

INTEGRATED SAFEGUARDS DATA SHEET ADDITIONAL FINANCING

Report No.: ISDSA13047

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Lao People's Democratic Republic	Project ID:	P153401
		Parent Project ID:	P123480
Project Name:	LA-Poverty Reduction Fund II - AF (P153401)		
Parent Project Name:	LA-Poverty Reduction Fund II (P123480)		
Task Team Leader(s):	Satoshi Ishihara, Miki Terasawa		
Estimated Appraisal Date:	06-Apr-2015	Estimated Board Date:	23-Jun-2015
Managing Unit:	GSURR	Lending Instrument:	Investment Project Financing
Sector(s):	Public administration- Other social services (50%), Other social services (50%)		
Theme(s):	Rural services and infrastructure (50%), Other social development (50%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	14.00	Total Bank Financing:	11.60
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			11.60
Lao PDR - Free-standing Trust Fund Program			2.40
Total			14.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	Yes		

2. Project Development Objective(s)

A. Original Project Development Objectives – Parent

The Project Development Objective is to improve the access to and the utilization of basic infrastructure and services for the Project's targeted poor communities in a sustainable manner through inclusive community and local development processes.

B. Proposed Project Development Objectives – Additional Financing (AF)

Help improve the access to and the utilization of basic infrastructure and services for the Project's targeted poor communities. The PDO would be achieved through inclusive community and local development processes with emphasis on ensuring sustainability.

3. Project Description

Strategic context. Poverty remains high in Lao PDR despite an eight percent annual economic growth over the past several years, with a current Gross National Income (GNI) per capita (Atlas method) at US\$ 1,460 in 2013. The incidence of poverty is highest in the southeast and the central mountainous areas (along the border with Vietnam) as well as northern midlands and highlands. There also is an increasing gap in poverty levels between urban and rural areas: the poverty level is 10 percent in urban areas, while it is 28.6 percent in rural areas. Ethnic groups and women are particularly vulnerable: 15 percent of Lao-Tai people are poor, while the poverty rates for Mon-Khmer people and Hmonglu-Mien people are 42.3 percent and 39.8 percent, respectively. Less than 60 percent of women in poor households can read and write, compared to over 80 percent for men. About two thirds of Mon Khmer and Hmong ethnic groups lack formal education.

Access to and utilization of infrastructure and services are limited for many rural poor. Although about 80 percent of all villages have road access, 55 percent of villages in mountainous areas do not have year-round access. The net primary school enrollment of 85 percent in all villages drops to 79 percent and 82 percent respectively for girls and boys in villages without road access. Travel time to reach a nearest health dispensary is at least two-hours on foot for about 30 percent of rural villages. Among households below the poverty line, access to improved toilets and electricity is 43 percent and 59 percent respectively, compared to 85 percent and 91 percent among households whose consumption level is twice higher than the poverty line. Stunting among children is more pronounced in rural areas due to food and nutrition insecurity, among other issues, and in particular among ethnic minorities in remote mountainous areas.

The draft 8th National Socio-Economic Development Plan (NSED) maintains the graduation from the Least Developed Country (LDC) status by 2020 as the overall policy goal, and sets out addressing rural – urban inequality as one of the key objectives. It recognizes that tailored interventions are necessary to improve access to infrastructure for the poorest groups, and puts forward various measures to lift them out of poverty, including the construction of basic education infrastructure, rural access roads and improvement in access to safe water. It also recognizes that poverty reduction must be tailored to ethnic people's specific needs and capabilities, and address gender issues among various ethnic groups.

Original Project. The Board of Executive Directors approved an IDA Grant of SDR15.8 million (equivalent to US\$25 million) for PRF II on June 9, 2011. The Project Development Objective (PDO) is to improve the access to and the utilization of basic infrastructure and services for the Project's targeted poor communities in a sustainable manner through inclusive community and local development processes. DFAT co-financed A\$20 million through MDTF, while SDC gave a

complementary financing of about US\$13.6 million . The Government of Lao (GOL) has committed \$10 million to provide complementary financing to PRF II sub-projects.

