental and social impacts were observed. PRF funded sub-projects are predominantly community Infrastructure development (including schools, markets, dispensaries, over-flow bridges, access roads, water supply, water storage facilities and irrigation systems), livelihoods projects (including fish and poultry raising, household and community gardens etc) and water sanitation projects. Some issues raised in project implementation are common for all projects implemented:

### **UXO:**

Preliminary screening will also be needed to assess the presence of Unexploded Ordinances (UXOs) and the danger they may impose on local sub-project activities. As many districts throughout the Lao PDR are adversely affected by the presence of UXOs clearance may be required as a preliminary stage of sub-project activities.

The PRF will continue to seek advice from UXO Lao and local communities and authorities during the sub-projects' technical feasibility study in order to determine the levels of contamination of the sub-project sites. (No contamination, moderate and high). In the areas with no contamination, sub-project activities and construction can proceed without having to undertake any UXO screening activities. The screening process also incorporated this aspect. Prior to the design of a sub-project in a new village where the PRF has never worked before, the PRF normally contacts UXO Lao for data. The UXO Lao has maps of the bombing routes used during the hostilities which help identify the high risk areas in advance as a screening tool.

### ***Ethnic Groups, gender and disadvantaged groups:***

The original project has been designed to benefit all ethnic groups and the planning process has been designed to promote inclusion of all ethnic groups. However, the recent technical assessment and observation during field visits suggested that there are additional opportunities to ensure that ethnic peoples, including women and disadvantages peoples, better understand the PRF process and receive greater benefits than they do now.

Under the AF, more efforts will be made to ensure that PMT staff at central and local levels have a clear understanding on various aspects of ethnic issues, especially those related to the positive and negative impacts of the sub-projects, including the needs to address the gender and disadvantages issues. An Ethnic Groups Policy Framework (EGPF) was updated to provide measures to improve consultation with and participation of ethnic groups in project planning and implementation processes.

### ***Land Acquisition:***

No physical relocation or large-scale land acquisition occurred under the original project, but the construction of community infrastructure may need a limited size of land. Voluntary land donation has been applied as a normal process for the original project, and will continue to be applied under the AF. The Compensation and Resettlement Policy Framework (CRPF) was updated to clarify principles and procedures under which impact on private assets is addressed as voluntary donations. Where criteria of voluntary donations are not met, an abbreviated Land Acquisition Plan will be developed according to the provisions of the CRPF. Resources access restriction will be allowed only if it is an agreement among the local community and



will not result in adverse impacts on the livelihoods of ethnic groups and disadvantage peoples. Resettlement and demolition of houses and business will not be allowed and this has been included in the “negative list”.

***Promotion of natural resources conservation and quality of life:***

The original project was designed to promote conservation of natural resources when possible. Most of PRF sub-projects are located in remote areas and sustainable use of natural resources will be critical for livelihood development and poverty reduction. If protected areas or critical natural habitats are located nearby, it is necessary to also take measures to minimize potential negative impacts and/or enhance positive impacts through the community-driven process. In this context, a “preference list” has been established as criteria for the subproject selection to promote the activities that could render positive impacts on natural resources and nearby habitats and/or protected areas. During the planning process, action will be carried out by the PRF staff at the local level, assisted by the PMT to identify the target villages and/or Koumban that could promote natural resources conservation and/or public health (“Green and Clean CDD”) through capacity building and training activities. Formal and informal education activities could increase awareness on money saving, HIV/Aids, impacts on drugs, sanitation, public health, natural resources conservation, protection of watershed, raising animals in a hygienic way, and organic wastes from the market, etc. Specifically the following practices have been included in the “preference list” and “negative list” (Annex 1):

“*Preference list*”: promote conservation of fish habitats; promote reforestation, re-vegetation, and conservation of water sources; and increase awareness and ownership of local community to protect and manage their forest areas, wetlands, wildlife, and biodiversity.

“*Negative list*”: unsustainable harvesting of non-timber forest products (NTFP) and/or aquatic life, and those related to involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods.

***Specific Project Impacts***

Construction predominantly is undertaken by contractors with local communities supplying labor in some cases. Given that civil works undertaken by the project tend to be small there is little potential for significant adverse localized environmental impacts. Below summarizes the main safeguard issues and the mitigation measures carried out during the implementation of the original project.

Any investment activity/sub-project that involves construction work or changes to land or water use has the potential to generate negative environmental impacts. Given that size and location of the civil works are important, a set of criteria has been established and applied under the original project, which will continue to be applied under the AF, with additional clarifications on the screening process and specific actions for each type of civil works.

Minor environmental impacts were observed within the completion of activities financed by the project but none that would be described as significant. Examples of impacts include tree cutting in school areas without replanting, inadequate watershed protection plan in some cases with water supply system installation and irrigation systems with no or inadequate operation and maintenance plans for irrigation projects.

