

Public Disclosure Authorized

LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY
MINISTRY OF AGRICULTURE AND FORESTRY

Community Engagement Framework
**(Incorporates the Ethnic Group Planning Framework, a Process Framework for
Restrictions in Access to Resources, and Resettlement Policy Framework)**

Final version

Public Disclosure Authorized

**Additional Financing for Scaling-up Participatory
Sustainable Forest
Management (AF-SUPFSM)**

Vientiane, Lao PDR
7 October 2019

TABLE OF CONTENTS

1. INTRODUCTION	3
2. PROJECT OBJECTIVE	4
3. PROJECT COMPONENTS	5
4. OBJECTIVE AND KEY PRINCIPLES OF THIS CEF	10
5. THE LEGAL AND INSTITUTIONAL SETTING	11
5.1. <i>LAO PEOPLES' DEMOCRATIC REPUBLIC LAWS AND REGULATIONS</i>	<i>11</i>
6. SOCIAL AND ENVIRONMENTAL SAFEGUARD POLICIES OF THE WORLD BANK	13
6.1. <i>ENVIRONMENTAL MANAGEMENT PLAN (OP4.01; OP4.04; OP4.36; OP4.09; OP 4.11)</i>	<i>10</i>
6.2. <i>ETHNIC GROUP PLANNING FRAMEWORK (INDIGENOUS PEOPLES PLANNING FRAMEWORK; OP 4.10)</i>	<i>12</i>
6.3. <i>PROCESS FRAMEWORK (OP 4.12 ACCESS RESTRICTION)</i>	<i>13</i>
6.4. <i>RESETTLEMENT POLICY FRAMEWORK (OP 4.12)</i>	<i>14</i>
7. PROJECT IMPACT AND RISKS.....	18
8. PROJECT PARTICIPANTS AND INSTITUTIONS ROLES AND RESPONSIBILITIES	20
9. PROJECT LOCATIONS	23
10. DETAILED CONSULTATION AND PARTICIPATION PROCESS	24
10.1. <i>SPATIAL ASPECTS OF COMMUNITY ENGAGEMENT</i>	<i>24</i>
10.2. <i>ROLES OF PSFM AND VLD TEAMS IN COMMUNITY ENGAGEMENT</i>	<i>25</i>
10.3. <i>COMMUNITY ENGAGEMENT PROCESS STAGES</i>	<i>26</i>
11. GRIEVANCE REDRESS MECHANISMS	35
12. PROJECT APPROACH TO ADDRESS GOL PROGRAM FOR VILLAGE CONSOLIDATION	37
13. CAPACITY DEVELOPMENT OF PROJECT IMPLEMENTATION AGENCY	38
14. IMPLEMENTATION ARRANGEMENTS AND BUDGET	38
ANNEX 1: RESETTLEMENT POLICY FRAMEWORK	40

1. Introduction

Lao People's Democratic Republic (Lao PDR) has a comparative advantage in natural capital, which has fueled economic growth averaging around 8 percent per annum since 2000. Natural resource endowment comprises half of the country's wealth, and the forest sector is a high priority. Although forest cover declined 3.6 percent between 2005 and 2015 to 58%, Lao PDR still has among the highest portion of forest cover among countries in the region, and the value of timber and non-timber forest products is US\$10,740 per capita. Two-thirds of the population rely on forest resources for food, fuel, and fiber. Effective and sustainable management of forest resources has a major impact on Lao PDR's economic growth and development prospects, including its goals for poverty alleviation, shared prosperity, livelihoods and job opportunities.

Inefficiencies, including overuse, under-budgeting, and unsustainable and unscientific management, have led to a reduction in forest cover, natural wealth, public revenues and development opportunities. In response, the government has been reforming the sector, including (a) promotion of participatory sustainable forest management (PSFM), (b) third-party certification of forest management and chain of custody, and (c) promulgation of a new Forest Law in 2019 that, among others, opened degraded lands in the state's Production Forest Areas to commercial plantation investment. Lao PDR's recent policy reforms, institution-building, and community engagement aim to build a new forest economy and the people and sectors that depend on it. Since parent project was approved, new opportunities are emerging for private investors and communities for growth and development, but realizing these opportunities requires good forest governance and planning.

The effective enforcement of logging and timber export bans on unprocessed wood is allowing major policy reforms to strengthen standards and compliance, and ultimately can help revitalize the sector. At the same time, the 2016 export ban on unprocessed wood, enacted after the approval of SUPSFM, has also reduced the flow of benefits to village livelihood development, restoration of forests after harvesting, and employment. Local communities have instead pursued alternative livelihoods including agroforestry, agriculture, as well as illegal timber extraction in some instances.

Long-term sector sustainability faces challenges due to expanding private sector investment in forest plantations; new pulp and paper production facilities; increasing climate risks; fragmentation of government activities and institutions involved in management of the forest landscape; continued forest degradation and deforestation and accompanying emissions; and a challenging forest governance context due to strong competing stakeholder and economic interests in the use of the forest landscape.

Scaling Up Participatory Sustainable Forest Management (hereafter referred to as SUPSFM) was developed to support the national Forest Strategy 2020 (FS2020) and on-going efforts to protect and restore forest cover and to reduce forest carbon emissions and implement a national REDD+ program. The program themes have been developed to directly address the primary drivers of deforestation and forest degradation. The underlying idea is that grassroots forest managers operating in any and all forest areas will become more active and vigilant in protecting the forests in their areas from the various agents of deforestation and degradation, and will rehabilitate degraded lands using land management systems that will provide them with livelihood benefits, while enhancing carbon stocks.

SUPSFM became effective on August 30, 2013 and is scheduled to close on March 30, 2020. Disbursement is 100% as of 1 September 2019. The original five-year timeframe received a one-year extension (approved May 25, 2018), followed by a second, seven-month extension (approved May 21, 2019) that also restructured the project to reallocate funds across disbursement categories and allow time for preparation of this Additional Financing.

Predecessor projects supporting the forest sector include the Forest Management and Conservation Project (FOMACOP, 1995-1999), the Sustainable Forestry for Rural Development Project (SUFORD, 2003-2008), and the SUFORD-Additional Financing Project (SUFORD-AF, 2009-2013).¹

SUPFSM helps improve the management of forest resources in 41 of the country's 51 PFAs in 13 provinces, totaling 2.3 million ha and including 1066 villages. The Project supports inclusive growth by promoting villager participation in participatory SFM and livelihood development in villages in and around the PFAs. The Project also makes a strong contribution to creating a rules-based environment through its support to policy and governance reforms, third-party certification standards, the technical support and international audit systems supplemented by the work to enhance the effectiveness of forest law enforcement in all 18 provinces.

Additional Financing for SUPFSM

Additional Financing for SUPFSM (AF-SUPFSM) and extension will support the Department of Forestry (DOF) under the Ministry of Agriculture and Forestry (MAF) to continue to strategically recalibrate the sector, further advance and enhance project achievements and sustainability, and prepare for a new generation of public and private investment based on recent and on-going policy reforms. The AF and extension would continue to implement existing, modified or scaled up activities that contribute to achievement of the PDO and strengthen Project outcomes. The AF and extension will allow reforms supported by SUPFSM to be consolidated and for additional reforms to be added to the project's results. This support will also reduce risks to project outcomes, increase their sustainability, and strengthen the project's contribution to achievement of longer-term objectives related to improved livelihoods; poverty reduction; provision of environmental services including climate risk reduction; and climate change mitigation.

The AF and extension would (a) expand the scope of the existing project, and (b) address a cost overrun due to exchange rate loss. By continuing to implement all four existing project components, the AF would allow the Government of Lao PDR (GOL) to maintain and enhance implementation capacity for participatory SFM, forest certification, reforestation, and livelihood development. The AF would also allow the client to implement innovative activities such as chain of custody certification, developing bankable forest landscape investment plans, enable and monitor sustainable private sector participation in the sector (continuing the close cooperation with the International Finance Corporation (IFC) sister project under the Forest Investment Program), strengthen multi-agency forest law enforcement, and institutionalize learning and put existing and new knowledge into use in investment and policy.

Like the parent project, this revised CEF gives specific guidance to ensure that Community Action Plans and Forest Management Plans comply with World Bank and Lao PDR social safeguards policies and regulations.

2. Project Objective

The objectives of AF-SUPFSM continue to be linked to REDD+ and climate change mitigation leading to CO₂ emission reductions and the protection of forest carbon stocks. Its justification is the combating of carbon emissions caused by a decrease in the forest cover. In line with REDD+ objectives, AF-SUPFSM aims to continue and enhance forest landscape management, by promoting the creation of landscape investment plans.

¹ SUPFSM is also known as "SUFORD Scaling Up or SUFORD-SU, and sometimes SUFORD" but in this document it will be referred to SUPFSM.

The project development objective (PDO) of the parent project, is “to execute REDD+ activities through participatory sustainable forest management in priority areas and to pilot forest landscape management in four provinces.” The PDO will be slightly modified for simplicity under the Additional Financing (AF). The revised PDO is “to strengthen participatory sustainable forest management in targeted production forest areas, and forest landscape management in targeted provinces.” The definitions of “participatory sustainable forest management” and “forest landscape management” remain the same as in the parent project.^{2,3}

The PDO level results indicators will include, as per the 2018 restructuring:

- a) Forest area brought under management plans
- b) Forest area brought under forest landscape management plans
- c) People in forest and adjacent community with monetary/non-monetary benefit from the interventions
- d) Rate of annual forest cover loss in target Production Forest Areas
- e) Enhanced carbon storage from improved forest protection and restoration
- f) Reduced emissions from deforestation and forest degradation.

3. Project Components

Component 1: Strengthening and Expanding PSFM in Production Forest Areas

The objective of Component 1 is the same as originally planned, which is to strengthen and expand participatory SFM in PFAs. Under SUPSFM, about 20,600 households have benefited from individual VLD grants that were distributed in 666 target villages.

Summary of changes to Component 1: Completed or on-going activities under Subcomponent 1B (Community Engagement in PSFM and Village Livelihood Development) include delivery of PFA management plans and village forest management plans (VFMP), forest restoration, SFM certification, establishment and monitoring of permanent sample plots (PSP), and implementation of village livelihood development grants (VLDG). These activities have been positively assessed, and based on this assessment, a set of expanded, enhanced, or new activities under AF include support as follows.

Community Engagement in PSFM activities: (a) timber legality assurance system and certification support throughout the value chain; (enhanced and new activities) (b) facilitate private investment opportunities by assessing availability of appropriate lands for forest plantations in barren and severely degraded lands in PFAs (modified activity); (c) support for development village forest management plans and agreements (continued activity); (d) re-measurement of permanent sample plots to calculate allowable cuts for each PFA (continued activity); and (e) systematization of knowledge and forest data in a comprehensive management information system (modified activity).

Village Livelihood Development activities: (a) extension and monitoring for VLDG implementation (continued activity), and demonstration sites for NTFPs (continued activity) and white charcoal (continued activity), but no new funds would be directed to the village

² SFM addresses forest degradation and deforestation. Forests and trees, when sustainably managed, make vital contributions both to people and the planet, bolstering livelihoods, providing clean air and water, conserving biodiversity and responding to climate change. The concept of “participatory” SFM was coined in Lao PDR in 2001 to denote the participation of stakeholders and especially the local people.

³ FLM refers to all forest management and land use activities done in the FLM area in a manner where activities impacting across management entities are conducted in a coordinated manner. The Forest Landscape Management Area (FLMA) comprises the total area of three Forest Categories and the “good” forests outside them. The FLMA is defined at the provincial or district levels.

livelihoods development grants; and (b) improve the value chain linkages for selected products with specific producer groups (modified activity).

Dropped activities: The Project will not continue to fund pre-harvest inventories (dropped activity), or sub-component 1A (Developing Partnerships to Increase Implementation Capacity); activities under this sub-component were designed to be carried out during project year one under SUPSFM.

Component 2: Forest Landscape Management

Component name was revised from “Piloting Forest Landscape Management” to “Forest Landscape Management”. The objective of component 2 remains the same as originally planned, which is to conceptualize and implement forest landscape management. SUPSFM has piloted FLM in four provinces, Bokeo, Luang Namtha, Oudomxay and Xayaboury, to support provincial authorities to determine the forest landscape area, and position the provincial REDD+ Task Forces as the coordinating bodies for integrating a forest landscape management framework template into the provincial REDD+ Action Plans.

Summary of changes to Component 2: Subcomponent 2A (Developing Methodologies and Frameworks for Forest Landscape, discontinued under AF) introduced the concept of forest landscape management and developed frameworks, but more progress will need to be made to identify and convene investments, and improve inter-sectoral coordination to address competing uses of forest land throughout the forest estate. The AF will therefore build on the existing achievements and support provinces and central authorities, to work across sectors to develop practical, simplified investment plans for selected priority landscapes (based on criteria to be agreed) in selected provinces, involving relevant sectors, other development partners, civil society, and the private sector. Therefore, under subcomponent 2B (Establishing Forest Landscape Pilots) the AF support would allow the client to (a) prepare “bankable” Landscape Investment Plans for priority landscapes in selected provinces (modified activity); (b) prepare assessments to support landscape investment development (modified activity); (c) support dialogue, consultations, and multi-sector platforms on landscapes, land use, and REDD+ (modified activity); (d) develop a monitoring framework (modified activity); and (e) Build institutional and leadership capacity for landscape-level action and management (modified activity).