PRF II covers 42 poor districts in ten provinces: Huaphanh, Xiengkhouang, Luang Namtha, Luang Prabang, Oudomxay, Pongsalay, Savannakhet, Sekong, Attapeu and Salavan. It has financed about 1,000 sub-projects (including the construction of small scale water supply systems, additional classrooms and dispensaries, and the spot improvement of rural roads) and has benefited more than 450,000 rural poor in about 850 villages. Benefits include increases of: 37 percent in use of health services; 76 percent in access to safe water resources; and 30 percent in access to all weather roads in target villages. About half the direct beneficiaries are women, and ethnic minorities account for 72 percent of direct beneficiaries. The quality of participation of women and ethnic minorities improved significantly since the Mid-Term Review (MTR) in February 2014, by deepening community driven development (CDD) approach. Additional female facilitators, mostly from ethnic minorities, were hired in each kumban; additional village meetings were held in all distant settlements; and many information, education, and communication (IEC) materials developed. Sub-projects completed over two years ago are being used and maintained reasonably well, and beneficiary satisfaction levels are high at about 80 percent. The Project has been rated Satisfactory (S) on both IP and DO for the past 12 months, and is expected to fully meet the Project objective. Disbursement of IDA Grant currently stands at 88 percent, while that of DFAT is 65 percent . The Project is fully compliant with legal covenants as well as Bank fiduciary and safeguards requirements. There are no overdue audits and there are no qualifications to the audit reports.

The contribution of PRFII goes beyond directly financing the improvement of tertiary infrastructure. The Ministry of Planning and Investment (MPI) developed a Participatory Planning Manual (PPM), in collaboration with the PRF, based on the PRF bottom-up planning processes, which is being used for their Northern Upland Development Plan (NUDP).

The Kumban Development Plans (KDP), developed based on the priorities identified by villages that constitute the respective kumban, are increasingly recognized by GoL agencies and development partners as useful resources that include many high priority investments. About 20 percent of priority investments in KDPs have been financed by development partners or government agencies (as of November 2014). Also, the PRF is increasingly recognized by GoL, development partners, and private sector as a useful platform to deliver last mile services cost effectively. The PRF will provide facilitation services to the National Center for Environmental Health (Nam Saat) under the Ministry of Health (MoH) for their Open Defecation Free (ODF) program, which would allow the Nam Saat to deliver ODF services at more than 50 percent lower cost. A rural employment program supported by the International Labor Organization (ILO) is also using PRF staff for community mobilization. The PRF platform is also used to implement the JSDF-financed Livelihood Opportunities for Nutrition Gains (LONG) pilot.

GoL requested the Bank to provide additional financing to scale up the positive outcomes of the Project by financing additional sub-projects using the PRF developed bottom-up planning processes. It would cover the cost of implementing the final cycle of sub-projects (Cycle XIII) in seven provinces where the PRF would otherwise complete all planned activities with the completion of the current cycle. The proposed AF would help PRF maintain its well established implementation capacity in all PRF provinces for a seamless transition to the potential PRF III. Such a bridging financing would allow further improving the access to infrastructure and services among rural poor in ways that are tailor ed to the needs of ethnic groups and women, and help the GoL achieve the objective of the draft 8th NSEDP.

AF proposes the following changes: clarifying PDO and adjusting RF; financing about 210 additional sub-projects; adding a new component to take over the JSDF-financed livelihood and nutrition pilot in selected villages; supporting community engagement and facilitation under GoL's Open Defecation Free (ODF) program on a pilot basis; and triggering three additional safeguards policies (Natural Habitat, Safety of Dams, and Projects on International Waterways). The closing date of December 31, 2016 would remain unchanged. The proposed four components are as follows:

Component 1: Community Development Sub-Grants (US\$6.70 million): About 210 community block grants would be newly provided to build or improve tertiary infrastructure identified by the beneficiary villages in the seven provinces where the PRF would otherwise complete all planned activities with the completion of the current Cycle XII. Activities to be financed under the Component would be open except for items specifically excluded through the project's negative list. The sub-grant ceiling remains at 60,000USD. This Component would also continue to finance participatory planning processes and roll out strengthened CDD approach in 10 more districts in three additional provinces.