Under the AF, the Environment Code of Practice (ECOP) will be integrated and mainstreamed into construction works and, when appropriate, included in operation and maintenance manuals and procedures within village agreements. When tree cutting is

unavoidable, new trees of similar species should be planted in an appropriate location to compensate this loss. The reporting systems on performance standards will be improved and supported with training and refresher training provision to PRF teams. The lack of monitoring mechanisms has been addressed with a new control document that requires systematic reporting of issues. Training will be provided on the new process and its use as well as strengthen knowledge on environment issues overall.

A screening process was carried out to record potential impacts that would allow minimization and mitigation to be incorporated prior to works being undertaken. This monitoring tool has been updated and improved when the original project was prepared with a new control document that should ensure monitoring and evaluation continues throughout the construction period and not just at the outset. This will allow unforeseen issues to be reports along with the mitigation used to minimize impacts. Training will be provide to PRF teams on its use and implementation.

## **Livelihoods**

### ***Pest Management:***

Implementation of sub-projects related to irrigation (new and rehabilitation) may involve the use of pesticides while the knowledge on safe use of chemicals is important for farmers. The AF will continue to provide basic knowledge on alternative options for agriculture development and /or livelihood activities, including safe use of pesticides and other toxic chemicals if their use is made necessary. In compliance with the WB Pest Management Safeguard Policy (OP 4.09), a simplified Pest Management Plan has been prepared and it will be applied to activities/sub-projects involving irrigation scheme and livelihood activities.

### ***Water and Sanitation:***

Under the AF, the PRF would provide facilitation services to the GoL's Water and Sanitation program (WSP). Although the AF would finance only the cost of travel and per diem for community facilitators and would not support the construction of latrines which will be financed solely by villagers themselves, a due diligence was conducted to ensure that villagers would build latrines in line with the Bank safeguard policies.

World Bank monitoring of water and sanitation supplies has demonstrated that due diligence relative to safeguards is being sufficiently met. Installed wet latrine systems follow the production / installation guidelines manual and particularly for maintaining distance from the water supply systems wherever possible. Visits to supply contractor's demonstrated good waste management and pollution control along with sourcing used oil for production needs via recycling from local garages. Additionally, in interviews management and owners demonstrated complete understanding of installation requirements. Included in this was the distance requirement noted above and fitting of adequate ventilation pipes to relieve gas from the system at suitable heights.

Nam Saat recently developed an Environmental Code of Practice (ECOP) for the construction of latrines and guidelines for the engagement with ethnic groups, which the Bank safeguard specialists found are in line with the Bank's OP 4.01 and OP 4.10, respectively. The revised ESMF includes an expanded Environmental Code of Practice (ECOP) to ensure that the construction and management of latrines would be carried out in an environmentally sustainable manner. In some case Health and safety, PPE and proper shoes / first aid kits in

production areas could be improved and the World Bank Group could become more active in this area.

## **SECTION IV: PRINCIPLES AND PROCEDURES TO MITIGATE IMPACT UNDER THE AF**

### **Anticipated impacts under the AF**

Since the AF would continue to finance activities of the same types and maintain the same sub-grant ceiling (60,000US), the scale and scope of impact are expected to be similar to those experienced under the original project. No significant or irreversible impact would occur under the AF. Physical relocation of households or businesses is not allowed. For the construction, improvement or rehabilitation of community infrastructure, major environmental impacts are unlikely to occur, given the small size of investment (on average, \$43,000), although minor impacts are expected the will be minimized, mitigated and compensated with management incorporated at the management stage. Livelihood/ nutrition activities will unlikely result in any adverse environmental impacts – construction of new structures or repair of existing structures as Village Nutrition Centers (VNC) will not allowed under the AF. The AF would not procure and promote use of chemical pesticides and fertilizers, which will continue to be included in the negative list as under the original project, and would continue to promote organic farming. However, beneficiary farmers may apply pesticides, herbicides and insecticides. The partnership with Water and Sanitation Program (WSP) will unlikely result in environmental impacts or assets – the AF would facilitate beneficiary villagers build simple pit latrines of their own, if they choose to do so, within their own residential plots. The AF would not finance the cost of building private pit latrines, or build public latrines – the AF would finance only the travel costs of community facilitators and community leaders to receive training in basic sanitation and facilitate behavioral change of community members. The suppliers in some provinces have been checked for environmental compliance and found to be competent. More monitoring of suppliers is recommended including review of the contracts.

The following will be undertaken under the AF to improve the project environmental performance: (i) improve reporting and recording system of safeguard related issues; (ii) systematically apply safeguard's measures provided in the ESMF (ECOP and PMP); (iii) conduct refresh training for technical staff to monitor safeguards compliance under project financed activities at least once per year; (iv) link RPF II activities into conservation of nearby natural habitats, forest area and water sources to enhance positive impacts of PRF project.

### ***Actions to forge effective implementation of safeguards***

It is expected that the civil works to be carried out under the AF will continue to be limited to the construction of community infrastructure and the mitigation measure would be similar to those of the original project. Below summarizes measures to improve safeguard performance of PRF in responding to the key findings of safeguard performance in the original project.

