



# Concept Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

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**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Myanmar	EAST ASIA AND PACIFIC	P168254	
Project Name	Myanmar Forest Restoration, Development and Investment Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Environment, Natural Resources & the Blue Economy	Investment Project Financing	7/15/2020	6/10/2021
Borrower(s)	Implementing Agency(ies)		
Ministry of Planning, Finance and Industry	Forest Department, Ministry of Natural Resources and Environmental Conservation		

Proposed Development Objective(s)

To improve participatory sustainable forest management and increase benefit from forests to communities in target areas.

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>100.00</b>

**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

The proposed project has been designed in support of core forest sector objectives of Myanmar’s Government to prevent deforestation and degradation of Myanmar’s forests while enhancing efforts for forest restoration and for enabling more employment and economic opportunities for local communities through the establishment of community forestry initiatives and plantations and support to ecotourism around PAs. Recognizing the central role that forests have for the country’s economy and rural population and the inextricable linkage of forests with broader

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national objectives for peace and social inclusion, the proposed project places special emphasis on improving collaborative forest management to increase benefits for forest dependent communities.

The project will support the Myanmar National Reforestation and Rehabilitation Program (MRRP) and the targets set in the National Forest Master Plan (NFMP) through the strengthening of local institutions and community-based forest management. This would be based on participatorily determined forest landscape restoration opportunities, demand for support from local communities and stakeholders, and agreement between the Forest Department and local communities. The project would also support productive agricultural value chains compatible with forest land use systems and develop market potentials for sustainable natural resource-based enterprises, foster private sector engagement, and informed and inclusive decision-making for forest management. It would aim to facilitate public and private investments in forest restoration and sustainable commercial forest business development that enhance local benefits in target landscapes as well as project management.

The proposed project is consistent with the strategic directions set forward in the World Bank's Myanmar Country Partnership Framework (CPF) and the Myanmar Sustainable Development Plan (MSDP). A key focus of the CPF is rural poverty reduction through increasing agricultural incomes and productivity, supporting community development, and providing economic opportunities for people while restoring the environmental and commercial potential of forested landscapes. Under MSDP, the project will contribute to Pillar 3, People and Planet, in particular its Goal 5, Natural Resources and Environment for National Posterity.

The project includes four components.

**Component 1. Increased forest cover through support to Community Forestry (including CF Enterprises).** This component will finance activities related to afforestation / reforestation, restoration and avoided deforestation / forest degradation (by means of empowering responsible stewardship of forests by communities), as well as incubating forest-based community enterprises. The community forestry activities will include plantation establishment (commercial tree plantations, watershed plantations, woodfuel plantations, village supply plantations, and so on) for restoration and conservation of forests and revenue making. The community forest enterprise development will enable community-based businesses based on forest products (including in form of community microgrants for implementation of Community Forest Management Plans).

**Component 2. Strengthening of Protected Area System.** The objective of this component is twofold – first, it will aim to improve management of existing PAs and to expand the PA system (through support to expansion of community conservation models, such as Community Protected Areas); and second, it will support creation of enabling conditions to realize economic opportunities from the PA system by pursuing ecotourism development, including community-based ecotourism, and promoting forest restoration and reforestation activities in CPAs/PAs. Support will focus on selected priority sites designated for ecotourism in the Ecotourism Policy.

**Component 3. Promote reforestation and business development.** This component will finance a package of activities to promote investment in sustainable commercial forestry with the aims of increasing revenues from timber trade and export, improving access to more profitable markets for certified forest products, improving value addition, and generating jobs and income from forestry, while taking pressure off natural forests; activities will further include reforestation and restoration for ecosystem services delivery. To support the long-term integrity of Myanmar's



forests, activities will also focus on strengthening governance to reduce leakages from illegal logging and tightening sector regulations and oversight.

Component 4: Project management, monitoring and evaluation. This component will finance technical and operational assistance for day-to-day management and implementation of the project. This would include outside technical expertise, operating costs, office equipment, and the cost of audits. It will provide institutional support and capacity development for project management, coordination, safeguards compliance, implementation, and monitoring and evaluation, including the costs of information and communications technology (ICT). It will also finance activities for citizen engagement and monitoring and evaluation.

#### **D. Environmental and Social Overview**

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]  
The project will be implemented in the States/Regions with the greatest CF potential and sites with safe access and without activities requiring acquisition of land or having significant environmental and social impact. For now, the project does not intend to extend to geographic areas that have ongoing conflict, are affected by conflict and are controlled by the Ethnic Armed Organizations (EAOs). It will focus on: Sagaing, Magway, Mandalay, Nay Pyi Taw, Bago, Ayeyarwady, and coastal areas of Thanintharyi region as States / Regions with the highest MRRP targets for community forestry. These states/Regions have high level of biodiversity and endemism and are covered by the national PA system. A number of PAs in these areas also have high ecotourism potential. CFs in Myanmar is typically located in a widely distributed fashion in modified rural landscapes in easily accessible vicinity of villages / rural settlements. These are established on Reserved Forest land, most commonly in areas previously occupied by the same communities. Typical size of Community Forests or community user group are small and well known, as is the typical size and activities of Community Forest Enterprises (CFE).