Component 2: Local and Community Development Capacity Building and Learning (US\$1.10 million): This component would further strengthen bottom-up planning processes in ten AF provinces through enhancing the quality of Kumban Development Plans (KDP) as a planning tool for local spatial development and improving the Operation and Maintenance (O&M) of PRF investments. This Component would also support a pilot partnership with rural sanitation program with the National Center for Environmental Health (Nam Saat) under the Ministry of Health (MoH) to deliver rural sanitation services.

Component 3: Livelihood and Nutrition Pilot (US\$2.20 million): This new component would incorporate the livelihood and nutrition pilot which has been financed in complementary under the funding of the Japan Social Development Fund (JSDF). This pilot would continue to strengthen the Self-Help Groups (SHGs) and the Village Nutrition Centers (VNCs) in 150 villages including 64 that would be newly added, based on the experience gained and through the provision of seed funds to the SHGs and nutrition grants to VNCs .

Component 4: Project Management (US\$1.60 million): Finance project implementation costs, including: salaries and fees of national, provincial and district PRF staff; associated equipment and operating costs; accounting; procurement assessments; and auditing.

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

The original PRF II has provided assistance to approximately 274 rural kum bans in 37 districts and 10 provinces. Specifically, the Project has provided support to villages in Savannakhet, Saravanh, Houaphanh, Luang Namtha, Sekong, Xiengkouang, Phongsaly, Oudomxay, Luangphabang, and Attapeu provinces. The AF would mainly provide bridge financing to allow the PRF to continue to implement the same project activities in the same districts of seven project provinces where all planned activities would be completed about a year prior to project closure in the absence of an additional financing. The AF would also finance the same livelihood and nutrition activities which the PRF has been implementing with the financing of the Japan Social Development Fund (JSDF) as part of the RPF II, following the closure of the JSDF funding in April, 2015, in eight districts including four new districts. The AF would also finance the cost of travel and per diem for community facilitators and Village Implementation Team (VIT) who will support the GoLs water

and sanitation program in 40 villages of four PRF provinces. All activities will be carried out in the same geographical areas where the original project has been implemented, and no geographical expansion is anticipated under this AF. The AF would close at the same time as the original project – no extension of the closing date is proposed.

Key physical and social characteristics of these areas are summarized below.

The southern part: The southern area covers five provinces (Saravanh, Sekong, Attapeu and Savannakhet). Saravanh, Sekong, and Attapeu are located in the most southern part of the country. The eastern part, along the Vietnamese border, is mostly mountainous areas and form part of the watershed of the Sekong river basin. Forest and upland agriculture are the major land use. Both Sekong and Attapeu are small provinces (about 10,000km²), sparsely populated, with a total population of about 100,000 in each province. Most of these populations belong to vulnerable ethnic groups that are part of the Mone-Khmer group. They tend to live in remote areas with limited access to roads and infrastructure. The majority of this ethnic population is not self-sufficient in rice and shifting cultivation is a common practice. Nearly half (45 percent) of the total population of these provinces live below the poverty line. Savavankhet is located along the Mekong River and form part of the Mekong flood plains. Most of the areas are flat, including a number of large and small islands and rice farming is the major land use. Local people comprise of Lao Tai, Phouthay as well as various ethnic groups including Makong, Katang, Tri, Xuay, Sadang under the, Mon-khmer linguistic family. Although they are better off compared to those live in Saravanh, Sekong, and Attapeu, poverty remains dominant in many remote areas, especially in the eastern part of Savannakhet.