- Update the “negative list” to ensure effective implementation of the sub-projects and establish a “preference list” to mitigate the potential indirect impacts as well as promote conservation of natural resources and protection of environmental quality and public health;
- Provide clear guidelines on how to integrate safeguard measures into the planning and implementation process (Annex 2);

- Improve effectiveness of the screening and recording system at local level by providing a clear safeguard screening and monitoring forms (Annex 3) as well as a clear mitigation measures (environmental code of practices, ECOP) for all type of civil works (Annex 4);
- Increase awareness and knowledge of Provincial and District PRF team and community facilitators to understand the potential negative impacts (social and environment) of infrastructure development, especially road and bridges, as well as the potential for enhancement of positive impacts on conservation of natural resources, local environment and public health;
- Promote active cooperation of local community in the areas that reduce potential negative environmental impact and enhance positive impacts should be encouraged through capacity building and various on-the-job training activities and community networking;
- PRF/PMT will provide periodic training and supervision to the PRF local staff so that they could provide appropriate information on various safeguard issues of the subprojects during the planning process as well as can keep proper records;
- PRF/PMT will include a section on safeguard performance in the project progress report and ensure effective coordination among various units, including monitoring and evaluation (M&E);
- The Bank will review and provide implementation support including safeguard training as needed.

### ***Subprojects Implementation Procedures***

#### ***Negative and preference lists***

To avoid potential negative impacts on local community and local environment, a list of prohibited item and/or activities that cannot be financed (ineligible or the “Negative List”) has been established for the original project and will continue to be applied under the AF while a “preference list” has also be prepared to promote potential enhancement of positive impacts. Details are provided in *Annex 1* and these lists will be included in the Project Operation Manual.

#### ***Safeguard screening and review process***

In order to minimize the sub-projects’ impact on the environment, the PRF has integrated a safeguard requirement into the PRF sub-project planning and approval process (*Annex 2*) and a technical guideline is also provided (*Annexes 3, 4, and 5*). This is to ensure that screening and assessing the potential impacts of a proposed sub-project will be made before it is approved and that the measures are in place to mitigate the negative impacts of approved sub-projects during their design, construction, implementation and in utilization. Below are highlighted key descriptions of the process:

#### ***Step (1) Sub-project identification phase***

- (a) ***Screening for negative and preference list:*** before a sub-project is approved, the PRF local staff at village, koumban and district level facilitates several meetings. During these meetings, the PRF local staff informs the communities of the potential environmental risk of the sub-project, raise awareness of communities about the need for sustainable use of natural resources and protection of the environment by the communities, and gather information on areas where a sub-project will be

implemented; for instance, the current land use of the site, existence of protected area, etc. If the sub-project is found to include activities specified in the prohibited activities (“negative list”), it will be screened out or reconsidered to exclude such activities. If it is in the “preference list” due consideration should be given to increase priority of the activities.

(b) **Screening for social issues.** The PRF local staff will also screen for the need for land acquisition, resettlement, and disadvantages groups/households. All sub-projects that require land acquisition of disadvantages groups/households (*non Lao-Thai ethnic groups, poor household headed by women, poor household with elderly, handicap, and/or children*) should conduct a brief social assessment and preparation of an abbreviated Land Acquisition or Resettlement Report (LA/RR) following the CRPF and/or consult the Bank specialist(s).

(c) **Screening for an IEE requirement: If an IEE is required by the government** EIA decree, PMT will carry out a study in line with the Government regulation and inform the Bank. The IEE report and government approval will be send to the Bank for information. The Bank may require additional mitigation measures as needed to ensure full compliance with WB safeguard policies.

(d) **Screening for Exceeding of the assessment thresholds: If an IEE is not** required but the civil works exceed the thresholds identified below, a simple environmental assessment and identification of mitigation measures is conducted by the PRF local team in close consultation with the PMT (*Annexes 4 and 5*). A draft report should be reviewed in consultation with the village members and other stakeholders to seek and incorporate their views into the sub-project design and mitigation measures. Specific requirements (good engineering practices and housekeeping) will be included in the bidding and contract document and contractor performance monitored and reported. The final draft report will be sent to the local authorities for review and approval. The report will also be sent to the Bank for possible review.

**The assessment thresholds for civil works**

SCALE	Village rural roads, tracks and footpaths (wider than 3.5 m)	> 10 km
	Small bridges and piers	> 20 m
	Village water supply	> 2,000 users
	New construction of irrigation schemes	All
	Community Buildings ( <i>halls, health centres, schools, markets</i> )	> 400 m <sup>2</sup>
	Sanitation Facilities ( <i>latrines</i> )	> 200 users
	Mini-hydro generators	All
Changes are likely to occur in water use and/or water availability		All
Protected area or area proposed for protection by the Government		All

(e) **Application of the ECOP:** For those works smaller than the thresholds, PRF local team will conduct the simple assessment and mitigation measures as described in the Environmental Code of Practices (ECOP) that has been developed for small community infrastructure roads, irrigation, water supply, and buildings with very low



risk (*Annex 4*). All the records will be kept in the sub-project file for possible review by the PRF at the Central as well as the World Bank.