Myanmar's upland, dry, and coastal zones comprise a wide variety of forest types which support rich biodiversity and livelihoods. These include upland mixed deciduous dipterocarp and evergreen pine forests, dry deciduous and dipterocarp forests prevalent in the central dry zone and mangrove and non-mangrove forests in the coastal zone. These forests are increasingly depleted/declined and threatened by over cutting, agricultural intrusion, shifting cultivation and infrastructure development. Proposed project activities such as support to CFs and incubating CFEs, empowerment of communities for forest management and restoration and re-/afforestation, forest restoration in protected areas, restoration and plantations by small holders inside community forests, strengthening management of Myanmar's protected areas system, promote reforestation and business development, and expanding community conservation models while creating economic opportunities through ecotourism development respond to both drivers of forest change and pressures on forest, ensuring conservation of biodiversity habitat and generation of jobs, income and livelihoods, particularly in rural areas where poverty remains concentrated.

Management of natural resources, including forests, in ethnic areas is a major contested issue in Myanmar's recent history and remains a key area for negotiation in the Peace Process between the union government, the Ethnic Armed Organizations (EAOs) and ethnic communities. Ethnic communities and civil society organizations often express deep mistrust of government-led initiatives, including on forest management, forest demarcation and implementation of forest laws, due to real and perceived impositions on their rights. This mistrust extends to concessions given to



outsiders and commercial private entities on these lands. In addition, frequently, communities have been using for decades the land that is considered theirs under customary land tenure but is also gazetted as reserve forest land by the government. While project activities will only take place in locations where there is no ongoing conflict and that are not controlled by the EAOs, special attention is required to this sensitivity and there may be a need to further mediate between competing uses of land, parallel interpretations of ownership, usership and tenure, and ensure the project does not exacerbate (ethnic) tension. This requires an exceedingly transparent, inclusive and culturally appropriate method of consultations and management of the project.

**D. 2. Borrower’s Institutional Capacity**

MONREC through its FD will be the lead implementation agency for the project. FD has not had experience implementing Bank projects since the 1980s series of forestry operations. FD has experience implementing numerous projects with other International Financial Institutions (IFIs) and bilaterals, including projects supporting CF, CFE, PA management, forest and landscape restoration, and piloting Free, Prior, and Informed Consent (FPIC). One of the oldest and most established Departments, FD nonetheless is not at full staffing levels and has limited human resources capacity, with staff at sub-national levels possessing variable and often insufficient capacity for implementing community forestry, PA conservation and other envisaged project activities in full consistency with the Bank’s Environmental and Social Framework (ESF) requirements. While FD has two decades experience promoting community forestry, benefited from sector-specific Bank ESF training, and the new Forest Law, Forest Rules, Community Forestry Instructions, Biodiversity Law, and other laws and policies create conducive framework for implementing project activities consistently with ESF objectives, there is consensus that institutional capacity strengthening for environmental and social risk management will be required, including through boosting Information technology, monitoring capacities, and community engagement skill sets.

Other potential implementing agencies include MONREC’s Dry Zone Greening Department (DZGD) and the Myanmar Timber Enterprise (MTE). The DZGD and MTE have limited experience managing environmental and social risks in development projects, and have no experience implementing Bank projects. Understanding and capacity for undertaking social assessment and processes for meaningful stakeholder engagement as part of environmental and social assessment remain limited.

The project will support comprehensive capacity and skills development for environmental and social risk management at the FD, DZGD and MTE through targeted and on-the-job training, with training needs and delivery modalities to be identified as part of the Environmental and Social Commitment Plan (ESCP). The training will ensure adequate capacity to implement and monitor all relevant environmental and social requirements.

**II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS**

**A. Environmental and Social Risk Classification (ESRC)**

High

**Environmental Risk Rating**

Substantial

A–Type, location, severity of the project including the physical considerations of the project.

Proposed activities include scaling up CFs and CFEs, strengthening PA management, improving park facilities and promoting ecotourism, forest restoration in PAs, restoration and plantation by small holders inside CFs, enabling private sector investments in plantations, etc. States/Regions proposed for project implementation have high level of biodiversity and endemism and are covered by the national PA system, most of which have high ecotourism potential.

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B–Nature and magnitude of the potential environmental risks and impacts.