The northern part: In the north, PRF would continue to cover the provinces of Luang Namtha, Xiengkhouang, Huaphanh, Oudomxay and Luangphrabang. Most of the areas are mountainous with extensive slash and burn practices. Upland agriculture is the major land use in the northern part, particularly shifting cultivation of rice, corn and cassava, which are mainly for household consumption. An increasing amount of corn and cassava is being exported to Vietnam and China. Rapidly growing land concessions for private investments in agribusinesses, hydropower development and mining have brought about issues related to land and forest access restriction for local community. The largest amount of land concession is granted for rubber tree plantation. The majority of ethnic groups belong to the Mon-Khmer, Hmong Iu Mien and Chine-Tibet linguistic families. These ethnic groups are mostly concentrated in remote upland areas with limited access to social services and market.

The project kum bans include villages that are located in designated protected areas and/or zones known of high conservation value.

5. Environmental and Social Safeguards Specialists

Peter William Crawford (GENDR)

Sybounheung Phandanouvong (GSURR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Safeguard review of the original project found that most civil works financed under the project were new construction, rehabilitation or improvement of small-scale rural infrastructure, such as gravity-fed water supply

		<p>systems, school buildings, rural roads (only spot improvement), footbridges, and dispensaries, which could be mitigated through good construction practices.. No major environmental issues were found to have occurred under the original project. Minor issues were identified with regard to monitoring and reporting of environmental safeguard implementation as well as minor environmental impacts such as felling of trees.</p> <p>The rating of environmental safeguard was downgraded to Marginally Satisfactory (MS) during the Mid-Term Review (MTR) which found gaps in the monitoring and recording of environmental impact. The recent implementation support mission found that the PRF has strengthened the environmental monitoring and recording mechanism. The rating on environmental safeguards would revert back to Satisfactory (S) upon the confirmation that the newly introduced monitoring and recording mechanism are adequately implemented on-site.</p> <p>The ESMF has been revised and updated for the AF to address issues found during the original project implementation.</p> <p>The AF would continue to finance similar types of civil works.. Negative impacts are expected to be minor and localized as under the original project and could be mitigated during the planning and implementation of the project. The ECOP developed under the original project has been updated and will be used for the AF.</p> <p>The AF would also support the production of small livestock and vegetables which the PRF had been implementing with the funding of the Japan Social Development Fund (JSDF), following the closure of the JSDF. The AF would provide additional small grants (< \$100 per grant) and technical guidance to Self-Help Groups (SHG) and “Village Nutrition Centers” (VNC) in eight districts including four new districts. Like under the original project, small grants would be used by beneficiary villagers to start production of small livestock (poultry, catfish, etc.) and vegetables mostly for consumption by beneficiary villagers themselves, although a small portion of meats produced is sold to external markets. The VNC would also continue to receive grants and provide special meals to malnourished infants and pregnant/ lactating mothers. Some portions of</p>
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		<p>the grants were and may continue to be used to build small structures such as sheds for livestock and roofing for VNCs. The total number of villages expected to be supported under the AF would be about 100. The ESMF and ECOPs has been updated accordingly. The Pest Management Policy will continue to be triggered for this activity.</p> <p>The AF would also pilot a partnership with the National Center for Environmental Health (Nam Saat) under the Ministry of Health (MoH) to support their Open Defecation Free (ODF) campaign in 40 selected PRF beneficiary villages, using Community-Led Total Sanitation (CLTS) approach. The travel cost of koumban facilitators and village leaders to receive training in ODF and facilitate behavioral change of villagers would be financed by the AF. No civil works would be financed for this activity. Villagers would build latrines by themselves. Nam Saat recently developed the Environmental Code of Practice (ECOP) for the construction of latrines, which the AF would ensure that villages would use.</p> <p>The AF would continue to be classified as Category B. Subproject screening criteria developed for the original project would continue to be used to exclude subprojects with potential large and/or significant impacts using the "non eligibility criteria" and to prepare and implement appropriate mitigation measures according to the nature and extent of the potential impacts.</p> <p>An Environmental and Social Management Framework (ESMF) prepared for the original project has been updated for the AF, taking into account the lessons learnt under the original project. The ESMF describes clear requirements for safeguard screening and actions to be carried out according to potential impacts of the subprojects and a general environmental code of practices which applies to subprojects.</p> <p>Implementation of the ESMF will continue to be integrated directly into the planning and implementation process and the monitoring results will be included as part of the progress report. The revised and updated ESMF have been disclosed to and consulted with the public before appraisal, and further revised based on any comments received.</p>
Natural Habitats OP/BP	Yes	There are 4 villages eligible for AF funds located in