### ***Step (2) Sub-project design phase***

(a) Sub-projects which are submitted by a village and which have been pre-selected during the Koumban and the district meetings are then designed by the villagers with the technical support of the relevant district office and the PRF team. The required mitigation measures for design stage will be incorporated into the final design.

(b) The Sub-project Proposal Form (*Annex 3*) will be used to document the design and includes a quick assessment of the potential negative impacts based on the criteria mentioned in Step (1) above which allows the team to check if there are any specific risks identified. PRF local team fill in the form based on the villagers' knowledge, on *in-situ* observations and on prior discussions with district government staff (in order, for example, to cross-check that the sub-project will not be located in a protected area). At this stage, sub-project activities specified in the "negative list" will be completely excluded from the sub-project while those from the "preference list" will be included in the sub-project.

(c) Contract templates for sub-contracted work will also be modified to include specific clauses detailing sub-contractors' obligations in terms of environmental protection. PRF will also expand the clause detailing communities' commitments in terms of environment protection in the contract signed between the communities and the sub-contractors.

### ***Step (3) Sub-project implementation phase***

(a) The implementation of mitigation measures as well as the monitoring and inspection of potential environmental risks is the responsibility of the communities with possible support and involvement of district Water Resources and Environment Office staff. Training and awareness raising activities will be conducted to ensure that communities are aware of sub-projects environmental risks and to ensure they will take actions to mitigate these risks and to increase their capacity to ensure that contractors are respecting their obligations in terms of environmental protection. Information, Education, Communication (IEC) tools will be developed before the beginning of the original project, and training sessions on environmental protection will be conducted by the PRF community development team at the inception and during the implementation of the sub-projects.

(b) During the implementation phase, regular technical monitoring visits will be conducted by the PRF team and relevant district offices to monitor environmental impacts and inspect the implementation of mitigation measures. When the work is sub-contracted, a final inspection visit will be organized before handing over the infrastructure to the community. The PRF team will use a specific form to assess the quality of the work during the visits, which includes an environmental monitoring and inspection checklist (see *Annex 3*).

## **Implementation, monitoring, and reporting**

The Figure 1 below summarizes the Implementation, monitoring and reporting measures of the PRFII related to the ESMF. The Technical Assistance (TA) department with staff from the central down to the district level is directly responsible for the implementation of this ESMF. In each district the TA department has one staff who carries out survey and design, identify environmental and social impacts

and develop mitigation measures for about 8 subprojects annually. The district TA department is also responsible to ensure that an appropriate ECOP is attached to the civil works contract and supervise the contractors for compliance. The PRF recently developed civil works check list which includes contractor compliance with ECOP which will be filled and filed by the relevant district TA staff (District PRF Engineer). The Provincial TA review all filled civil works check list, and the central TA will randomly review the filled civil works check list as part of environmental performance monitoring. The following guidance will continue to be used under the AF.

**Table 2. Guidance on safeguards issues and actions**

Potential negative impacts	Required mitigation actions	Remarks
(1) Permanent or temporary loss of land or resources for any households, including restriction of access to natural resources and/or impediments to movement of people and animals (Includes patrolling activities)	<p>Identify the amount and nature of land required, owner, and/or other issues and prepares a Land Acquisition/Resettlement Action Plan (LARAP) to provide compensation and/or assistance following the Compensation and Resettlement Policy Framework (CRPF) of Lao PDR.</p> <p>The project will support increasing awareness of Persons Affected by Project (PAPs) about the Feedback and Resolution Mechanism (FRM), and build capacity of those involved in existing Feedback and Resolution Committee (FRC) on the required tasks, including dealing with or mediating complaints, recording/reporting and monitoring proposed resolutions.</p>	Prior consultation with WB, proper documentation, and Post review by WB may be necessary.
(2) Potential social conflicts arising from land tenure and land use issues and/or in water supply rights or related social conflicts	<p>Develop mitigation measures for conflict resolution through close consultation with stakeholders and placed within Project processes, inherently community-based and collectively managed, not precluding the involvement of third-party/external mediators.</p> <p>Develop Village Resources Use Agreement;</p> <p>Using existing Community Conflict Resolution Mechanisms that most likely led by senior/elderly respected persons, or leaders of Ethnic Groups (EG).</p>	If the conflicts may deteriorate livelihoods or living conditions of women or the poorest families in the sub-project area or involve political influence, or likely to be escalated to higher level, the PRF team will inform the WB
(3) Likely to adversely affect ethnic groups	Carry out social assessment process through free, prior, and informed consultations and, if necessary, prepare an Ethnic Groups Development Plan (EGDP) in accordance with guidance in the Ethnic Groups Development Framework (EGDF) for Lao PDR.	Prior consultation with WB, proper documentation, and Post review by WB may be necessary.