Dropped activities: all activities under Subcomponent 2A will be discontinued as fully achieved during SUPSFM.

Component 3: Enabling Legal and Regulatory Environment

The objective of component 3 is the same as originally planned, which is to improve the legal and regulatory environment for sustainable forest management. SUPSFM has provided MAF forestry-related departments with technical assistance in developing the concept for village forest management, the implementation framework for PSFM, the revision of the forest policy framework, and the development of reference emission levels (REL) for REDD+ (Subcomponent 3A). It has also provided financial and technical support to forest law enforcement and combating illegal trade of timber and wildlife (Subcomponent 3B).

Summary of changes to Component 3: Under Subcomponent 3A (Strengthening Legal and Regulatory Frameworks), the AF would (a) continue to support legal, policy and regulatory development in the forest sector including policies to facilitate private investment that is environmentally, socially and financially sustainable (modified activity); (b) develop technical and legal guidelines for private sector engagement in forest plantation management and other economic activities, and enhance government and stakeholders capacity to apply best practices

on environmental, social, and financial sustainability (modified activity); and (c) support further development of the legal framework for Timber Legality Assurance System (TLAS) implementation via Department of Forestry's (DOF) Forest Law Enforcement, Governance and Trade (FLEGT) Standing Office (modified activity).

Under subcomponent 3B (Strengthening Forest Law Enforcement and Governance), the AF would (a) continue to support DOFI and other agencies to detect, disrupt, dismantle and prosecute forest and wildlife related crimes at national and provincial levels, with greater focus placed on strengthening inter-agency cooperation (modified activity); (b) continue building capacity for the DOFI Information Management System (IMS) (continued activity); and (c) build capacity and support for Lao PDR engagement in multi and bi-lateral agreements with regional partners on forest and wildlife law enforcement and compliance with the Convention on International Trade in Endangered Species (CITES) which includes timber species (modified activity).

Component 4: Project Management

The objective of component 4 is the same as originally planned, which is to manage and coordinate all project related activities. During SUPSFM the National Project Management Office (NPMO) has coordinated the various activities and implemented an efficient M&E system. It also built capacity for planning and for undertaking analytical work as required to meet overall project objectives and to assess project impact and support learning for sector development.

Summary of changes to Component 4: The NPMO will continue to coordinate operational activities but with a greater focus on facilitating and attracting new investment into the forest estate and consolidating learning from project activities. The AF would therefore finance the maintenance of project management services while also enhancing investment development and learning. Activities under the AF include: (a) Continued operating costs of implementation, coordination and supervision (continued activity); (b) operating costs for engaging in dialogue with stakeholders and sectors on investment prioritization and development (modified activity); (c) institutionalization of knowledge for investment and policy development (modified activity); (d) maintain SUPSFM Technical Assistance (TA) team to supplement and build institutional capacity on existing topics and emerging new challenges (continued activity); and (e) replacement of worn-out pick-up trucks for field supervision used by the Project team (continued activity).

Location of AF-SUPSFM

The location of the AF-SUPSFM remains the same as the parent project. AF-SUPSFM will provide technical and social support in provinces where the parent project is currently operational in 13 provinces: Bokeo, Luang Namtha, Oudomxay, Xiengkouang, Xayabouly, Vientiane, Attapeu, Bolikhamxai, Khammouane, Savannakhet, Champasack, Salavan, and Xekong (plus wildlife and timber law enforcement in all 18 provinces as during the parent project) and continue to develop a Forest Landscape Management approach covering state managed forests (production, conservation, and protection forests) and village forests in a selection of the existing 9 focus provinces. All these projects areas are home to multi-ethnic groups who are defined as Indigenous People under the Bank policy (OP/BP 4.10). These ethnic groups, particularly those under Mon-Khmer, Hmong Iew Mien and Chine-Tibetan ethno-linguistic families, are often present with collective attachment to the forest land areas, which are the main sources of their livelihoods. Most of these ethnic households are poor and vulnerable to rapid changes in land and forest use patterns and livelihood practices. Special considerations and attention are required to ensure that these affected people and their livelihood will not worsen as result of project implementation. It is anticipated that the operation will continue to have a positive impact on management of Lao PDR's forests and

forest resources and forest-dependent people and Ethnic Groups. Besides generating employment and cash income, intact forests are essential to reduce flood and drought risks to highly vulnerable rural people, as well as to meet the economic needs of a significant number of households in forest areas, who rely on them for food security, fuel, medicine, construction materials and other forest products. Inclusion of female staff on the project design and implementation teams helps ensure that existing rights of local communities, and especially women, to forest resources are taken fully into account and that the benefits from the project are shared equitably.

Summary of Safeguards issues under AF-SUPFSM

Under the parent project, SUPFSM, an Environmental and Social Impact Assessment (ESIA) conducted by the Project Implementing Agency (DOF) identified environmental and social impacts, affected communities and people including Ethnic Groups defined as Indigenous Peoples (IPs) under the Bank policy OP.BP 4.10. Some of these affected communities and ethnic groups are present with collective attachment to the production forest areas (PFAs) in the target provinces, which will also be covered under the Additional Financing (AF-SUPFSM). Local livelihoods and incomes depend on forest resources and forest land to varying degrees. Many of the communities are culturally and linguistically distinct ethnic groups and are vulnerable to sudden changes in access to natural resources and related sources of livelihood. The parent project explored and experimented with possible voluntary restrictions on livelihood activities or access to forest resources to ensure more sustainable forest management. Most restrictions are already in place under current law and updated public policies.

Neither land acquisition or resettlement of households and villages is expected under the AF-SUPFSM, because the project will not support new civil works or infrastructure development activities. Nonetheless, the existing Resettlement Policy Framework included as an annex to the Community Engagement Framework applied under original project will continue to be applied under the proposed AF-SUPFSM in the event land acquisition is required by project-supported activities (although this is not envisioned). However, no new grants are being provided under the VLDF by AF-SUPFSM, but only technical support and extension services.

The Environmental Category “A” remains applicable. The same safeguard policies will continue to be triggered due to the similar nature and degrees of impacts anticipated and the same nature of the higher level project objective to utilize forest resources for poverty alleviation while managing these resources in a sustainable manner. The category “A” classification is also justified in light of a complex implementation context with shifting institutional roles, limited capacity context and a shifting policy and regulatory environment. Nevertheless, significant adverse or cumulative environmental impacts were not experienced under the parent project and are not anticipated under the proposed AF-SUPFSM.

No new safeguard policies are triggered for the AF-SUPFSM. Under the parent project, SUPFSM, a CEF was prepared and effectively applied in accordance with World Bank Operational Policy (OP) 4.10 on Indigenous People and OP 4.12 on Involuntary Resettlement. These instruments remain applicable for AF-SUPFSM. As in SUPFSM, the AF also triggers OP4.12 to ensure that natural resource access does not disproportionately affect any group within the community and are offset with viable alternative options to ensure that the household livelihood in project villages are maintained or enhanced. OP 4.10 is applied in AF-SUPFSM to ensure that all ethnic groups will continue to be engaged in a culturally appropriate way to ensure broad community support. The CEF includes an Ethnic Group Planning Framework, Access Restriction Process Framework and a Resettlement Policy Framework. A series of safeguard assessments were carried out, including Impact Assessment of Village Livelihood Development Fund (VLDF), Customary Tenure among Ethnic Groups, which found good CEF implementation and SUPFSM has been and is in compliance with CEF policy requirements

and processes. Key areas identified to be improved are to strengthen ethnic group consultation and engagement and more systematic support to strengthen VLDF implementation and management to improve sustainability of the VLDF. Further training and technical assistance will be provided for project staff, DPMO and village teams to improve facilitating and communication skills. AF-SUPFSM will support partnership with a community development team of Poverty Reduction Fund, an ongoing community driven development project financed by the Bank to support the GOL through MAF to implement rural development and poverty reduction activities. It will also support exchange visits and workshops between the two projects to share experience and knowledge on livelihood activity implementation and village development fund management.

The CEF has been updated to reflect the scope of the AF, and lessons learned from safeguard implementation by the parent project.

Given the focus of the proposed AF-SUPFSM is to promote sustainable forest management, no large-scale or irreversible environmental safeguard issues are foreseen directly from activities financed by AF-SUPFSM. However, based on the current experience with parent project implementation, the impacts mainly caused by project activities to critical habitats and biodiversity resources have been addressed by having proper project design, norms and procedures for participatory sustainable forest management, which will be important to closely follow and monitor.

The updated CEF, through its Process Framework, addresses access restrictions as a result of the project implementation on the target and communities and gaps in implementation of community engagement and consultation processes. The CEF processes and procedures ensure that the free, prior and informed consultation process will be conducted with affected people, and that project beneficiaries will meaningfully participate in the development and implementation of alternative natural resource use practices, leading more sustainable livelihoods. Further training and technical assistance will be provided for project staff, district and village teams to develop their participatory and facilitating skills to carry out meaningful consultations. Partnership or cross support from PRF project team will be supported for the VLDF teams under the AF.

The participatory processes that have been used in the project are embedded in the development of CAPs, which are designed to be signed and endorsed by both beneficiary communities and District Agricultural and Forestry Office (DAFO) as the expression of broad community support. CAPs are meant to include measures to both enhance income streams of villagers and address short-term loss in livelihood that may result from stronger restriction of access to forest resources. Baseline livelihood data especially of vulnerable households, including women-headed households, will be collected based on participatory poverty assessment, and their livelihood status will be regularly monitored throughout the project implementation under the participatory monitoring and evaluation (M&E).

Under the participatory M&E, village level meetings will be conducted on a quarterly basis, with the support from project-hired consultants and local experts with experience in participatory methods, and impacted villagers will be identified, livelihood status of vulnerable households be assessed, and measures that may potentially improve project performance in enhancing community livelihoods will be explored. Where villages consist of hamlets that previously constituted independent villages but are now administratively consolidated into larger villages, participatory planning process will start at the hamlet level to ensure that priorities and concerns that may be raised by people from the hamlets and ethnic minorities are reflected in CAP. Project implementation staff under the support of qualified international and national experts embedded at the district level will help ensure that participatory processes are properly carried out, that villagers gradually gain more experience and knowledge in

participatory processes during project implementation, and that voices and interests of minority hamlets are respected in the village level planning process.

Elected village representatives including both a male and a female representative will participate in the annual meeting at the district level, to discuss with project implementing agencies outstanding safeguard issues and agree on measures to address them.

4. Objective and Key Principles of this CEF

This Community Engagement Framework (CEF) has been updated to reflect the scope and nature of enhanced activities to be financed under AF-SUPFSM described above. The updated CEF aims to ensure that all project beneficiaries are consulted on, and meaningfully participate in, project design and implementation. Participating communities will play a key role in defining management and mitigation actions which may be needed to address any negative impacts that could arise from AF-SUPFSM-supported interventions, including changes in access to and use of forest and related resources.

The CEF aims to achieve this overarching objective based on the following four core principles:

- a) All communities will be approached in the spirit of constructive collaboration and made aware of the project's purpose and potential benefits to participating communities. It will be made clear at the outset that communities have the option to refuse to participate.
- b) All project beneficiaries, regardless of their ethnic group or social status, shall be engaged in a culturally relevant way on the basis of a free, prior, and informed consultation aimed at establishing broad-based and sustainable community support for the project.
- c) The community engagement process will take account of ethnic differentiation to ensure that project implementation, including consultations, is inclusive and carried out in the appropriate language(s). Communication throughout the project cycle will use appropriate information, education, and communication (IEC) materials to respond to issues of language and ethnicity, literacy / illiteracy, gender, and social vulnerability.
- d) All project-affected people will have the opportunity to participate and benefit from the project through participation in the preparation and implementation of Community Action Plans (CAPs).

This CEF implementation manual provides key provisions and procedures to address the World Bank safeguard policies on, *Indigenous Peoples*, (OP 4.10) and *Involuntary Resettlement*, (OP 4.12) in a single framework. It does this by integrating three important safeguard features: (1) an Indigenous Peoples Planning Framework (or Ethnic Group Planning Framework in Lao context) is provided to ensure that projects are developed with support and input from participating communities; (2) a process is provided to manage project-related changes in access to or the use of forests and related resources; and (3) a Resettlement Policy Framework (RPF) is provided to manage any (unlikely) instances of involuntary land acquisition for project purposes. Although, AF-SUPFSM will not finance any civil work, MAF or concerned government agencies may allocate their own fund or request for reallocation of some portion of the project budget available to renovate or construct their existing or new offices and facilities which may be affected by unexpected natural and man-made disaster during the course of project implementation. The beneficiary communities or households may decide to use their VLD grant to renovate or construct their productive infrastructure (e.g existing irrigation and water supply schemes, reservoir to increase crop and livestock production. Hence, the RPF remains applicable under AF-SUPFSM for the precautionary purposes. The CEF sets out provisions and procedures to ensure that any negative impact on livelihoods, caused by land acquisition or restrictions in access to resources, will be avoided, or minimized and compensated by means of sustainable solutions as set out in participatory Community Action Plans. The CEF is based on free, prior and informed consultations with project beneficiaries and affected people, including but not limited to ethnic groups. All participating communities will receive project benefits in a culturally appropriate and gender- and inter-generationally inclusive manner. Where broad community support is not established based on the free, prior and informed consultations, project activities will not be implemented. In summary, the CEF is a voluntary and collaborative process in which

participating communities play a key role in the design, implementation, and monitoring of interventions to raise participants' income and well-being while enhancing the sustainability of forests and related resources.