4.04		designated protected areas. This policy is triggered because of the potential negative impacts that proposed subproject activities might have on natural habitats, for example the construction of new access road in a known reserved forest or established protected area. While these activities are expected to be small-scale, typical for CDD operation, and with overall limited impacts manageable through application of mitigation measures, the policy is triggered for precautionary reasons to ensure that any physical interventions (including those proposed in known reserved or declared national forests zones) will not lead to degradation of critical or other natural habitats. The ESMF provides for the screening of potential project impacts and how safeguard issues under 4.04 should be addressed during project implementation.
Forests OP/BP 4.36	No	The policy is not triggered since the project will not finance activities that will affect forest, forest health and forest-dependent communities.
Pest Management OP 4.09	Yes	<p>The AF would continue to support community livelihood activities which will involve agricultural production. The AF would not procure and promote use of chemical pesticides and fertilizers, which will continue to be included in the non eligibility list as under the original project, and would continue to promote organic farming.</p> <p>However, beneficiary farmers may apply pesticides, herbicides and insecticides. A simplified Pest Management Plan (PMP) developed under the original project would continue to be applied, which outlines clear regulations and procedures for the management of pesticides and/or toxic chemical as well as provides knowledge and training on health impacts and the safe use of pesticides and/or, when possible, promotion of non-chemical use alternatives such as organic farming. The Bank environmental specialist reviewed the implementation of PMP on site and found it was adequate.</p>
Physical Cultural Resources OP/BP 4.11	No	Adverse impacts on the known archeological, paleontological, historical, or unique natural values in the subproject areas are unlikely, therefore the Physical Cultural Resources policy (OP 4.11) is not triggered. However, a standard clause for 'chance finds' will be included in the contractors' contracts and in ECoP.
Indigenous Peoples OP/ BP 4.10	Yes	The AF will continue to operate in areas that are home to numerous ethnic groups. PRF's approach for inclusion of all ethnic groups is specifically designed to ensure that the concerns of all ethnic groups are met through the design

		<p>of the project. The PRF's planning and implementation process has thus been designed to incorporate various aspects of ethnic issues. Due attention will continue to be given to ensure that ethnic groups do not suffer adverse impacts during the project and that they receive culturally compatible social and economic benefits. Throughout the PRF's subprojects' implementation, steps are included to make sure that the cultures of the multi-ethnic society are respected and that gender issues are integrated at all levels. Specific measures to ensure that ethnic groups are adequately consulted, participate in and benefit from the project planning and implementation processes – both for infrastructure sub-projects and for livelihood/ nutrition support – are described in the revised and updated Ethnic Group Policy Framework (EGPF). EGPF was prepared as a standalone document in line with OP 4.10 requirements. The feedback and resolution mechanism strengthened under the original project will continue to be used under the AF. Specifically, these mechanisms will provide affected ethnic groups an 'on-the-ground' platform for monitoring and reporting on the RAP and/or EGPF implementation. The EGPF also provides the list of documents that will collectively address the requirements of OP 4.10. as the overwhelming majority of project beneficiaries are Ethnic Minority groups.</p> <p>Regarding the pilot partnership on sanitation issues, Nam Saat recently developed guidelines for the engagement with ethnic groups, which the Bank social specialist reviewed and found to be in line with the Bank's OP 4.10. The guidelines have been incorporated in the ESMF and will be used in villagers where AF would support this activity and its behavioral changes.</p>
Involuntary Resettlement OP/BP 4.12	Yes	<p>The AF would continue to finance the new construction, rehabilitation or improvement of small scale rural infrastructure on a demand driven basis. No involuntary loss of land occurred under the original project. Minor loss of land and assets has been addressed as voluntary donations per the Compensation and Resettlement Policy Framework (CRPF) prepared for the original project in line with the OP 4.12. CPRF would continue to apply to the AF in order to avoid, minimize and mitigate minor loss of private land/ assets under the AF. In case conditions of voluntary donations provided in the CRPF cannot be met, an abbreviated Resettlement Action Plan (RAP) will be developed.</p>
Safety of Dams OP/BP	Yes	<p>The policy would be triggered because the AF would</p>