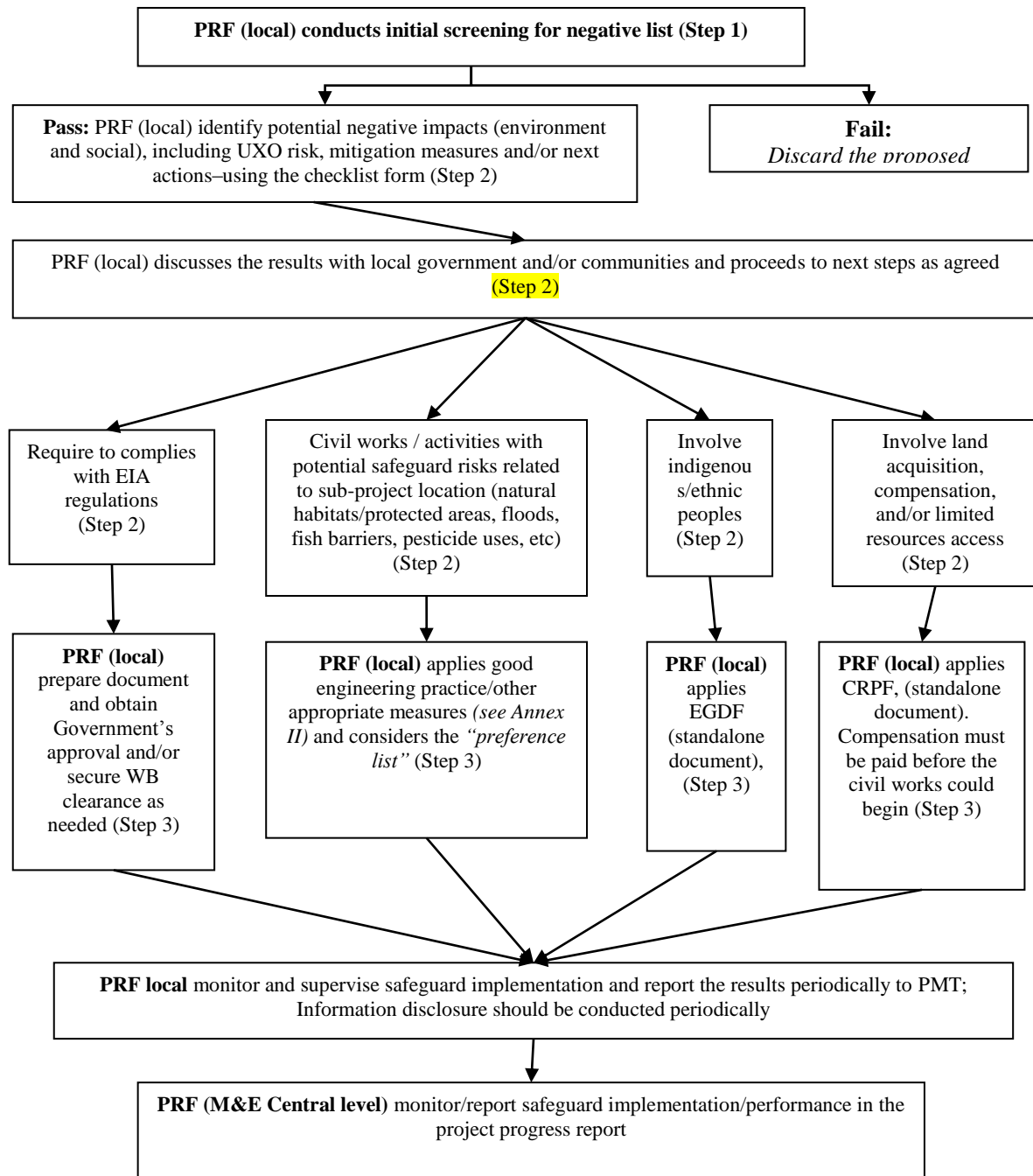
	<p>The project will support increasing awareness of PAPs, in respective languages of IP groups, about the FR mechanism, and building capacity of those involved in the existing FR Committee on the required tasks, including dealing with or mediating complaints from individual and/or ethnic groups, recording/reporting, and monitoring proposed resolutions.</p>	
<p>(4) Likely to increase the use of pesticides and/or toxic chemicals that could affect soil quality, water quality, and/or water users downstream</p>	<p>Prohibit the use pesticides and toxic chemicals exceeding the amount required to treat efficiently the infected area.;                  Apply the simplified pest management plan and provides training to farmers/fishers.</p>	
<p>(5) Activities to be carried out in a Protected Area, Wildlife Reserve, Buffer Zone, Wetlands, or other conservation area or activities involve civil works that may cause significant air, noise, and/or water pollution, soil erosion, and/or create public health risks, wildlife hunting, or impacts on downstream water uses.</p>	<p>Prepare an Environmental Management Plan (EMP) to mitigate the potential negative impacts and/or to reduce safeguard risks; some guidance on the mitigation measures would be provided in the safeguard operation manual.</p> <p>Conduct consultation with local authorities and communities.</p>	<p>The PRF team at the local level and/or the project management team (PMT) will ensure that the activities are in compliance with the Government regulations.</p> <p>Prior consultation with WB, proper documentation, and Post review by WB may be necessary.</p>
<p>(6) Unsustainable forestry utilization, including non-timber forest products (NTFPs); and impacts on riparian forests; fragmentation of forests; introduction of non-native species; causing flood to nearby area; and/or blockage of fish migration or impacts on fish spawning areas, including unsustainable use of other aquatic animals (OAAs).</p>	<p>Consult with local community to reach an agreement on how to avoid/mitigate the potential negative impacts and when possible increase sustainable use of forestry products, fisheries, and other aquatic animals. If a new species is involved ensure that the new species is already present in the vicinity or is known from similar setting to be non-invasive. Ensure careful consideration of location and design of irrigation systems to ensure minimum impact on fish and aquatic resources. Minimise fragmentation of forests by following existing alignments of foot paths, tracks, electricity lines e t c wherever possible. If restriction of natural resources, social conflict, and/or ethnic groups as indicated in (1), (2), (3) follow the mitigation measures identified in (1), (2), (3).</p>	<p>Excluding sustainable logging and unsustainable harvesting or processing of timber products.</p> <p>Close consultation with WB safeguard specialists is recommended.</p>
<p>(7) Involve UXO risk?</p>	<p>If yes, contact responsible agency and complete the clearance before conducting</p>	<p>PMT to take the lead in securing safety of the project</p>