Community Action Plans (CAP) were developed providing measures to enhance positive project benefits and avoid or mitigate potential adverse effects. In areas with ethnic groups, the CAP will serve as an Indigenous Peoples Plan (or Ethnic Group Plan (EGP) in Lao context) required by OP 4.10. Section 10 of this CEF provides detailed steps to ensure that CAP will address all safeguard policy requirements to serve as an EGP where project participants are characterized as ethnic groups. In cases where project activities may result in restrictions of access to natural resources, the CAP will also serve as a local action plan to address any changes or restrictions in resource access. Section 10 also provides step-by-step processes and procedures to ensure that a CAP meets all policy requirements under OP 4.12 with regard to restriction of access to natural resources.

A Resettlement Policy Framework (RPF) is attached to this CEF in Annex 1. No land acquisition is expected because AF-SUPFSM will not finance any civil works. In the event if rehabilitation or reconstruction of new office and facilities are needed, the structures will be constructed on un-encroached state land. Detailed designs will be adjusted to avoid or minimize such impacts. If however, circumstances make land acquisition unavoidable, an Abbreviated Resettlement Action Plan will be developed using measures provided in the RPF.

5. The Legal and Institutional Setting

5.1. Lao Peoples' Democratic Republic Laws and Regulations

Constitutionally, Laos is recognized as a multi-ethnic society, and Article Eight of the 1991 Constitution states, "All ethnic groups have the right to preserve their own traditions and culture, and those of the Nation. Discrimination between ethnic groups is forbidden." Article 8 of the Constitution reads:

"The State pursues the policy of promoting unity and equality among all ethnic groups. All ethnic groups have the rights to protect, preserve and promote the fine customs and cultures of their own tribes and of the nation. All acts of creating division and discrimination among ethnic groups are forbidden. The State implements every measure to gradually develop and upgrade the economic and social level of all ethnic groups."

The 1992 ethnic Group policy, Resolution of the Party Central Organization Concerning Ethnic Group Affairs in the New Era, focuses on gradually improving the lives of Ethnic Groups, while promoting their ethnic identity and cultural heritage. It is the cornerstone of current national Ethnic Group policy. The general policy of the Party concerning Ethnic Groups can be summarized as follows:

- a) Build national sentiment (national identity).
- b) Realize equality between Ethnic Groups.
- c) Increase the level of solidarity among Ethnic Groups as members of the greater Lao family.
- d) Resolve problems of inflexible and vengeful thinking, as well as economic and cultural inequality.
- e) Improve the living conditions of the Ethnic Groups step by step.

- f) Expand, to the greatest extent possible, the good and beautiful heritage and ethnic identity of each group as well as their capacity to participate in the affairs of the nation.

The Ethnic Groups Committee under the National Assembly is charged with the responsibility to draft and evaluate proposed legislation concerning Ethnic Groups, lobby for its implementation as well as implementation of socioeconomic development plans. Ethnic Group research is the responsibility of the Institute for Cultural Research under the Ministry of Information and Culture. The lead institution for ethnic affairs is the mass (political) organization, the Lao National Front for Development (LNFD), which has an Ethnic Affairs Department. The Ministry of Home Affairs (MOHA) through its Department of Ethnicity and Religion is in charge of developing and launching ethnic law and related legislations. MOHA has prepared and submitted the Law on Ethnic Groups in Lao PDR to NA for review and approval. The law, which is expected to be approved by NA in early 2020 provides provisions to promote solidarity and equality of all ethnic groups, promote their cultural uniqueness and their participation in country development.

For the social safeguards, therefore, the legal and administrative framework is in place to ensure the rights of different ethnic groups are protected. Women's rights to equality are also entrenched in the constitution and more recent legislation. Also, basic legal and policy frameworks exist to support social safeguards implementation in the Lao PDR.

The Letter on Forest Management Policy mentioned above contains specific policy intentions regarding "community participation in forestry": ...the GOL has adopted the principle that villagers in forest areas, organized in village forestry associations or other forms of appropriate groupings, should participate in forestry planning and operations at the field level, within the dispositions of the Prime Minister's Order on Decentralization, and share in the benefits derived from the forest.

The revised Forestry Law endorsed by the National Assembly in June 2019 allows local people to plant trees and NTFP inside village territory, have tenure of the planted objects and sell them for commercial purposes. Commercial use of trees from natural forest is, however, restricted. The law recognizes customary utilization of "forest, timber and NTFPs" on a non-commercial basis. The Land Law which is still under final stages of scrutiny includes provisions for titling of land based on long-term (customary) utilization (more than 25 years) but it is still unclear whether this would apply to forest land. The option for communal land tenure is not spelled out in the current draft.

The first Production Forest Areas (PFAs) were created under Prime Minister (PM) Decree 59 in 2002, and the total number and area of PFAs were increased under additional decrees issued in 2006 and 2008. Subsequently the Ministry of Agriculture and Forestry (MAF) issued regulations on forest management. A timber revenue benefit sharing decree was issued in 2012.

Prime Minister's Instruction Number 16/PM, dated 15 July 2012 on Sam Sang (Three Build Directive) aims to (a) Build the provinces as strategic units; (b) Strengthen the capacity of the districts in all regards, especially planning; and (c) Build villages into development units, Sam Sang promotes more active administration at the grassroots level. Implementation focuses on management delivery and the handling of responsibility between the administrations at central, provincial, district, and village levels. Implementation requires officials at central and provincial levels to coordinate with one another more closely.

The Decree on compensation and resettlement of people affected by development projects (No. 84/PM, Vientiane, 2016) defines principles, rules, and measures to mitigate adverse social impacts and to compensate damages that result from involuntary acquisition or repossession of land and fixed or movable assets, including change in land use, restriction of access to community

or natural resources affecting community livelihood and income sources. This decree aims to ensure that project affected people are compensated and assisted to improve or maintain their pre-project incomes and living standards, and are not worse off than they would have been without the project. However, the Decree 84 does not clearly define the method and process of estimating a replacement cost for compensation. Both Decree 84 and the revised Land Law, 2019 make similar provisions that the government agencies (MONRE) conduct land valuation every 3 years and the Provincial Governor and Major appoint a committee to prepare cost estimation for compensation for land acquired and assets affected by public and private development projects.

In Lao PDR, local Civil Society Organizations, or Non-Profit Associations (NPAs) as usually called in the country, are governed by the 2009 Decree on Associations amended in 2017. The operation of international NGOs or CSOs is governed by Decree on International Non-Governmental Organizations (INGO) (No. 013 of 2010). While historically civil society organizations have not been very active in Lao PDR, there are now more than 200 CSOs operating in the country. The Department of Forest has realized the importance that the contributions CSOs can make in the project and is willing to explore possible partnerships.

6. Social and Environmental Safeguard Policies of the World Bank

The seven World Bank safeguard operational policies triggered by the parent project remain applicable for AF-SUPFSM. This includes two World Bank social safeguard policies, namely, OP 4.10, on *Indigenous Peoples* and OP 4.12, on *Involuntary Resettlement* and five environmental safeguard policies, namely Environmental Assessment OP/BP 4.01, Natural Habitats OP/BP 4.04, Forests OP/BP 4.36, Pest Management OP 4.09, and Physical Cultural Resources OP/BP 4.11.

This CEF sets out principles and processes to be applied under the Project and the procedures needed to fully meet the requirements of World Bank social and environmental safeguard policies. A key principle is to seek the support and involvement of all project-affected communities in project activities, facilitate their active participation, and ensure that any adverse impacts are avoided or adequately mitigated while positive impacts are optimally developed in the CAPs. All project affected people, without regard to ethnicity, will receive project benefits in a culturally appropriate and gender- and inter-generationally-inclusive manner. Specific requirements concerning safeguard policies and how provisions are incorporated into the CEF are discussed below.

6.1. Environmental Management Plan (OP4.01; OP4.04; OP4.36; OP4.09; OP 4.11)

The Environmental Management Plan (EMP) aims to provide guidance to Department of Forestry, Ministry of Agriculture and Forestry, Lao PDR, its staff, agencies involved in planning and implementation, consultants, provincial and district government (PAFOs, DAFOs and their partnered agencies, and beneficiary communities on the environmental safeguards in the implementation of the Lao PDR. The original EMP outlines the environmental risks and proposes appropriate mitigation required. The original EMP is derived from the Environment and Social Impact Assessment (ESIA) of parent project (SUPFSM), which provides detailed information on the project. The EMP is revised for the proposed Additional Financing for SUPFSM (AF-SUPFSM). The ESIA has also been revised for AF-SUPFSM, however the main essence of the document was not modified since the nature of the proposed activities and areas remain unchanged.

Recognizing the intrinsic interdependence between livelihoods and the natural resource base of land and forest resources, social and environmental safeguard instruments have been integrated, and mainstreamed into project design, planning, and implementation. To ensure that all project beneficiaries, without regard to ethnic background are adequately consulted and meaningfully

participate in the project a Community Engagement Framework (CEF) has been created. The CEF addresses both social and environmental issues, and has been prepared as a separate document. The four-stage CEF process, along with the Participatory Land Use Planning (PLUP) process has provided opportunities for identifying social and environmental concerns from the beneficiaries. Key environmental risks related to natural habitats, forests, pest management, and physical cultural resources have also been identified based on community knowledge. The updated CEF also endorses findings from the ESIA, provide ground-truthing inputs to biodiversity assessments, identification of High Conservation Value Species (HCVF), and fragile highland areas.

Like the parent project, the revised EMP provides specific guidance for environmental screening and implementing environmental management actions required to ensure that Community Action Plans and Forest Management Plans comply with World Bank and Lao PDR environmental policies and regulations.

Summary of Applicable World Bank Policies

<p>Involuntary Resettlement (OP 4.12)</p>	<p>It is unlikely that the project will require significant acquisition of private land or land being used informally or customarily in participating communities. However, in such cases an Abbreviated Resettlement Plan will be prepared as described in RPF Annex. Local people affected by the project will benefit from more sustainable access to forest and other natural resources as well as project-supported actions for improved livelihoods. Nonetheless, short-term loss of livelihood could be unavoidable because adaptation to changes in resource allocation and livelihoods may be longer-term process. Some project activities may also include restrictions of access to natural resources in connection with protected areas. In line with OP 4.12, any loss from changes in livelihoods must be mitigated in Community Action Plans, which are developed in participation with project-affected communities.</p>
<p>Indigenous Peoples (OP 4.10)</p>	<p>Many project beneficiaries are known in Lao PDR as Ethnic Groups. The project has developed a Community Engagement Framework (CEF) that incorporates an indigenous peoples planning framework (IPPF) or Ethnic Group Planning Framework, to use Lao PDR terminology, to address OP 4.10 requirements. The CEF is based on a process of free, prior and informed consultations with the goal of establishing broad community support and involvement in the project. The CEF ensures that Ethnic Groups will receive benefits that are culturally appropriate and gender- and inter-generationally-inclusive. Potential risks or adverse effects to will be identified, managed, and mitigated by means of Community Action Plans which will be developed and implemented with the participation of communities that opt to be included in the project. This aim is consistent with GoL national policies that promote a multi-ethnic society and seek to ensure the full participation of ethnic groups in the country’s development. The CAP preparation process will also ensure that neighbouring communities, or sub-groups, that do want to participate will not be adversely affected, including in terms of access to land and natural resources they currently have access to or can make customary claims to.</p>
<p>Environmental Assessment</p>	<p>An Environmental and Social Impact Assessment has been conducted and an Environmental Management Plan (EMP) has</p>

(OP/BP 4.01)	been prepared by the implementing agency. Environmental safeguard issues will be identified and addressed in the Community Engagement Framework (CEF), the participatory land use planning (PLUP) activities, and in the forest management planning processes. Guidance on OP/BP 4.01 operational implementation has been provided in the EMP. The existing SUFORD Operational Manual will be reviewed and revised to provide additional guidance.
Natural Habitats (OP/BP 4.04)	Project areas include state designated forests in three categories, i.e. Production, Protection and Conservation as well as smaller community-managed village use forests outside of designated categories. Identification and mapping of sloping lands, riparian zones, and High Conservation Value Forest (HCVF) will be carried out. Appropriate management and protection activities in project areas will be identified during the forest management planning process. An EMP has been prepared and provides operational guidance.
Forests (OP/BP 4.36)	Bank-supported projects in Lao PDR have contributed to the development of the legal and regulatory frameworks, financial incentives and capacity to undertake sustainable forest management planning at national, provincial, and local levels. The achievement and renewal of Forest Stewardship Council certification for a growing area of production forest in Lao PDR indicates sustained progress. Forest management plans will be prepared and implemented during the project implementation phase in line with both this policy and the PSFM Operations Manual that also constitutes the Lao National Code for Forest Management. Increasing the area of managed forest in Lao PDR and strengthening Forest Law Enforcement and Governance (FLEG) are expected to diminish the scope for unplanned and unsustainable logging.
Pest Management (OP 4.09)	Pesticide use during project implementation in connection with forest restoration and alternative livelihoods activities is anticipated. Mitigation steps and guidelines have been provided in the PMF part of the EMP which include a Negative Checklist and Project Screening Procedures. Pesticide use will be minimized and alternatives, including integrated pest management, will be explored.
Physical Cultural Resources (OP/BP 4.11)	Chance Find Procedures and Project Screening procedures have been developed in the EMP. Evaluation of cultural and archaeological significance will be undertaken as part of PLUP process and a PCRMP developed if needed.