4.37		likely finance the construction of small weirs that will regulate the flow of small creeks which may be classified as dams. The weirs to be built are classified as “small dams” as defined in the policy which only requires generic dam safety measures designed by qualified engineers. The ESMF was updated to provide standard procedures the PRF takes to address the safety of weirs in line with the policy.
Projects on International Waterways OP/BP 7.50	Yes	The AF would likely finance the construction of gravity-fed water systems or small irrigation schemes that take water from rivers that are direct or indirect tributaries of the Mekong, an international waterway under paragraph 1 of the policy. The policy is therefore triggered. At the request of the GoL, the Bank notified riparian countries (China, Myanmar, Cambodia, Thailand, and Vietnam) and Mekong River Commission (MRC) prior to appraisal.
Projects in Disputed Areas OP/BP 7.60	No	The AF will not be implemented in disputed areas

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

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

Environmental aspects:

The experience of the original project shows that negative environmental impacts as a result of the types of investments to be financed under the AF would be minor and localized and could be mitigated during the planning and implementation of the project. No major environmental issues were found to have occurred under the original project. Most civil works to be financed under the AF would be the new construction, rehabilitation or improvement of small-scale rural infrastructure, as under the original project, such as schools, markets, dispensaries, over-flow bridges, access roads, water supply, water storage facilities and irrigation systems. These may typically have minor environmental impacts such as waste disposal, water pollution, dust and noise that may result from such civil works can be mitigated through good construction practices..

The following issues were identified as a result of the safeguard review of the original project:

Construction predominantly was undertaken by contractors under the original project with local communities supplying labor in some cases. Given that civil works undertaken by the project tend to be small-scale there is little potential for significant adverse localized environmental impacts. A screening process is carried out to record potential impacts that would allow minimization and mitigation to be incorporated prior to works being undertaken. This tool has been updated and improved for PRF II to ensure monitoring and evaluation continues throughout the construction period and not just at the outset. This will allow unforeseen issues to be reported along with the mitigation used to minimize impacts. Training will also be provided to PRF teams on its use and implementation.

Minor environmental impacts were observed within the completion of activities financed by the project but none that would be described as significant. Examples of such impacts include tree cutting in school areas without replanting, inadequate watershed protection plan in some cases with water supply system instillation 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 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.

The project “non eligibility list” does not allow financing of investments that have the potential to cause significant conversion (loss) or degradation of natural habitats and specific questions are included in the subprojects screening, which capture aspects of OP 4.04. If investments are proposed in those villages that are within the boundaries of a designated protected area or reserved forest, specific mitigation measures should be implemented during works in line with the respective protected area management plan and the ECoP. If necessary, a brief site-specific environmental assessment should be undertaken with a focus on possible impacts of natural habitats.

In summary based on lessons learned from the initial project, 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.

Social Aspects:

The overall impacts of the AF are expected to be socially positive and would benefit local communities, especially the Ethnic Minority communities, in both the medium and long terms. Improved access as well as capacity of local community to construct, operate, and maintain basic infrastructure related to education, health, water supply, and road services, which meet communities’ particular needs are expected to speed up the poverty reduction process and enhance sustainability and effectiveness of community investment.