	project activities.	area
(8) Activities involve small civil works that may cause small amount of air, noise, and/or water pollution, soil erosion, and/or create public health risks, wildlife hunting, or impacts on downstream water uses.	Apply good engineering and/or good housekeeping with close monitoring and supervision, including maintaining close consultation with local population. The contract will also include a special clause on “ <i>chance find</i> ”.	PRF team at the local level and PMT will ensure that the appropriate mitigation measures are included in the contract and that the contractor effectively implements required mitigation measures.
(9) Opportunity to enhance environmental benefits, mainstream environmental issues, and/ or synergy with other project activities	Closely coordinate with other projects during the project implementation. Continually improve and expand the ‘preference list’ and use it to encourage environmental protection and disaster risk minimization in village needs assessment, planning and selection.	Enhance positive impact of the project.

#### **SECTION IV: PUBLIC CONSULTATIONS**

This ESMF will be consulted with the public on March 18, 20 and 23. Broad stakeholders including the Ministry of Natural Resources and Environment (MONRE) will be invited to consultation meetings. The ESMF will be updated based on the comments received.

**Figure 1: Implementation, monitoring and reporting measures of the PRFII related to the ESMF**



Safeguard performance will be part of the project progress report and this requirement will be included in the Project Operations Manual (POM).



## Safeguards training

*Safeguards training.* PRF will continue to organize training to PRF teams on how to use the various checklists, table on typical environmental impacts and mitigation measures as indicated in the ECOP as appropriate. Safeguard training to PRF staff should be carried out as part of the overall training of PRF staff throughout the PRF process. Adequate budget is allocated for safeguard training as well as for the implementation of mitigation measures (see the budget section). Mitigation of safeguard activities during construction will be part of the construction costs.

## Budget

Capacity development for participatory and transparent decision making processes involving ethnic groups, including on minimization of negative impacts on any members of the community, is part of the standard PRF process. As such, the AF would continue to allocate significant resources for such capacity development. The PRF also recognizes environmental sustainability as an important ingredient for sustainable poverty reduction, and will continue to raise awareness of community members on and develop their basic capacity for environmental sustainability under the AF.

As the table attached below shows, the AF would allocate about \$300 000 for the capacity development of communities on the implementation of project safeguard instruments, which is about 3% of the IDA funding. It is to note that the actual spending on safeguard implementation will be significantly higher. Many PRF activities includes aspects of safeguard implementation or monitoring. For instance, ECOP monitoring is carried out as part of the overall supervision of sub-project implementation. Refresher training of VIT on participatory processes has multiple objectives of which safeguard is just one. The cost of the village validation meeting will cover both safeguard aspects as well as non safeguard aspects. Since safeguard implementation and monitoring are embedded in many project activities, it is difficult to estimate the budget that will be spent under the AF purely and only for the safeguard implementation and compliance.

<b>Safeguard implementation cost under AF</b>	
Refresher training of village implementation team (VIT) on participatory processes including engagement with ethnic groups	\$20,882
Village Validation Meeting	\$71,518
Safeguard training of PRF staff	\$183,593
production of IEC tools on safeguards	\$11,000
total	\$286,993

## **Annex 1: The “Preference List” and “Negative List”**

1. This annex provides a list of prohibited item and/or activities that cannot be financed under the AF (ineligible or the “Negative List”) and a list of activities that should be promoted and supported (preference or the “Positive List”).