6.2. Ethnic Group Planning Framework (Indigenous Peoples Planning Framework; OP 4.10)

OP 4.10 is triggered because many of the potential participant forest communities meet World Bank policy criteria as “Indigenous Peoples”. While no single definition can capture their diversity indigenous peoples can be identified as culturally and socially distinct groups which are often economically vulnerable and politically marginalized. The World Bank policy, OP 4.10 identifies indigenous people as those possessing the following characteristics to varying degrees:

- a) Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;

- b) a collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
- c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and
- d) an indigenous language, often different from the official language of the country or region.

Although the GOL has determined that none of the 49 ethnic groups living in the country is designated as “indigenous” per se, it also recognizes that there are peoples within the country who meet the criteria described above. Such peoples are called “ethnic groups” in Lao PDR and are considered synonymous with the World Bank definition of indigenous people as defined in OP 4.10. The policy is not triggered for the Lao and lowland Thai groups, although when present in project areas they will be included in the CEF processes along with other communities.

OP 4.10 requires that screening is carried out early in project preparation to determine whether ethnic groups are present in, or have collective attachment to, the project area. If this is the case, a social assessment will be carried out by qualified social scientists in order to evaluate the project’s potential positive and adverse effects on the ethnic groups and examine project alternatives where adverse effects may be significant. The breadth, depth, and type of analysis in the social assessment are proportional to the nature and scale of the proposed project’s potential effects on the ethnic groups, whether such effects are positive or adverse. OP 4.10 also requires that free, prior and informed consultations are conducted with affected ethnic groups leading to their broad community support for the project. Where broad community support is not established, the project will not be implemented. This process is embedded in the CEF planning process as described below.

The policy requires that an Ethnic Group Plan (Indigenous Peoples Plan) is prepared when ethnic groups are present in, or have collective attachment to, specific areas supported by the project. For the SUPSFM project, the Community Action Plan (CAP) will serve as the Ethnic Group Plan. The CAP will include all the elements of an Indigenous Peoples Plan and be developed in a participatory manner under the guidance PSFM / VLD Teams and specialist consultants. It describes the results of the participatory social assessment and demonstrate a free, prior and informed consultation process. It sets out the agreed measures to address any negative impacts as well as measures to enhance positive impacts and resource sustainability. The CAP describes how the communities have provided support for project activities, including how any community concerns raised during the consultations have been addressed. As described in the CEF below, the CAP includes a grievance mechanism and specifies arrangements for participatory monitoring and evaluation during project implementation.

6.3. Process Framework (OP 4.12 Access Restriction)

Under the World Bank policy on Involuntary Resettlement (OP 4.12) and policy on Indigenous Peoples (OP 4.10) a Process Framework is required to address restriction of access to forest land and resources that may not be covered by as a result of the project implementation on the target and communities. The Process Framework will also fill gaps in implementation of community engagement and consultation processes. The CEF processes and procedures ensure that the free, prior and informed consultation process will be conducted with community to be affected by the access restriction, and that project beneficiaries and affected people meaningfully participate in the development and implementation of alternative natural resource use practices, leading more sustainable livelihoods. Project-induced changes in access to or use of resources could result in impacts on income streams for community households. In such cases, the policy requires that an

action plan or an equivalent instrument is developed in cooperation with affected communities. Where needed, this action plan was incorporated into the CAP and specifies measures to be undertaken to sustainably restore, and where appropriate, to enhance affected livelihoods along with the arrangements for their implementation. As with all activities in the CAP, action plans for access restrictions are developed with the participation of affected people.

The CAP includes the following where access restrictions arise:

- a) The nature, scope and timing of access restrictions;
- b) The anticipated social and economic impacts of these restrictions (fallow land under rotational agriculture will be included when determining impacts);
- c) The communities or persons affected and eligible for assistance;
- d) Specific measures to assist affected people in their efforts to improve their livelihoods, or at least to restore them, in real terms, while maintaining the sustainability of the natural resources, will be identified.

The CAP also describes the participatory process by which:

- a) specific components of the project will be prepared and implemented;
- b) the criteria for eligibility of displaced persons will be determined;
- c) measures to assist the displaced persons in their efforts to improve their livelihoods, or at least to restore them, in real terms, while maintaining the sustainability of the park or protected area, will be identified; and
- d) potential conflicts involving displaced persons will be resolved.

The CAP also include a description of the arrangements for implementing and monitoring the process. AF-SUPFSM will review and improve effectiveness and applicability of CAP based on implementation experiences from the parent project.

6.4. Resettlement Policy Framework (OP 4.12)

The World Bank Bank's policy on involuntary resettlement (OP 4.12) requires that: (a) involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs; (b) where it is unavoidable, resettlement activities should be conceived and executed as sustainable development programs, so that displaced persons receive project benefits; and (c) displaced persons should be meaningfully consulted with and participate in planning and implementing resettlement programs, and be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them to the level prior to the project. OP 4.12 is triggered when the project requires the involuntary taking of land resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location.

No significant land acquisition is expected because the AF-SUPFSM will not finance any civil works. If rehabilitation and or construction of office and facilities of implementing agencies are necessary with possible funds made available from government resources, effort will be made to construct project infrastructure on un-encroached state land. Thus, detailed designs will be adjusted to avoid, to the extent possible, any potential impacts on land owned or customarily used or occupied by the land users. If however land acquisition is unavoidable, an Abbreviated Resettlement Action Plan will be developed following measures provided in the RPF (See Annex 1). These measures have been costed and set out as implementation actions in the CEF.

7. Project Impact and Risks

The ESIA that was conducted as part of the parent project (SUPSFM) preparation consisted of two parts: a literature review of experience gained and lessons learnt under SUFORD and SUFORD AF projects; and field surveys conducted in new provinces where SUFORD or SUFORD AF were not yet implemented. The assessment of lessons learnt under previous projects provided important data and insights used in the development of this CEF because the new project aims to expand or extend the PSFM approach experimented under SUFORD and SUFORD AF. The outcomes of ESIA conducted for SUPSFM remain relevant and applicable because the AF-SUPSFM will support the same and similar activities.

According to the ESIA, if the appropriate measures are implemented, significant or irreversible negative impacts would not occur under the new project to the livelihood of project affected people, including ethnic groups, and no significant land acquisition is expected to occur. Physical relocation of people is also not expected. Potential negative impacts primarily concern the potential for loss of livelihoods due to restrictions or changes in access to the current use of forest and related resources. Such potential negative impacts, however, are expected to be effectively avoided or mitigated through the inclusive, participatory, and gender- and inter-generationally sensitive engagement with beneficiary communities, which focuses on improvement of income streams and living standards, as well as sustainable management of forests and related resources.

Studies and assessments of the previous experience under SUFORD and SUFORD-AF identified a number of challenges. They were addressed under SUSPFM but further improvements are needed to adequately meet the safeguard objectives. The issues to be addressed include, *inter alia*, the following:

- a) Free, prior and informed consultations could be further improved through developing facilitating skills among project staff especially Forestry and VLD teams. While A social safeguard assessment found that the consultation had been conducted in all villages in their sample, the procedure was not consistent across the villages. Consultation is an ongoing process which can be repeated as necessary under AF-SUPSFM
- b) During SUFORD and SUFORD AF engagement with project beneficiaries, especially with ethnic groups and women, was often inadequate, leading to a lack of clear understanding and ownership of PSFM. One of the main issues was the lack of ethnic staff and interpreters. The situation improved during SUPSFM as a survey conducted by the project showed that 98 % of the stakeholders that they were satisfied with the engagement process. The same quality of engagement will be maintained during AF-SUPSFM.
- c) During SUFORD and SUFORD AF Village Forestry Committees and Village Development Committees needed more clarity with regard to their expected roles. Some community members did not fully understand their rights and responsibilities under the law. Ethnic women's roles in forest committees had not been adequately supported; women were not adequately and systematically involved despite their interest in, and use of, forest resources. Under SUPSFM the responsibility for coordination was concentrated in one body, the Village Forestry and Livelihood Committee (VFLC), which the project supported with technical services. Even though the VFLCs found that the quality of these services was reasonably good, 75 % of them were satisfied with the services related to PSFM and 67 % for VLD, the capacity issues were not fully solved. Efforts to strengthen

the capacity will continue under AF-SUFORD, first by honing the skills of project staff so they can provide improved services to VFLCs.

- d) During SUFORD and SUFORD-AF Village Funds did not prove to be fully sustainable, because of financial and institutional difficulties. The revenue earned from interest on loans was low and unless commercial microfinance institutions were to step in there was no adequate support structure for VDF. During SUPSFM, the project ceased to support the Village Funds.
- e) A survey conducted by the project showed that more than 90 % of the village projects launched under SUFORD and SUFORD-AF were still under implementation five years after their launch. This suggests that the activities are profitable and sustainable. AF-SUFORD will focus on extension activities to ensure that the recently launched activities will remain sustainable and to increase their profitability.
- f) During SUFORD and SUFORD-AF ethnic villagers were seldom able to take full advantage of training, which was chiefly in the form of lectures. Training was not usually provided by experienced trainers and often took the form of top-down lecturing of participants. Training material was not provided or adapted to meet the capacity of participants. SUPSFM introduced a new widely appreciated method combining theoretical training with practicum in the field. The same approach will be applied during AF-SUPSFM.
- g) Surveys conducted by SUPSFM suggest that grievances related to project activities were rare and only few cases were brought to the Village Mediation Units, which was the formal mechanism to address grievances. However, there is room to improve the mechanism by introducing and applying information technology (IT e.g social media, hotline phone call, WhatsApp).
- h) Field surveys conducted while SUFORD and SUFORD-AF were under implementation pointed out that take-overs of land for concessions, policies restricting villagers' access to land and timber resources, and a lack of adequate land tenure arrangements in the ethnic group villages with upland cultivation are resulting in confusion over forest and agricultural land management in some project areas. This undermines both customary systems and statutory systems which are supposed to replace them. These external developments and policies have been found to often adversely affect the livelihood and food security of local communities, including upland communities practicing rotational agriculture and shifting cultivation. The issues were raised on several occasions during SUPSFM but attempts to address them were hampered by the fact that the Land Law and Forestry Law were under revision and they were expected to clarify the policy. Under AF-SUFORD, the legal framework will have been finalized and project activities and procedures will be adjusted to the new policies.
- i) Monitoring and Evaluation mechanisms developed and implemented under SUFORD and SUFORD AF were not fully utilized. Many formats prepared at the central level were not shared until late in the project cycle, resulting in the lack of proper indicators to measure to which extent poor, women, and ethnic groups participated in project activities. Lao Front for National Development (LFND) and Lao Women's Union (LWU) did not play a sufficiently active role in monitoring and evaluation. It was noted that other neutral parties such as CSOs could also participate in project monitoring to improve the quality of M&E. During SUPSFM, the difficulties with data collection continued but assessments suggest

that the situation has slightly improved, especially with respect to monitoring the participation of ethnic minorities. LWU and LFND played an increasingly important role in monitoring, especially participating in village surveys conducted by the project. Efforts to improve data collection will continue during AF-SUPFSM.

- j) Village Consolidation. Although Village Consolidation is not part of the project, the 8th Party Congress and Directive Order No. 9 of the Politburo, 8th June 2004, instructed that small villages⁴ should be merged in order to maximize the distribution of poverty reduction activities and accelerate economic development. The consequence has been an increase in land and natural resource disputes as well as social and cultural impacts particularly on more vulnerable communities. Village mergers frequently did not take account of the ethnicity of villages, nor of pre-existing customary land use rights. For example, of the ten villages in Luangnamtha surveyed under the ESIA, five were consolidated in previous years. This has mixed ethno-linguistic groups such as Khmu, Akha, Tai Dam, Leu, Lao and Hmong into one village, with each having different languages, land use practices, perspectives on gender equity, property and inheritance practices, etc. Village headmen from one ethnic group appointed by local government may have no authority from the perspective of another group.
6. Numerous independent reports have indicated that land and resource tenure has not been adequately addressed in consolidated villages. For this reason, the CEF does not allow or consider eligible project resources to be used in villages that are slated for consolidation. In villages that have already been consolidated project resources can be used if and only if land and resource tenure issues associated with the consolidation have been resolved to the satisfaction of villagers, and there is sufficient agricultural land or other means of livelihood for improving, or at least maintaining, their livelihoods. During SUPFSM village consolidation has continued, and the problems experienced during predecessor projects have persisted. A survey conducted by the project indicated that 17 project villages had been impacted by resettlement/consolidation but in line with the project policy project resource had not been used to support these activities. AF-SUFORD will continue to monitor the situation.
11. Numerous independent reports have indicated that land and resource tenure has ~~not been inadequately~~ addressed in consolidated villages. For this reason, the CEF does not allow or consider eligible project resources to be used in villages that are slated for consolidation. In villages that have already been consolidated project resources can be used if and only if land and resource tenure issues associated with the consolidation have been resolved to the satisfaction of villagers, and there is sufficient agricultural land or other means of livelihood for improving, or at least maintaining, their livelihoods.
12. Official lists of, and plans for, village consolidation will be provided to, and discussed with, the World Bank. Participatory consultations will be used to determine and document the status of consolidated villagers' land and resource tenure on a case by case basis. If the consolidated village meets the criteria for project inclusion, a report will be submitted to the Bank providing information on the village consolidation process, the status of villagers' land and resource tenure, available land for agriculture and natural resource use, and evidence that the villagers' have provided their broad community support to the project.