The following issues were identified as a result of the safeguard review of the original project:

Review of types and sizes of the infrastructure subprojects implemented under the original project and field supervisions suggest that most of the civil works are small, and impacts are relatively minimal. Of total 1,000 subprojects, 35 subprojects (10.5%) involved a minor loss of private land or assets, mostly under road subprojects. All affected people are direct beneficiaries of respective subprojects, and no physical relocation of households or business entities occurred. The total number of affected households amounts to 315, or about 0.3 households per subproject. No household lost more than 5% of the total productive assets. These cases have been successfully

addressed as voluntary donations, the process of which used under the project is described in detail in the next section. Under the AF, the quality of community engagement will be further strengthened based on the lessons learnt under the original project, and the documentation of voluntary donation processes will be enhanced.

Potential benefits versus negative impacts on land or households livelihoods and assets related to infrastructures construction have been discussed, and measures to minimize impact have been developed and agreed within the communities and by affected households. In all cases, affected people were direct beneficiaries of the infrastructure construction that caused the loss.

No outstanding grievances were registered through the Feedback and Resolution Mechanism (FRM). However, in order to strengthen the mechanism to address grievances, the RPF would initiate the 6/ 12 months follow up visits to ensure that no outstanding grievances or impacts remain unaddressed.

Social safeguard performance of the original project has been strengthened since the Mid-term Review (MTR) conducted in February, 2014. In particular, safeguard compliance monitoring and documentation have improved with a new more effective form for monitoring and reporting on social safeguards effectively applied. This reporting system will continue to be applied under the AF.

The Compensation and Resettlement Policy Framework (CRPF) developed under the original project has been updated based on the experience of the original project. Conditions under which voluntary donations are allowed and the procedures through which they should be executed are clarified in the revised CRPF. Policies and procedures that should apply when conditions for voluntary donations cannot be met and impact has to be compensated at replacement cost are also clarified.

The Ethnic Group Planning Framework (EGPF) has also been updated based on the experience of the original project, including insufficient consultation with and participation of ethnic groups in project planning and implementation processes. Measures that started to be taken during the original project such as hiring of an additional female kumban facilitators and additional community meetings held at small settlements outside main village settlements where many ethnic groups tend to live, will continue to be implemented under the AF. Many IEC materials developed during the original project which proved to strengthen participation of ethnic groups will also continue to be used under the AF.