### **A1.1 Preference list**

2. The PRF supports all activities at community level through a participatory process, related to access to basic infrastructure, to social services and improved livelihood while enhancing positive impacts on the local environment such as:

(a) protected areas; (b) community conservation of fish habitats and riparian forests; (c) reforestation; (d) re-vegetation and/or protection of soil or river bank erosion; (e) conservation of water sources, including construction of check dams in the upper part of the watershed; (f) strengthening ethnic groups’ participation, (g) awareness, ownership of local community to protect, to manage their forest areas, wetlands, wildlife as well as biodiversity, (h) cleanliness, hygienic condition, and other public health, (i) road safety conditions within communities, including those related to awareness, knowledge, cooperation among local people, (j) communication and capacity building linked to the above.

### **A1.2 Negative List (Prohibited Activities)**

- (i) To avoid adverse impacts on the environment and people, the following activities are explicitly excluded from funding:
- (ii) Relocation and/or demolition of any permanent houses or business.
- (iii) Use of PRF investment or subproject as an incentive and/or a tool to support and/or implement involuntary resettlement of local people and village consolidation.
- (iv) Land acquisition that affect more than 200 persons or 20 households.
- (v) New settlements or expansion of existing settlements inside “Total Protected Zone” as defined in a government decree (see actions in Table 3 of ESMF).
- (vi) Likely creation of adverse impacts on ethnic groups within the village and/or in neighboring villages or unacceptable to ethnic groups living in an ethnic homogenous village or a village of mixed ethnic composition.
- (vii) Imposing ideas and changing priorities identified by the community and endorsed at the Koumban level meeting without community consultation, prior review and clearance from the PMT.
- (viii) Damage or loss to cultural property, including sites having archeological (prehistoric), paleontological, historical, religious, cultural and unique natural values.
- (ix) Resources access restriction that could not be mitigated and will result in adverse impacts on the livelihoods of ethnic groups and disadvantage peoples.
- (x) New roads, road rehabilitation, road surfacing, or track upgrading of any kind inside natural habitats and existing or proposed protected areas.

- (xi) Purchase of guns; chain saws; asbestos, dynamites, destructive hunting and fishing gears and other investments detrimental to the environment.
- (xii) Purchase pesticides, insecticides, herbicides and other dangerous chemicals exceeding the amount required to treat efficiently the infected area. However, if pest invasion occurs, small amount of eligible and registered pesticides in Lao PDR is allowed if accompanied with a training of farmers to ensure its safe uses and World Bank's clearance is needed.
- (xiii) Forestry operations, including logging, harvesting or processing of timber and non-timber products (NTFP); however support to sustainable harvesting and processing of NTFPs is allowed if accompanied with a management plan for the sustainable use of the resources.
- (xiv) Unsustainable exploitation of natural resources.
- (xv) Introduction of non-native species, unless these are already present in the vicinity or known from similar settings to be non-invasive.
- (xvi) Significant conversion or degradation of natural habitat or where the conservation and/or environmental gains do not clearly outweigh any potential losses.
- (xvii) Production or trade in any product or activity deemed illegal under Lao PDR laws or regulations or international conventions and agreements, or subject to international bans.
- (xviii) Labor and working conditions involving harmful, exploitative, involuntary or compulsory forms of labor, forced labor<sup>10</sup>, child labor<sup>11</sup> or significant occupational health and safety issues.
- (xix) Trade in any products with businesses engaged in exploitative environmental or social behavior.
- (xx) Subprojects that require full EIA will not be funded.

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<sup>10</sup> Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

<sup>11</sup> Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

## Annex 2. Integration of Safeguard Measures into PRF Process

**Table 3. Integration of safeguard into PRF process\***

PRF CYCLE	CONTENTS RELATED TO SAFEGUARDS	REPORTING	RESPONSABILITIES
(1) Introduction of PRF concept and training of PRF staff, local authorities, volunteers, and communities	Knowledge on key issues and required mitigation measures (negative list, Social and environmental guideline including Framework for Resettlement and Acquisition of Land and Assets (FRALA), compensation / Voluntary contribution rules, mitigation of impact on physical resources and inclusion of vulnerable ethnic groups).	Meeting and training form (PDKV_MT); Meeting reporting Form. Training evaluation form.	PRF Community Development (CD) & Engineering Unit (EU) National level
Training of koumban facilitators and PRF staff	Knowledge on preference list and its associated benefits as well as key issues and required mitigation measures (preference list negative list, Social and environmental guideline including FRALA, compensation / Voluntary contribution rules, mitigation of impact on physical resources and inclusion of vulnerable ethnic groups) and details on mechanism, methodology, forms.		PRF CD & EU Provincial level
Training of Koumban Representatives and Koumban Teams	Training on preference list Social and Environmental Guidelines (FRALA, compensation system, physical cultural resources, inclusion of vulnerable ethnic groups), Gender and Ethnic Groups sensitization (Facilitated by the PRF), sustainable Natural Resources Management (NRM) and type of prohibited activities.		PRF CD & EU District level
(2) Village Needs Prioritization Assessment (VNPA)	Review the Social and environmental guideline including FRALA, compensation / Voluntary contribution rules, mitigation of impact on physical resources and inclusion of vulnerable ethnic groups), presentation of the negative list; Pre-checking on the feasibility of the sub-projects selected by the community regards to environment and social safeguard.	Meeting and training form (PDKV_MT); Meeting reporting form (Number of potential safeguards issues identified).	PRF EU & CD District level
(3) Participatory Planning Meeting at koumban level (4 years plan validated on yearly basis)	Review types of prohibited activities, Social and Environmental Guidelines (FRALA, compensation system, physical cultural resources, and inclusion of vulnerable groups). Selection of infrastructures proposal (for bridges, irrigation schemes, and gravity-fed water system that required a longer design period as water need to be measured during	Meeting and training form (PDKV_MT); Attendance sheet (number of koumban Feedback & FRC member at the koumban level); Koumban Sub-	PRF EU & CD District level