⁴ The "small villages" are defined as those villages comprised of less than 200 persons in upland areas, and those with less than 500 persons in lowland

- k) If outstanding issues are identified project officials will convey their findings to Provincial Authorities for their follow-up. Communities that are excluded due to unresolved tenure issues may be allowed to enter the program subsequently if Provincial Authorities can demonstrate that the issues have been resolved and communities confirm that the resolution process met standards of free prior informed consultation and that they have provided broad community support.
- l) Concessions. Regarding risk of overlapping concessions, an inventory of concessions in project provinces will be periodically updated and discussions will be held with participating provincial governments and sponsoring ministries to avoid or minimize impacts in project financed areas. This effort will lead to creation of a transparent and coordinated institutionalized mechanism that would identify and resolve development overlaps through an enhanced information system, and linkages with key GoL institutions. This will be particularly important during AF-SUPFSM since the government plans to open PFA to commercial tree plantations.

8. Project Participants and Institutions Roles and Responsibilities

The AF-SUPFSM will involve the same and enhanced groups of participants and institutions as key actors:

- a) **Community members** are the primary participants and targeted beneficiaries in PSFM and VLD activities.
- b) **Village Forestry and Livelihood Committee (VFLC)**. The establishment of Village Forestry and Livelihood Committees that started under SUFORD and SUFORD AF continued during SUPFSM. The VFLC is charged with coordinating both forest resource-related and livelihoods development activities. VFLCs are headed by the Village Head as the Chairperson and will include a Deputy Chairperson, Secretary, and Treasurer. Village representatives of Lao Women's Union (LWU) and Lao Front for National Development (LFND) also participate in the VFLC. VFLCs serve as the main local institution supporting the project at the village level. VFLCs are in charge of organizing village teams to work with the PSFM and VLD Teams. They also support organizing self-help groups and nurturing their development into production groups and eventually into associations for village enterprises. The VFLCs are central to participatory formulation of beneficiary selection criteria, selection of beneficiaries of village livelihoods grants (VLG), supporting the development of livelihoods, and management of the VLG and forest restoration grants. VFLCs play a central role in the village level monitoring of project implementation and participate (together with another villager selected by villagers) in district level meetings for participatory M&E.
- c) **Village Mediation Units (VMUs)** were established in 1997 under a Decision of the Minister of Justice (No. 304/MOJ). New guidelines for the VMUs were issued by Decision No. 08/MOJ, dated 22 February 2005. The VMU is a village level institution which plays a role in resolving disputes. VMUs seek to mediate disputes based on negotiations and consensus, in line with both the state legal framework and acceptable local traditions. The VMUs have jurisdiction to resolve civil and family disputes, and minor criminal cases. VMUs will continue to be strengthened and supported to address and report on grievances that may be received from the villagers and project affected people in AF-SUPFSM areas.

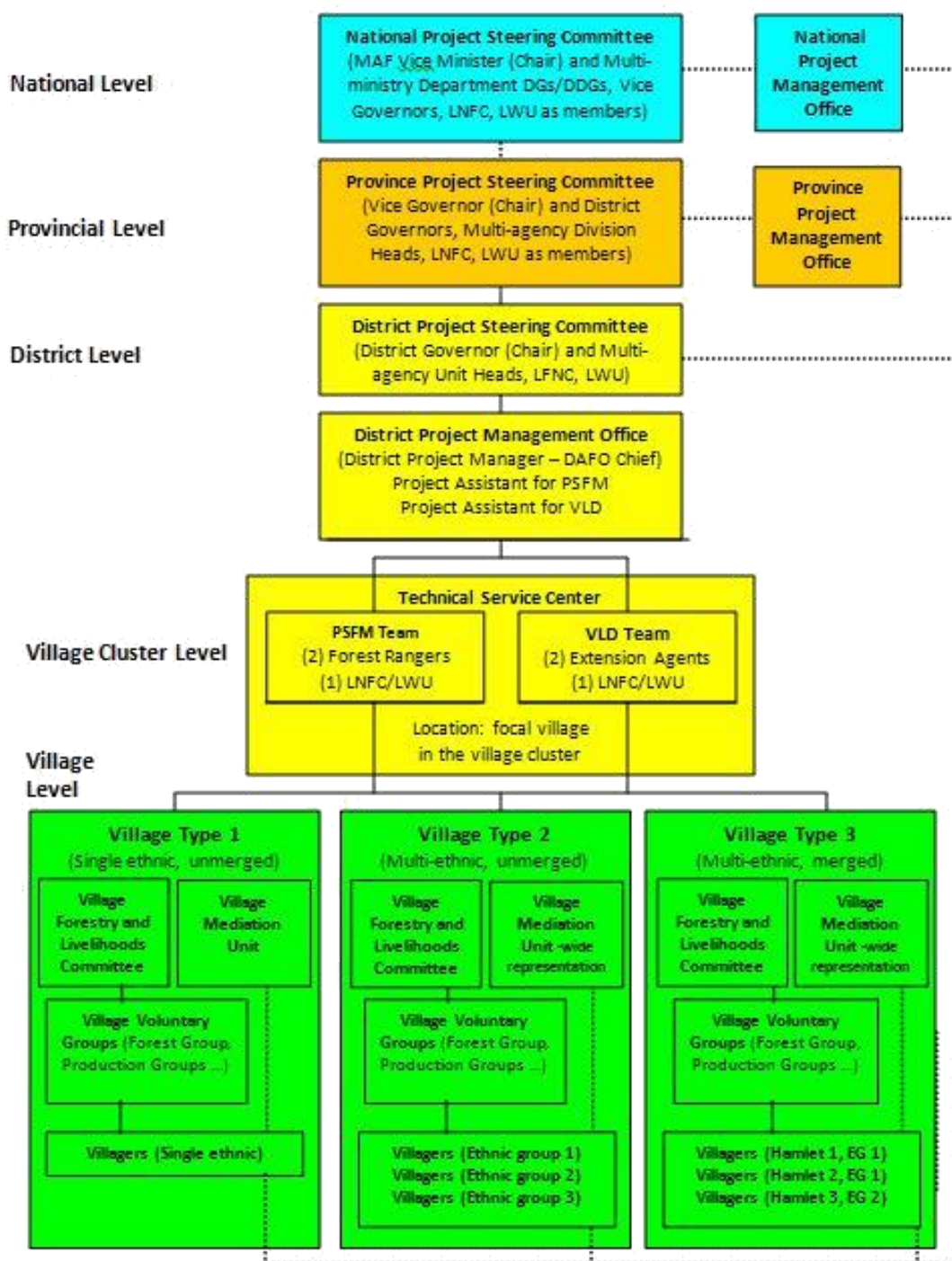
- d) **District Project Management Office (DPMO)** established in each participating district in the office of District Agricultural and Forestry Office (DAFO) will be strengthened and provided with necessary resources to supervise all project implementation within the district, including the implementation and monitoring of safeguard activities. DPMO is led by the head of DAFO. Due to the ongoing national budget deficit, DAFO as well as other government agencies are currently understaffed and are not provided with required staff quota to carry out their tasks. There are, however, a large number of unpaid volunteers associated with the DAFOs who could be available to conduct the work. The AF-SUPFSM project will try to identify suitable individuals, project assistants, that could be assigned to work with the project with. Financial support to these project assistants would be provided in the form of per diems paid when they travel in the field.

- e) **PSFM and VLD teams** were established for each village cluster and consist of two staffs from District Agricultural and Forest Office (DAFO) with relevant skills and one from Lao Women's Union or Lao Front for National Construction. Each team will consist of three persons, whose members should in principle be permanently assigned to the team throughout the life of the project. This will facilitate building rapport with villages since the same team members will be assigned to a permanent set of villages. PSFM and VLD teams will include 2 female members who will ensure inclusion of women in the participatory process of developing and implementing the CAP. They will be housed in DAFOs and will report directly to the head of DPMO who will coordinate all project activities to be conducted in respective districts. PSFM Teams will consist mainly of staffs from the District Forest Office (DFO) who have been trained in community forestry management techniques. VLD Teams will be composed primarily of designated staff from the District Agriculture and Forestry Office (DAFO)

- f) **Development partners and private sector** include staff of national and regional universities, and mass organizations like the Lao National Front for Development (LNFD) and the Lao Women's Union. These partners have been employed in roles that suit their specific strengths and capabilities. AF_SUSPFM will support enhanced partnership with a) LNFD and/or LWU to strengthen implementation of forest and livelihoods development activities in participating villages. The LWU will also address women's customary and statutory land use rights, to ensure that their livelihoods contributions to CAP preparation are not marginalized.

In Lao PDR, local Civil Society Organizations, or Non-Profit Associations (NPAs) as usually called in the country, are governed by the 2009 Decree on Associations amended in 2017. The operation of international NGOs or CSOs is governed by Decree on International Non-Governmental Organizations (INGO) (No. 013 of 2010),.. While historically civil society organizations have not been very active in Lao PDR, there are now more than 200 CSOs operating in the country. The Department of Forest has realized the importance that the contributions CSOs can make in the project and is willing to explore possible partnerships.

- g) **Technical Assistance Team** will continue to work with SUPFSM participants to provide capacity building and technical support in all stages of community engagement. Two Project Assistants will be identified: one with a PSFM background and another with VLD experience. They are embedded at the district level for the duration of the project and backstop and provide technical advice to PSFM and VLD Teams by frequently participating in and providing hands-on support to community engagement. In parallel to the formal project monitoring



and reporting mechanisms, they will also monitor and report directly to the project managers at the district level their findings from field visits and observed needs for further capacity development. Their monitoring reports will also be kept in the central monitoring databases

Figure 1: Organizational Structure of the Community Engagement Process

9. Project Locations

AF-SUPSPFM will be implemented in the same geographic areas and provinces where the SUPSPFM was implemented. The forest landscape approach will be further developed in selected provinces.

10. Consultation

A consultation was conducted with main project stakeholders including representatives of DAFO, LFND, LWU and local authorities to discuss the proposed objective and design of AF-SUSPFM, potential impacts (both positive and negatives), lessons learned from the original project, EMP and CEF implementation. Participants confirmed their understanding on the proposed AF and reasons for continued application of 7 safeguard policies of the World Bank and project environmental category "A". They reported that no major issues related to land acquisition, resettlement of households and access restriction observed under the original project. The participants agreed that negative impacts have been effectively addressed through project mitigation measures if project activities comply with the relevant laws and regulations and WB's policies and importantly the participatory process starting from FPIC as the main entry point. More systematic support and training are needed for VLG recipients to cope with natural disaster and epidemic animal diseases. The consultation recognized important role and engagement of NFND and LWU in facilitating village consultation and mobilizing local communities particularly ethnic groups and women to participate in project implementation and recommended AF-SUSPFM to continue to support and engage these mass organizations in the AF project.

Some concerns especially with respect to the benefits were received by the local villagers. The Vice Governor of the District noted that a lot of support has been provided but the tangible benefits to the local people are limited. He agreed that *mai tieu* has a lot of potential and welcomed the project's intention to support this activity. Another concern was the fact that government plantations have often failed due to lack of funding to their maintenance and protection. Thus, AF-SUSPFM will support building capacity of DOF to manage and facilitate the private sector involvement in forest plantation. He also noted that the concept of forest landscape management is not clear to the stakeholders. AF will support strengthening consultation and communication with local stakeholders especially with the local ethnic groups who may have some difficulty in communication. Detailed outcomes of the consultation conducted is provided in Annex 2.

10.1. *Spatial Aspects of Community Engagement*

Villages are the basic unit of community engagement processes. The PSFM and VLD Teams will continue to engage with individual villages in PSFM and VLD activities, including village-use forest management and smallholder agroforestry. In ethnically mixed villages, CEF processes may be carried out and the PSFM and VLD Teams will continue to work with villagers at the hamlet level. A Forest Management Plan (FMP) has been developed for each Forest Management Unit (FMU). The FMU is composed of a number of villages usually within the same district.

10.2. *Roles of PSFM and VLD Teams in Community Engagement*

Under AF-SUSPFM PSFM and VLD will be supported and further strengthened to continue to play their roles in community engagement through the sequence of activities under PSFM and VLD developed under the original project (highlighted below). This model will be shared with villages to allow them to better understand the project approach to community engagement and track project implementation. Each of the numbered items provided below will involve a sequence of activities to be undertaken by the PSFM and VLD Teams together with villagers. Although PSFM and VLD support will be provided by different teams specializing in respective areas of expertise, the project will employ an integrated approach with the understanding that both PSFM and VLD project activities should be designed and implemented in a well-coordinated and synchronized manner, because sustainable forests cannot be achieved without sustainable livelihoods of people who depend on forest for their livelihood.