Activities to support livelihood activities and nutrition enhancement of PRF beneficiaries, supported during the implementation of the original project under the Japan Social Development Fund (JSDF) funded Livelihood Opportunities and Nutrition Gain (LONG) pilot project, did not result in any loss of private land or asset. Livelihood/ nutrition grants provided under the pilot were typically used for the production of small livestock such as poultry and catfish, weaving activities and provision of special meals for pregnant/ lactating mothers and malnourished infants. Some small structures were built on public space within beneficiary villages as “Village Nutrition Centers” (VNC). The safeguard instruments prepared for the original projects, including the simple Pest Management Plan (PMP), were used to minimize and mitigate environmental and social impacts associated with LONG activities. Recent implementation support mission did not find any outstanding safeguard issues associated with the livelihood/ nutrition activities.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
PRF II is not expected to create any potential indirect and/or long term negative impacts.
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
Project alternatives analysis is not applicable to PRF II. Investments will be small and community driven. Adverse impacts are not anticipated.
4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
<p>Four WB safeguard policies triggered for the original project would continue to be triggered for the AF, including: environmental assessment (OP 4.01), indigenous peoples (OP4.12), involuntary resettlement (OP 4.10), and pest management (OP 4.09). For the AF, in addition to the same four policies, the International Waterways (OP 7.50), Safety of Dams (OP 4.37) as well as the Natural Habitats (OP 4.04) would also be triggered. To comply with these policies, the CRPF, the EGPF, the ESMF, and the simplified PMP were prepared under the original project, which were revised and updated based on the experience of the original project and the expanded scope of activities (i. e. pilot partnership with Water and Sanitation program). PRF staff at the central and local levels will continue to be responsible for the implementation of these safeguard instruments, including ensuring compliance with the IEE requirement per EIA regulation if needed. Large subproject that required an EIA will not be financed by PRF II as this has been included in the “non eligibility list’.</p> <p>Through the implementation of the original project, PRF staff has gained an extensive experience with the application of World Bank safeguards policies. Their capacity to implement these policies in a satisfactory manner has been demonstrated although it can be further improved. The task team will continue to work closely with the PRF and provide hands-on guidance as an on-the-job training on Bank safeguard policies.</p>
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
<p>Key stakeholders of the AF are, as under the original project, local communities in the target provinces. The participatory planning and implementation mechanism has been strengthened during the original project to increase the meaningful participation with local population and to ensure free, prior and informed consultations with the Ethnic Minority groups.</p> <p>The planning process also includes a detailed assessment of communities’ needs using social mapping and other relevant tools to identify priorities and ensure voices of vulnerable groups are heard and included in the selection of the priorities. The vision and priorities of the Koumban are discussed and agreed upon by community representatives during planning meetings. A Koumban integrated development plan would continue to be prepared and validated by local authorities. Direct beneficiaries are also involved in the actual implementation of sub-projects, and receive technical training (such as on procurement processes, Financial Management and Operation & Maintenance) aimed at assisting the Community to implement and manage the sub-projects.</p> <p>During the preparation of the AF, the revised ESMF, CEPF and EGPF were the object of consultations with key stakeholders through the safeguard consultation meetings held in Pakse, Champasak province on March 18, 2015, Oudomxay, Oudomxay province on March 20, 2015 and in Vientiane on March 23, 2015. Participants sought for information about the allocation of PRF</p>

sub-grants between villages, methods of impact assessment and impact mitigation, and grievance and conflict resolution mechanism, among other issues. The relevant department heads of PRF participated in the meetings and addressed the questions and comments received. The safeguard instruments were revised taking into account the comments received, and the minutes of consultation meetings are attached.

Throughout the implementation of this AF, beneficiary/ affected communities will be informed and consulted of the overall project approach including project safeguard provisions as part of the participatory planning processes.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	06-Mar-2015
Date of submission to InfoShop	06-Apr-2015
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	////
"In country" Disclosure	
Lao People's Democratic Republic	12-Mar-2015
<i>Comments:</i>	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	06-Mar-2015
Date of submission to InfoShop	06-Apr-2015
"In country" Disclosure	
Lao People's Democratic Republic	12-Mar-2015
<i>Comments:</i>	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	06-Mar-2015
Date of submission to InfoShop	06-Apr-2015
"In country" Disclosure	
Lao People's Democratic Republic	12-Mar-2015
<i>Comments:</i>	
Pest Management Plan	
Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	06-Mar-2015
Date of submission to InfoShop	06-Apr-2015
"In country" Disclosure	
Lao People's Democratic Republic	12-Mar-2015
<i>Comments:</i>	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment			
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.04 - Natural Habitats			
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]	NA [<input type="checkbox"/>]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
OP 4.09 - Pest Management			
Does the EA adequately address the pest management issues?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Is a separate PMP required?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.10 - Indigenous Peoples			
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
OP/BP 4.12 - Involuntary Resettlement			
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.37 - Safety of Dams			
Have dam safety plans been prepared?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
OP 7.50 - Projects on International Waterways			

Have the other riparians been notified of the project?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Has the RVP approved such an exception?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

III. APPROVALS

Task Team Leader(s):	Name: Satoshi Ishihara,Miki Terasawa	
Approved By		
Practice Manager/ Manager:	Name: Jan Weetjens (PMGR)	Date: 01-Jun-2015