	both the rainy and dry season, the sub-project will only include the survey activities)	project Proposal Outline (KSPPO).	
(4) Design and preparation of sub-projects	<p>Conduct survey and simple environmental and / or physical cultural resources assessments (when necessary); Environmental checklist; Physical cultural resources checklist (spirit forests, temples, graveyards); Documentation (in the 'Contribution and Compensation Form') of resettlement, land acquisition and other voluntary contribution (if any) and of the calculation of the compensation paid by communities.</p>	<p>Training Sub-project proposal form (TSPPF); Infrastructure Sub-project Proposal Form (ISPPF); Contribution and compensation form; Land Acquisition and Resettlement Report Form; Simple Environmental Assessment Form; Simple Physical Cultural Resources Assessment Form;</p> <p>Sub-projects' design reflects villagers' needs and priorities, is feasible and respects social and environmental guidelines</p>	PRF EU & CD district level (assisted by PRF provincial level for key step)
(5) District Meeting to endorse koumban integrated development plan	<p>Presentation of designs: budgets, villagers' contribution and compensation, land acquisition and resettlement reports (if any), procurement methodologies, disbursement schedule, Operation and maintenance plan, environmental and social checklists (detailed assessments if necessary);</p> <p>Discussion and confirmation of the size of the infrastructures; Discussion and confirmation of community contribution and compensation arrangements.</p> <p>Verification by PRF technical advisors that the final design respect PRF standards; Review of the number of people affected by resettlement of land acquisition (if any).</p> <p>Review potential issues related to safeguard by provincial and district representatives.</p>	<p>Meeting and training form (PDKV_MT).</p> <p>Meeting and training form (PDKV_MT); District sub-projects Proposal Outline (DSPPO).</p> <p>Final options retained for the design of the pre-selected subprojects presented, discussed and approved.</p> <p>Identification of the number of potential breath of safeguards</p>	PRF CD & EU National level, provincial and district level
	<p>Presentation of designs: budgets, villagers' contribution and compensation, land acquisition and resettlement reports (if any), procurement methodologies, disbursement schedule, Operation and maintenance plan, environmental and social checklists (detailed assessments if necessary);</p>	<p>Meeting and training form (PDKV_MT).</p> <p>Final options retained for the design of the pre-selected subprojects</p>	PRF CD & EU National level



(6) Implementation of sub-projects	<p>Discussion and confirmation of the size of the infrastructures; Discussion and confirmation of community contribution and compensation arrangements.</p> <p>Verification by PRF technical advisors that the final design respect PRF standards; Review of the number of people affected by resettlement of land acquisition (if any).</p>	presented, discussed and approved.	
(7) Training of Koumban and Village Implementation and Maintenance Teams (Construction techniques and Supervision)	<p>Regulations and rules linked to each type of infrastructure; Training on Final inspection process; Regular inspections of the infrastructures sub-project during the implementation stage.</p>	<p>Meeting and training form (PDKV_MT); Training evaluation form.</p>	PRF EU & CD District level
(8) Subprojects monitoring and inspection by Quality Control Teams	<p>Visit of subprojects sites; Final technical inspection.</p>	Final Inspection Report form (FIR).	PRF EU & CD District level for regular visit. PRF EU&CD at National, Provincial and district level for final technical inspection
(9) Official transfer of infrastructures to communities			
(10) Validation of the integrated development plan (Step 3) and evaluation of the activities of the previous year	<p>Discussions about overall performance (including respect of some of the key development indicators); Presentation by District Feedback Resolution Committee of issues arisen and actions taken so far;</p>	<p>Meeting and training Form (PDKV_MT).</p> <p>Review of the safeguards issues met during the sub-projects implementation (if any)</p>	PRF CD & EU District level
Independent Assessments	<p>Independent technical assessments and audits are carried regularly. These assessments include a PRF Technical Assessment.</p>	<p>Assessment report with Identification of adverse environment impact and mitigation measures in place, activities promoting environmental protection during implementation.</p>	External consultants

*\*The be further refined and updated in the PRFII operations manual.*

# ກອງທຶນຫຼຸດຜ່ອນຄວາມທຸກຍາກ

POVERTY REDUCTION FUND (PRF)

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