- a) **PSFM.** A full comprehension of the significance of forest resources to economic survival is basic for the effective participation of villagers in setting PSFM objectives and priorities for forest management units (FMU) that overlap with the village, in zoning forest land for management, and in planning realistic and sustainable forest management activities for each zone.
- b) **VLD.** Focus of AF-SUPSPFM will be on implementation of disbursed VLDGs. Activities are mostly ongoing and the focus will be on expanding livelihood activities through market linkages and establishment of demonstration sites.

In order to ensure synergy, both teams report to and work under the direct supervision of the head of District Project Management Office (DPMO) who ensures that the activities of each are synchronized and complement each other. They are also supported by development partners and the TA Team, as well as respective Project Assistants embedded in each DPMO who work closely with both teams and make sure they coordinate with each other.

10.3. Community Engagement Process Stages

The stages of community engagement process developed and applied under the SUPSPFM project will be reviewed and strengthened under AF-SUSPFM. The following section describes concrete step-by-step actions taken to ensure that participating villagers are meaningfully consulted and participate in developing and implementing alternative and more sustainable livelihoods, while mitigating any negative short-term impacts on livelihoods in a manner that is fully compatible with OP 4.10 and OP 4.12. Throughout implementation, LWU and LFND officials at the district level and their village representatives participated in the community engagement process. In order to ensure their meaningful participation in and contribution to the engagement process, a practical and straightforward guidance manual was developed that clearly explains, using visual presentations wherever possible, about project objectives and activities, community engagement process and safeguard requirements. Village representatives of LWU and LFND are key members of VFLC and participate when important decisions are made with regard to the project and PSFM.

Stage 1: Selection of participating villages and team formation

- a) **Selection criteria:** The main criterion in selecting participating villages was their customary use of forest and land resources in the selected PFA. Numerous independent reports have indicated that land and resource tenure has not been adequately addressed in consolidated villages. For this reason, the project eligibility criteria does not allow project resources to be used in villages that are scheduled for consolidation during the life of the project or that appear on official lists of villages to be consolidated in the future. In villages that have been consolidated in the past, project finance can be used if, and only if, land and resource tenure issues associated with the consolidation have been resolved to the satisfaction of villagers. This activity was completed during SUPSPFM.
- b) Official lists of, and plans for, village consolidation are provided to, and discussed with, the World Bank. The Participatory Social Assessment and PLUP procedures (outlined in the CEF) will be used to determine and document the status of consolidated villagers' land and resource tenure on a case by case basis. If the consolidated village meets the criteria for project inclusion, a report will be submitted to the Bank providing information on the village consolidation process, the status of villagers' land and resource tenure, available land for agriculture and natural resource use, and evidence that the villagers' have provided their broad

community support to the project. If outstanding issues are identified project officials will convey their findings to Provincial Authorities for their follow-up. Communities that are excluded due to unresolved tenure issues may be allowed to enter the program subsequently if Provincial Authorities can demonstrate that the issues have been resolved and communities confirm that the resolution process met standards of free, prior and informed consultation process that led to broad community support. This activity was completed during SUPSFM.

- c) **Team formation:** Very early in the project period district authorities were requested to identify line agency staff to become members of the PSFM and VLD Teams. The head of District Project Management Office (DPMO), together with the project hired Project Assistants, provided oversight and guidance to ensure good coordination and synchronized implementation of VLD and PSFM activities. This activity was completed during SUPSFM.
- d) **Orientation workshop:** After team formation, a workshop was held in each province with PSFM or VLD Teams in attendance. These workshops served to orient the teams and familiarize them with the forestry and rural development objectives and components, PSFM and/or forest-based livelihood development operations, project safeguard requirements, and a forestry-oriented village work policy. This activity was completed during SUPSFM.
- e) **Socioeconomic and Value Chain Analysis:** Technical Assistance Team embedded at the district level and Development Partners with relevant capacities, together with VLD and PSFM Teams, (i) collected and assessed relevant demographic, socioeconomic and cultural data for representative groups of villages; (ii) identified major products produced inside and imported from outside the project areas, assessed existing demand and potentials for growth; and (iii) took stock of current occupations, employment, and types of production such as: contract or market-orientated farming or subsistence farming, the availability of technologies and finance, and other relevant opportunities and constraints that affected community livelihoods and allocation of natural resources. The socioeconomic and value chain analysis provided and documented general community profiles of beneficiary villages and collected and analyzed externally determined market conditions and factors of production that affected but went beyond the capacity of villagers to control. The result of the analysis was shared with villagers in Stage 2 to help them develop their own community profiles, reconstruct community histories and draw community maps, and discuss alternative resource allocations and livelihoods against the analysis of larger market conditions. All data collected and analyses made were presented in a simplified form and using visual and graphical presentations rather than textual descriptions. The technical assistance team and staff of relevant Development Partners helped develop the capacity of VLD and PSFM teams so they were able to carry out socioeconomic and value chain analysis on their own after the project. The results of the analysis formed part of the baseline data for the project. This activity was completed during SUPSFM.

Stage 2: Community awareness and resources diagnostics

- a) **Community consultations on project aims and objectives:** The main topics addressed during the first visit of the VLD Team to the village were to disclose and inform people of the project, its purpose, and its potential benefits as a first step in establishing broad community support to engage in the project. The project team met with community leaders, any relevant sub groups, including women and

ethnic groups in mixed communities, and established linkages needed to ensure participation of these groups. Care was exercised so that all hamlets and minority ethnic groups in mixed villages, and particularly within consolidated villages, were identified and their representatives including female leaders were identified and participated in the initial meetings. During these initial meetings, the team sought community cooperation and acceptance with carrying out household surveys needed to take stock of current demographic, social, and economic factors related to economic survival, living standards, and resource use on a gender- and age-differentiated basis. The initial meetings were carried out over several days, normally between 3 to 5 working days as specified in the Operational Manual. A few days of interval are set between the introductory meeting where the project was introduced and the subsequent meetings where socioeconomic data were collected, in order to allow communities to discuss internally and decide on participation in project implementation. Vulnerable households were also identified, and demographic, socioeconomic and livelihood related data were collected about them. Vulnerable households are defined based both on national definitions of poverty lines and community's perception of what constitutes poverty and vulnerability. The teams explained that this information is essential for development of appropriate and sustainable interventions for improvement of living standards. Community agreement to cooperate on data collection was understood as significant first step in community support and participation. (Refusal to cooperate would indicate absence of broad community support to the project) Some of the data collected, including livelihood and welfare data of vulnerable households, constitutes project baselines, together with externally determined conditions that are assessed under Stage 1. The welfare and livelihood status of project affected people was continuously be monitored under the participatory Monitoring and Evaluation (M&E) and evaluated at the end of the project, so that the project will be able provide all necessary measures to help them restore their livelihood. This activity was completed during SUPSFM.

- b) **Community Resource Profiles:** Beneficiary villagers were assisted to develop Community Resource Profiles based on the result of Socioeconomic and Value Chain Analysis and household surveys. VLD team, under the assistance of the Technical Assistance Team and Development Partners with relevant capacities, assisted beneficiary communities in participatory assessment of available data. Such quantitative data was considered to provide useful inputs and broad bird views to communities to reflect upon their existing livelihood strategies and have clearer understanding on their strengths and weaknesses. The result of participatory assessment was summarized in the Community Resource Profiles which provide key data related to economic survival, living standards, and resource use on a gender- and age-differentiated basis. The participatory processes used in the process provided a basic platform for informed dialogue with the community and a basis for discussion of resource management issues as they affect the economic survival and social organization of potential participants. This activity was completed during SUPSFM.

Stage 3: Participatory planning: consultations and agreements

- a) **Participatory land-use planning (PLUP)** has been conducted as a joint activity with the PSFM and VLD Teams. This team further augmented on land management issues by a member from the District Office for Natural Resources and Environment (DONRE). Each team attended specific topic modules according to their expertise and training. This activity was completed during SUPSFM.

- b) VLD and PSFM Teams have worked with the community to establish an organizational basis for collaboration and participation going forward. This makes use of existing social institutions, but roles, responsibilities, and plans going forward will be made explicit to facilitate implementation. This activity was completed during SUPSFM.
- c) Overall, PLUP has served as an important and nationally accepted methodology to recognize, identify and distinguish customary/ indigenous land tenure systems by demarcating boundaries through identification of existing land use zones, excluding them from state forests and recognizing long term tenure and to reach agreements over who has traditional use rights of villagers to such lands. It is also rapidly becoming a mandatory prior step towards more formal land tenure. Biodiversity assessments of potential impacts were undertaken as part of PLUP so that the findings could be addressed in the CAPs. PLUP was applied in all project villages. This activity was completed during SUPSFM.
- d) The PLUP process involves the following steps. This activity was completed during SUPSFM:
 - (i) Use of high resolution aerial photographs or remote sensing images adequate to facilitate understanding and appreciation by villagers of community land and forest resources.
 - (ii) Village engagement through participatory analyses to better understand the opportunities, benefits, and risks involved that result from village land-use decisions: such as effects on the economic development of the village, changes in the roles and daily work of men, women, and children, constraints of labor availability, rice self-sufficiency, livestock carrying capacity, threats to village resources, culturally or spiritually significant areas, and other impacts of land and forest use decisions. It also enables different ethnic groups in consolidated villages to clarify their pre-existing customary user rights over different land areas.
 - (iii) The team formalizes village boundary demarcation with signed agreements between adjacent villages concerning their common village boundaries. Areas will be delineated where state forest areas overlap with the community's customary resource use.
 - (iv) Assessment of current and customary land and forest use areas and their management, including fallow areas under rotational agriculture and shifting cultivation. Where necessary, agreements will also be signed within villages between representatives of different ethnic groups as to their customary land use areas.
 - (v) Mapping and zoning future land and forest uses in the village. Demarcating boundaries of use zones and signed agreements within villages and between adjacent villages agreeing on boundaries and uses.
 - (vi) Negotiating future land tenure and forest use allocation to communities; including community land titles such as for village-use forests in undesignated areas, and community leasehold agreements with the state for village-use forests in designated state forest areas.

- (vii) Formulation and agreement of village land and forest management rules and getting the agreement of the village for those rules and their district endorsement.
- e) **Community Action Plan.** The preparation of CAPs was completed during SUPSFM. Villagers have been assisted to develop alternative, more sustainable livelihoods based on a more sustainable use of forest and natural resources and an improved access to markets and other opportunities. Villagers have done so against the result of PLUP, which clearly defined boundaries of villages as well as between land use zones and the range of activities allowed in each zone, and in light of Community Resource Profile that illustrates current livelihoods and market conditions. VLD Teams took the lead in assisting villagers carry through the participatory process, but the Project Assistant, LFND, LWU and other NPAs active in project areas assisted VLD Teams through on the job training, technical guidance and other forms of hands-on capacity development. During AF-SUPSFM VLD Teams will regularly visit villagers and provide hands-on support to villagers. Under the participatory processes, existing patterns of forest and land resource use were be assessed; strengths and weaknesses of existing production systems were examined; and existing and future markets, available technology and other externally determined conditions were evaluated. Based on such assessments, villagers developed the Action plan for alternative allocations of natural and forest resources that are environmentally sustainable and were expected to result in at least equal or higher level of livelihoods. Necessary technical and financial supports were be identified, and where project supports are needed and where villagers' own contributions are feasible were assessed. Efforts were made and solutions explored to avoid short term negative impacts on livelihoods, and measures to mitigate unavoidable negative impacts on community members, in particular vulnerable households, were identified. Villagers were also assisted to develop internal rules for customary forest use based on the reassessment of community rules and existing conditions. The results were pulled together in a Community Action Plan (CAP), which was be jointly signed by DAFO and villagers as a memorandum of understanding. The issues to be addressed in CAP include, *inter alia*, the following:
 - (i) Existing sources of income and land/ forest use patterns, disaggregated for gender, ethnicity and other meaningful social units;
 - (ii) Types of forest products extracted by men and women, their seasonality, use and value to livelihoods;
 - (iii) The nature, scope and seasonal timing of access restrictions;
 - (iv) The anticipated social and economic impacts of these restrictions (fallow land under rotational agriculture will be included when determining impacts);
 - (v) List of alternative income streams and their potential to sustainably enhance or at least restore income;
 - (vi) The demographic, socioeconomic and other relevant data about the community, in particular of sub-communities or persons whose livelihoods are negatively affected and eligible for special assistance;

- (vii) Specific measures to assist beneficiary communities at large and negatively affected people in particular in their efforts to improve, or at least restore, their livelihoods in real terms, while maintaining the sustainability of the natural resources;
 - (viii) Implementation arrangement and schedule, sources of funding including the project and own contribution by beneficiary communities;
 - (ix) Grievance mechanism, which will be reviewed made more efficient and user friendly under AF-SUSPFM;
 - (x) Arrangements for participatory monitoring and evaluation; and
 - (xi) Clearly delineated forests and land use zones, the list of livelihood activities to be engaged in specific zones, and the number of households involved in each activity, as identified under Participatory Land Use Planning and Community Action Plan process.
- f) CAP should demonstrate Broad Community Support (BCS) to the alternative resource allocations it proposes, and the endorsement by locally recognized leaders, ethnic group elders, and various vulnerable people including women and ethnic groups in mixed villages. As such, CAP serves as a Action plan as required under OP 4.12 with regard to restriction of access, or Ethnic Group Plan required under OP 4.10 where ethnic groups are affected by the project, as applicable. Prior to the co-signing by DAFO, PSFM Team validated the consistency of draft CAPs with PSFM process, which will be a requirement for the official endorsement of CAP. This activity was completed during SUPSFM.
- g) **Forest Management Plan (FMP)** defines a range of processes and procedures for the management of respective forest types. While CAP was developed during the first year of project engagement with participating villages, FMPs could not be developed simultaneously because the development of forest inventories, the identification of High Conservation Value Forests (HCVF) and other key aspects of FMP need longer time to complete. FMP has been developed for each forest category, including village-use forests for which alternative livelihood activities may have been identified under CAP. FMPs for state forest categories include the regeneration of degraded forests where some livelihood activities may have been planned under CAP if allowed under existing laws. It was therefore important to ensure that FMP and CAP mutually complement each other without contradiction or overlap. This activity was completed during SUPSFM.
- h) **The participatory mechanisms** developed under the project help ensure that FMP will be planned and implemented without overlap or contradiction with CAP. Firstly, FMP for village-use forests have been developed by villagers themselves, under the facilitation of PSFM Team. PSFM Team organized village meetings to provide inputs to FMPs for state forest categories, and endorsement by VFLC was required for FMPs of any forest category. Project Assistant embedded at the district level and DP with experience in community participation coordinated between member villages that collectively developed and continue to implement FMP and between member villages and DAFO, so that decisions are made on an objective and equitable basis. This activity was completed during SUPSFM.
- i) Secondly, the Community Resource Profile developed under Stage 2 has identified and put on record existing use of forest resources and lands, and PLUP

processes clearly delineated those parts of land and forest currently or customarily used by villagers and exclude them from forest zones where tighter restriction will be applied on the range of livelihood activities allowed. During the FMP development process and when VFLCs are asked to endorse FMPs, relevant parts of Community Resource Profile and PLUP were consulted to ensure consistency. This activity was completed during SUPSFM.

- j) Thirdly, VLD Team has occasionally participated in the FMP planning process to ensure that FMP will not contradict with CAP, and the validation of draft FMP by respective VLD Team in the same cluster was required before finalization. This activity was completed during SUPSFM.

Stage 4: Implementation of CAP

- a) **Financial and technical assistance for the implementation of CAP.** SUPSFM provided livelihood grants in the amount of \$8,000 per village for the implementation of CAP. VLD Team have provided continuous and hands-on technical advice to villagers with regard to livelihood development. Villages were also eligible for Forest Restoration Grants in the amount of \$2,000 per village to help villagers strengthen the management capacity for, and support the assisted natural regeneration of Community Forests as per CAP. Forest Restoration Grants were also available for the assisted natural regeneration of state forests from which Communities would benefit from benefit sharing mechanisms, as described in CAP and agreed with DAFO by their signing of CAP. AF-SUPSFM will not provide additional VLDGs but will continue to support technical assistance and extension services to activities funded through VLDGs currently under implementation.
- b) **Participatory Monitoring and Evaluation (M&E).** SUPSFM employed a community-based approach to addressing safeguard requirements, in that it seeks to positively enhance the livelihood of affected communities at large, without regard to the level of impacts that may fall upon individual households. This is because the project objective of strengthening sustainable forestry is untenable unless the livelihood of forest dependent communities at large becomes sustainable; where negative impacts result from restrictions of access to natural resources, they will be mitigated through measures developed in consultation with affected communities and households and included in the CAP. Nonetheless, the risk remains that some households, in particular vulnerable households, may face the scale and scope of impact that the project livelihood support may not be sufficient to compensate. AF-SUPSFM will continue supporting this mechanism to ensure continued compliance with the safeguard objective of restoring livelihood of all affected people.
- c) In order to address the risk, and also to give participating villagers opportunities to suggest any measures that may enhance project benefits and further strengthen sustainability of affected people's livelihood, AF-SUPSFM will continue to carry out Participatory M&E implemented under SUPSFM. Those villagers who are negatively affected by the project, especially vulnerable groups, will be given opportunities to voice the concerns they may have or the hardships they may be experiencing. A village wide meeting is held on a quarterly basis, under the facilitation of VLD Team and PSFM Team, where villagers discuss concerns and grievances, as well as measures to enhance project benefits. Where villages consist of hamlets that consist of formerly independent villages, meetings are held

at the hamlet level. Village Grievance Committees participate and report the grievances or concerns registered in the reporting period as well as outstanding grievances that are yet to be resolved. All hamlets that constitute villages should be represented at the village wide meeting.

- d) The baseline data collected under the Stage 2 of SUPSFM, especially regarding the welfare and livelihood status of vulnerable people, have been revisited and households whose livelihood levels were considered to have lowered in comparison with baseline data were identified. Measures to assist them to restore livelihood have been explored under SUPSFM together with VLD and PSFM Teams, and additional support will be provided to implement them under AF-SUPSFM. VLD and PSFM Teams have been sensitized on gender issues, and separate meetings were held for female villagers, with the participation of LUW representatives, so that voices of female villagers would be collected and recorded. Monitoring indicators of participatory M&E also include those related to village different ethnic groups in mixed villages. Project Assistants embedded at the district level and DP with experience in community participation have been asked to participate too. The results of village meetings will be recorded in the minutes and kept in the project file of the District Project Management Office.
- e) An annual meeting is organized at the district level where village representatives, including both a representative of VFCLC and another villager nominated by villagers, would present their perspectives and opinions collected at the village level meetings. If the VFCLC representative is a male, then the second village representative should be a female, or vice versa. If a village consists of multiple sub-villages or hamlets (e.g. in ethnically mixed villages), at least one representative of each hamlet will participate. The district level meetings are organized by DAFO and supported by the consultants embedded at the district level. At the meeting, village representatives are encouraged to share their perspectives on project performance, give suggestions for improvement, raise outstanding grievances and request support to assist those households who are struggling to adopt new livelihoods or whose livelihood is considered to have declined. Measures to improve project performance, resolve outstanding grievances and help villagers restore livelihood are discussed and agreed for implementation. Minutes are taken and kept in the project files, and progress on agreed actions will be reviewed in the meeting to be held in the following year. AF-SUPSFM will continue implementing this process.
- f) Project Monitoring. Project implementation will be regularly supervised and monitored by the relevant Technical Service Centers also under AF-SUPSFM. Technical Assistance Team embedded at the district level will prepare quarterly progress reports and describe their observations on project performance including issues related to safeguards and any plans for village consolidations, which will be kept in the project files for to facilitate adaptive management and World Bank supervision. Gender and ethnicity disaggregated monitoring indicators have been developed and used under SUPSFM and maintained under AF-SUPSFM. The National Project Management Office (NPMO) supervises and monitor the process at least once per year and include the results in the Project annual reports to be delivered to the World Bank. The Project Monitoring and Evaluation Advisor appointed at the central level coordinates project monitoring that will be done at the provincial level.
- g) Technical Audit will be carried out to assess project performance including on safeguard issues and CEF processes. Technical Audit will continue to be carried

out on an annual basis and the team includes a member qualified for social science, anthropology or other related field. All data are disaggregated according to gender and ethnicity, and hamlets within villages will be the units of data collection in ethnically mixed villages and where previously independent villages had been consolidated. Households whose income and livelihood levels declined during project implementation will be identified and measures to assist their income restoration will be explored.

- h) The Project staff in close consultation with local government and project beneficiaries has established a set of practical monitoring indicators in line with the project objectives. Indicators cover at least the following aspects of the project, and will be continued to be monitored under AF-SUPFSM:
 - (i) Budget and time frame of implementation
 - (ii) Delivery of project activities (project inputs)
 - (iii) Project achievements in developing alternative natural resource use and livelihoods development (project outputs and outcome)
 - (iv) Consultation, Grievance and Special Issues
 - (v) Monitoring of benefits from project activities
 - (vi) Any impact on livelihood or assets that remains unaddressed.
- i) **CEF Implementation completion.** Prior to project completion, an impact assessment will be carried out and those households whose livelihoods remain to be restored sustainably will be identified, other impacts that remain to be addressed will be determined, and measures to close the gaps will be explored, so that the project meet the safeguard objective of restoring the livelihood of all affected people. The baseline livelihood and welfare data collected under the Stage 2 will be used to determine the level of livelihood restoration.

11. Grievance Redress Mechanism

Grievances Redress Mechanism will be made more efficient and easily accessible to people who may want to lodge their grievances or feedback on the project implementation or possible impacts from the project on them and their environment. Under the SUPFSM, grievances are resolved following a grievance mechanism that is based on the following key principles, which will continue to apply under AF-SUPFSM:

- a) Rights and interests of project participants are protected.
- b) Concerns of project participants arising from the project implementation process are adequately addressed and in a prompt and timely manner.
- c) Entitlements or livelihood support for project participants are provided on time and in accordance with the above stated Government and World Bank safeguard policies.
- d) Project participants are aware of their rights to access and to realize access to grievance procedures free of charge.
- e) The grievance mechanism will be in line with existing policies, strategies, and regulations on grievances as defined by GOL, which require project owners/ proponents to set up grievance mechanisms starting from the village level, and also follow recent legislation under Decision No. 08/MOJ, dated 22 February 2005 that seeks to strengthen conflict resolution at the grassroots level, by establishing

Village Mediation Units (VMU).

- f) The grievance mechanism will be institutionalized in each village by a selected group of people, involving Ethnic Groups, women, and representatives of other vulnerable groups in the village.

VMU Functions. VMUs assist the village administration authority to enhance knowledge of and compliance with State laws in the village. It acts as the disseminator of laws and regulations in the village, encouraging people of all ethnic groups within the community, to respect and comply with laws and regulations.

The main strengths of VMUs are that they provide justice at a community level and use defined rules and procedures while still providing a further opportunity for parties to re-negotiate and reach mutual agreements to resolve disputes. The Access to Justice Survey (2011) found that community use of VMUs is highest in peri-urban regions. Urban areas are more likely to use State Courts and rural areas more likely to use customary law mechanisms. While almost three quarters of participants in the study knew of the existence of VMUs, only between a third and a half knew how to access them, believed they were effective, believed they were in accessible locations, and conducted proceedings in understandable languages. Nevertheless, they do succeed in resolving a very high proportion of disputes before them, (between 84-88%), with little notable variation between resolution rates between peri-urban and rural areas. Furthermore, while only 12.3% of respondents had used VMUs, those who had generally had positive experiences.

The Access to Justice Survey (2011) also revealed that 74.3% % of the VMU users reported that someone in the VMU had explained to them how the resolution process works. Some 86.5% said that the VMU understood the issue they had submitted, 90.5% said that the VMU respected them, 77% said that they are satisfied with the outcome of the VMU resolution process, 86.5% thought that VMU members were fair and neutral in resolving disputes, and 87.8% of the VMU users would use the VMU again. These results suggest that VMUs are largely fulfilling their mandate and having a positive impact in the local justice sphere.

VMUs are not without their weaknesses and efforts to strengthen them are on-going. Their impact remains impeded by a number of identified factors including; their lack of basic facilities and community education resources, their compromised levels of community trust, legitimacy and authority, delays in their decisions, variable fees, the lack of availability of their members, their non-representative composition (including women and the poor), their susceptibility to corruption and gaps in skill-levels and capacity. The Technical Assistance Team embedded at the district level and Development Partners active in project areas will strengthen the capacity of VMUs especially on ethnic and gender equity and their knowledge of project processes including on safeguards and village consolidations so that they are able to adequately address concerns of villagers.

A survey conducted by SUPSFM (2019) among a sample of stakeholders indicated that minor conflicts had emerged such as disputes regarding village boundary demarcation, goats eating a farmers crop and accidental burning of a cardamom field. All cases were mediated at community village with Village Mediation Committee and customary leaders. None of the conflicts were left without follow up.

Grievance Redress Mechanism (GRM) under AF-SUPSFM builds on seeks to strengthen existing government systems (such as VMUs) and steps described below but also include additional measures and increasingly accessible and affordable information technology (e.g social media, WhatsApp where feasible) to ensure concerns and grievances of project beneficiaries and affected people will be efficiently and adequately addressed.

The existing GRM consists of four steps as follows:

- a) **Step 1. Village level.** The first step in case of a grievance is to report to the Village Mediation Unit. VMU is a village level institution which involves traditional and spiritual leaders and has a proven track record for resolving minor conflicts at the village level. The VMU will be in charge of documenting the grievance by using the form provided and signed/fingerprinted by the grievant for processing. The project will develop grievance registration forms, similar to the Form 1 developed under NT2 project, for use by complainants and record by VMU. The VMU will keep the Village Grievance Logbook. The Technical Assistance Team embedded at the district level and staff of Development Partners will strengthen the capacity of VMUs especially on gender equity and their knowledge of the project including on safeguard requirements. The VMU will be required to provide immediate confirmation of receiving a complaint and should complete an investigation within 14 days of receipt. Then, within 5 days after receipt of the grievance the VMU should meet the Complainant to discuss (mediate) the grievance and will advise the complainant of the outcome. If the grievance is either a valid SUPSFM grievance that requires investigation and action/compensation or if the Complainant is not satisfied with the response, the issue is transferred within one month to the next level, led by the District Grievance Committee, for further action.
- b) **Step 2. District level.** Grievances that cannot be resolved at the village level will be brought to the District Steering Committee that will have 30 days after the receipt to review all available information from the investigation by both VMU and TSC, and analyze / investigate each case. Within 30 days, the DSC invites the Complainant to discuss the grievance and the Grievant is informed of the outcome of the investigation and the decision. If the Complainant is satisfied with the outcome, the issue is closed, and the Complainant provides a signature as acknowledgement of the decision. If the Complainant is not satisfied with the outcome, the Complainant may submit an appeal to the DSC if there is additional relevant information for reconsideration. Within 14 days the DSC will both collect facts and reinvestigate and will invite the Complainant to discuss the appeal and the Complainant is informed of the outcome of the investigation and the decisions made. If the Complainant is still dissatisfied with the outcome, he/she can then submit his/her complaint to the Provincial Steering Committee. The DSC will also be in charge of compiling all grievances into a District Grievance logbook.
- c) **Step 3. Provincial level.** In case of strong or unresolved grievances such as land grabbing cases will be referred to the Provincial REDD+ Steering Committee (PRSC) that will be chaired by the Vice Governor of the province. Members of this committee will include the District Governors of participating districts, division heads of participating line agencies, and representatives of LWU and LNFC. The Provincial National Assembly should also be involved in acknowledging the grievance and advocating for suitable resolution. PRSC will both collect facts and reinvestigate and will invite the Complainant to discuss the outcome of the investigation and the decisions made. If the Complainant is still dissatisfied with the outcome, he/she can then submit his/her complaint to the National Steering Committee. The PRSC will also be in charge of compiling all grievances into a **Provincial Grievance logbook.**
- d) **Step 4. Central level.** Grievances that cannot be solved at the provincial level will be sent to the National Project Steering Committee (NPSC) chaired by the Vice Minister of MAF at the central level and members will include DG/DDG level representatives of participating agencies in various ministries (MAF, MONRE, MOIC, MPI, etc.), as

well as national leaders of mass organizations like LWU and LNFC. The World Bank TT may participate as an observer. Complainants are also allowed to report their grievances directly to the NPSC or National Assembly. All staff involved in project implementation, in particular PSFM and VLD Teams and project assistants, Technical Assistant Team and Development Partners, will provide any necessary assistance so villagers feel free to report grievances. Outstanding grievances that remain to be closed, if any, will be monitored through participatory M&E, Technical Audit and other monitoring and evaluation mechanisms of the project.

In parallel to the project grievance mechanism, the project participating/ affected people are able to raise concerns through the participatory M&E process and seek for resolutions at the district level meeting. They will also be encouraged to report any outstanding grievances to annual technical audit team which includes expertise in social issues. Also, importantly, complainants are allowed to report their grievances directly to the NPSC or Provincial Assembly recently established in all provinces under the new government since 2017.

12. Project Approach to Address GoL Program for Village Consolidation

The existing approach will continue to be applied under AF-SUPSFM to address and manage the risks associated with GoL for village consolidation. The DOF will distinguish between villages that have been consolidated in the past, and those scheduled or proposed for consolidation. The project will apply the following criteria:

Villages consolidated in the past

Identify such villages and determine through participatory consultation, and on the basis of such consultations:

- a) Include villages if (i) land and tenure issues associated with the consolidation have been resolved to the satisfaction of communities, (ii) adequate land for agriculture or other means of livelihood to improve, or at least maintain their livelihoods, has been made available, and (iii) communities maintain their broad community support for AF-SUPSFM.
- b) Exclude villages if outstanding issues related to land for agriculture and natural resource are identified, and convey findings to Provincial Authorities for appropriate action. Such villages can subsequently become project beneficiaries if,
 - (i) Provincial Authorities demonstrate that issues have been resolved, (ii) communities confirm such resolution met standards of free, prior and informed consultation, and (iii) communities maintain their broad community support for participating in SUPSFM.

Villages scheduled for consolidation

- a) Exclude all villages scheduled or proposed for consolidation during the project life

13. Capacity Development of Project Implementation Agency

AF-SUPSFM will support capacity enhancement of the PSFM or VLD Teams involved in the PSFM and VLD operations as well as CEF implementation including those related to village consolidations and gender issues. General knowledge of staff involved in day-to-day project implementation about Bank safeguards will also be strengthened. A refresher training will be provided to the teams.

Each training event will follow a demonstration workshop format as much as possible to enhance the learning experience, rather than consisting mainly of lectures. After each training event, the participants will return to each of their provinces and immediately proceed to a demonstration village for application of lessons learned under the supervision of a national consultant for PSFM or VLD, as the case may be. A demonstration village will be selected for each province, where all teams from the province will experience first-hand how the modular PSFM or VLD operations are to be conducted. After the demonstration, each team will revert to their assigned villages to continue and complete the given set of village work modules. Seven villages, on average, will be assigned to each PSFM or VLD Team.

Project Assistants, who will provide hands-on and on-site support to PSFM and VLD teams. An action plan will be formulated as the last module of each training event for PSFM Team and VLD Team, respectively, which will also describe the role of the Project Assistant during and after the village engagements. The action plan will also include post-village engagement follow through actions that will be undertaken by the Team supported by the Project Assistants so that expected outputs are delivered, for example, analysis of forest inventory data provided by village inventory teams, printed draft CAP based on CAP drafted in the villages, etc.

Annex 1: Resettlement Policy Framework

Introduction and objective of the RPF

SUPFSM and AF-SUPFSM aim has been to promote the sustainable use of forest and other natural resources; no major civil works will be carried out under AF-SUPFSM.

Nonetheless, there is a slim possibility that the detailed designs to be developed based on on-site surveys may find that some land currently under use has to be acquired to accommodate parts of office space of DAFO or PAFO. This Resettlement Policy Framework (RPF) was therefore developed to set out policies and procedures to be applied when such land has to be acquired, so that the Project complies with existing regulations of Lao PDR, in particular the Prime Ministerial Decree 192, and the World Bank Operational Policy 4.12. In other words, the policies and procedures provided under this RPF will apply when the project requires the involuntary taking of land resulting in: (i) relocation or loss of shelter; (ii) lost of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location. Those impacts due to the involuntary restriction of access to areas resulting in adverse impacts on the livelihoods of the displaced persons are addressed in the main body of this CEF.

The World Bank OP 4.12 aims to achieve the following objectives:

- a) Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs.
- b) Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits. Displaced persons should be meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programs.
- c) Displaced persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

This RPF aims to meet the objectives of the OP 4.12 as described above.

SUPFSM Principles on land acquisition maintained under AF-SUPFSM:

- a) Under the project, all efforts will be made to avoid, or minimize if unavoidable, involuntary resettlement. No land acquisition is expected because any civil works will be constructed on un-encroached state land.
- b) Where it is not feasible to avoid resettlement, resettlement activities will be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons affected by the project to share in project benefits. Affected persons will be meaningfully consulted and be provided with opportunities to participate in planning and implementing resettlement programs.
- c) Affected persons will be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.
- d) Affected land, or assets such as structures, trees and standing crops, will be compensated at their replacement values.

- e) Detailed designs will be adjusted to avoid such impacts. If however land acquisition is unavoidable, an Abbreviated Resettlement Action Plan will be developed following measures provided in the RPF. No activities that require physical relocation or result in significant impacts beyond the threshold provided in RPF will be financed under the project.
- f) If any private land was to be acquired or assets are to be damaged, procedures under this RPF will be applied before activities causing such impacts are executed.

Project procedures

- a) Project Management Office (PMO) at the central level that is in charge of reviewing detailed designs and hiring contractors for civil works will determine if any land acquisition or asset loss is necessary, using the land acquisition checklist that will be developed and attached to the project Operational Manual. The checklist will include the following, at a minimum.

Land Acquisition Checklist (sample, to be finalized in the project OM)

<u>Check points</u>	<u>Yes/ No</u>
Does the implementation of a project financed civil work require acquisition of land or result in loss of private assets (e.g. trees, fences, standing crops, etc) that are owned or customarily used by private villagers?	
If yes,	
Have affected people been clearly explained that they are entitled for compensation at replacement cost?	
Has alternative technical solutions or design adjustments been explored to avoid or minimize impact?	

- b) If land acquisition or asset loss is unavoidable, after efforts have been made for avoidance, DAFO will develop, under the support of the livelihood team and guidance of the Bank task team, an abbreviated Resettlement Action Plan (RAP) based on the requirements set out below. In an extremely unlikely event where more than 200 people are affected by a civil work contract, a full Resettlement Action Plan will be developed.

Abbreviated Resettlement Action Plan

If land or assets have to be acquired and affected people refuse to donate such assets, the Abbreviated RAP should be developed. The details of what the abbreviated RAP should include will be provided in the Project OM, but they will include, at minimum,

- a) Inventory of project impact
- b) Description of project affected people,
- c) Applicable compensation policy and estimated budgets

- d) Implementation procedure and schedule
- e) Institutional arrangement
- f) Detailed Entitlement Matrix

Consultations and participation

AF-SUPSFM will continue to employ participatory approaches to strengthen a sustainable use of forest and other natural resource, which will be utilized for the monitoring of negative project impact and allowing a meaningful participation of affected people in the development of mitigation measures. The detailed processes and procedures that will continue to be used under AF-SUPSFM are described in this CEF. The Village Forestry and Livelihood Committee, who is the main counterpart of the project at the village level, has been sensitized for the safeguard requirements so they can self-monitor any minor impact that may occur under the project. AF-SUPSFM will continue to employ participatory Monitoring and Evaluation (M&E) and put in place grievance redress mechanisms which build on but expand existing village leadership structures, so that any outstanding grievances will be addressed. Annual technical audit will assess and document if a RAP is properly implemented, and if it finds any gap, it will be filled by the project.

Generic Entitlement Matrix

The detailed Entitlement Matrix will be developed when the exact scope and scale of impacts are known, but the following Generic Entitlement Matrix provides the principles that will be used.

Type of Losses	Entitled Persons	Entitlements	Implementation Issues
Loss of private land	Legal owners or occupants / land users identified during census	Cash compensation at replacement cost which is equivalent to the current market value of land within the village, of similar type, category and productive capacity, free from transaction costs (taxes, administration fees)	Village Forestry and Livelihood Committee will endorse the abbreviated RAP before implementation of civil works
			No land acquisition affecting more than 10% of total productive lands is allowed
Loss of trees, structures	Owners of affected structures	Cash compensation at replacement cost	If remaining parts of the structures are not sufficient for use, compensation will be paid for the entire affected buildings
			Salvage materials will be handed over to affected people

Table 1: Example of village engagement of PSFM and VLD Teams

Activity code	Village engagements in the first year	Days in village	Time period of village work, Year 1															
			7	8	9	10	11	12	1	2	3	4	5	6				
VLD-1	District staff team building; Orientation to PSFM and livelihoods; VLD flow chart; Village work policy	0																
VLD-2	Disclosure of the Project to the village; Initiate prior/free/informed consent; Group formation; Mobilize VFLC	3																
VLD-3	Community demographic and resource profiles; Problem census; Current livelihoods and land use	3																
VLD-4	(Same time with PLUP) Village land management rules; Village agreement; Community Action Plan drafting	7																
VLD-5	Priority livelihoods; Data collection for livelihoods feasibility study; Monitor group evolution	4																
PSFM-1	District staff team building; Orientation to PSFM and livelihoods; PSFM flow chart; Village work policy	0																
PSFM-2	Image familiarizing; Village boundary demarcation; Land-use mapping; Delineating state forest areas	4																
PSFM-3	Participatory land-use planning; Village cadastre; Technical description; Tenure application	7																
PSFM-4	FMUs identification; FMUs zoning and compartment mapping; FMUs management objectives	3																
PSFM-5	HCVs assessment and delineation; Participatory forest inventory (variable days for actual forest work)	4																
Village engagements in the second year			7	8	9	10	11	12	1	2	3	4	5	6				
VLD-6	Decision on livelihoods; Validation and approval of CAP; Monitor group evolution	3																
VLD-7	Village Livelihoods Grant proposal preparation; Monitor group evolution	3																
hVLD-8	Basic financial management	3																
VLD-9	Management of Village Livelihood Grant	3																
VLD-10	Climate change awareness and influences in village life and livelihoods	2																
PSFM-6	Forest restoration group and site assessment and mapping; Application for forest restoration	4																
PSFM-7	PSFM planning for FMUs; Forest management system by zone; Forest management activities	4																
PSFM-8	Pre-harvest inventory; Internal monitoring and records keeping	4																
PSFM-9	Participatory harvest planning; Annual operations planning	4																
Village engagements in the third year			7	8	9	10	11	12	1	2	3	4	5	6				

VLD-11	Village livelihoods follow up and monitoring 1	2																	
VLD-12	Village livelihoods follow up and monitoring 2	2																	
VLD-13	Village livelihoods follow up and monitoring 3	2																	
VLD-14	Village livelihoods follow up and monitoring 4	2																	
PSFM-10	Timber chain-of-custody; Tree marking; Supervising logging operations; Log landing management	4																	
PSFM-11	Post-harvest assessment; Maintenance of high conservation value forests	3																	
PSFM-12	Forest protection; Forest restoration; Forest Restoration Action Plan	3																	
PSFM-13	Forest certification; FSC standards; Scoping and assessment	3																	→
PSFM-14	Annual audits; Responding to Corrective Action Requests	3																	→