The environmental risk is rated as substantial since some activities i.e. strengthening PA system and ecotourism development will be operated in PAs. Activities that involve harvesting operations, which will be carried out outside PAs, may generate adverse impacts on: habitat alteration/loss of biodiversity, water quality, erosion and soil productivity, hazardous material management, and visual impacts. In addition, there might be impacts related to Occupational and Community Health and Safety such as fire safety, construction safety, transportation and pesticide exposure, etc. Project support on ecotourism development such as developing walking trails and boat landings inside PAs, rehabilitation/construction of small park facilities could affect wildlife and its habitats through indirect impacts caused by improved accessibility, and need to be planned and managed properly. Environmental impacts from CFs would be largely positive as CFs are expected to foster sustainable management of forests and associated biodiversity and ecosystem services. Pollution such as wastewater, solid wastes, air pollution could be generated from project support for Small and Medium Enterprise valued-wood and non-timber forest product processing and ecotourist activities. Impacts will be site specific, predictable and can be avoided/minimized through the project level and site-specific screening and through implementation of good practices including compliance with World Bank Group Environmental, Health, and Safety Guidelines. Although agrochemical use may increase in community agroforestry, the project will not support intensified crop agriculture involving substantially increased agrochemical use. Hence the potential increase of pesticide use due to project-financed activities is considered unlikely.

C–Capacity and commitment of the Borrower to manage risks and impacts in a manner consistent with the ESSs.

Project will be implemented by MONREC’s FD, potentially with involvement of DZGD and MTE. The FD’s track record in implementation of reforestation and rehabilitation and promoting CF is constrained by insufficient institutional and human resources capacity and technical and policy constraints. Successful project implementation will necessitate addressing staff shortages and increasing the FD budget, and updating policies and procedures. The overall approach to managing environmental and social risks will be building on the existing laws, rules, instructions, procedures and practices, assessed for consistency with ESF requirements and enhanced as required by integrating additional or self-standing measures for achieving consistency with ESF objectives.

D – Other areas of risk that may be relevant.

The project will take place in the context of Myanmar’s incomplete transition to democracy, market economy and peace, complex domestic political situation and upcoming elections, and strained external relationships. This context gives rise to heightened reputational, political and implementation risks. The project is also exposed to exogenous climate risks/natural disasters such as drought, flood, cyclone, intense rainfall, landslide, etc. Activities to reduce climate/natural disaster risks and to strengthen the adaptive capacity of targeted forests and rural forest dependent communities will be included in the project activities.

**Social Risk Rating**

High

The social risk rating is classified as high. The project aims to deliver a range of benefits including economic development and community livelihood opportunities. At the same time, project activities have the potential to generate significant social impacts, direct and indirect, due to the range of activities, some of which remain undefined. The nature and scale of the proposed activities presents a risk of restriction on resource access and exclusion from project benefits for vulnerable and marginal groups. Funding of CFE, commercialization of forests, expansion of the Protected Area (PA) system (through establishment of Community Protected Areas), ecotourism including funding of infrastructure inside and outside of PA, promotion of market access to emerging high value



markets, and creating enabling environment, including policy, for CFE and SME throughout the wood-based industry value chain are being proposed. Restrictions on access to land and natural and cultural resources resulting from these activities may impact on nature-based livelihoods and tenure of vulnerable or marginal households and communities where decisions are not managed in a participatory manner. Meaningful stakeholder engagement, including, when applicable, Free, Prior, and Informed Consent (FPIC), will be key to deliver on project success. Similarly, impacts associated with community-based processing and commercialization of forest resources may also impact on the tenure and cultural heritage of vulnerable groups where such activities do not include these groups in the benefits. The cumulative impacts associated with creation of new walking/bicycle trails inside protected areas may also increase unauthorized clearance and extraction activities by outsiders. These potential adverse social impacts of the project, or inadequately carried out planning and/or implementation of project activities, may also give rise to social conflict or harm to some sections of the affected communities.

The project will cover seven states and regions and while it does not have a deliberate focus on ethnic areas, the nature of the activities and focus on forest dependent communities may result in activities taking place in areas where ethnic groups live, who may have grievances over human rights and control of natural resources and benefit sharing. While the project aims to provide sustainable livelihoods, it could potentially exacerbate conflict as a result of government interventions in areas where communities have been managing the resources, result in elite capture of resources/opportunities or changes in rights to resources which may limit access to resources to certain groups or some sections of certain groups.

It is important to note that meaningful stakeholder engagement, including, when applicable, Free, Prior, and Informed Consent (FPIC) will be key to deliver on project objectives. The capacity of agencies and institutions to manage such complex and inclusive stakeholder engagement is going to be mixed and in most cases limited. A key risk is lack of Borrower capacity to engage stakeholders in order to secure 'alignment' between groups and the resulting risk of conflict and dispute over resource management roles and benefits. While one of the objectives of the project is to ensure that this engagement occurs, this does not diminish the historical track record on engagement with ethnic stakeholders and fragility of current state-society relationships. In particular, disregard for customary tenure and practices may mean that land falls into private hands associated with the wider extractive economy.

## **B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered**

### **B.1. General Assessment**

#### **ESS1 Assessment and Management of Environmental and Social Risks and Impacts**

##### ***Overview of the relevance of the Standard for the Project:***

Overall, the project is expected to have positive environmental impacts by improving management of forests and protected areas in a participatory and sustainable manner. Nevertheless, some adverse environmental impacts such as soil loss/erosion, destabilization of slopes/ landslides, impact on water resources, biodiversity, impacts from discharge of wastewater, air pollution, solid waste and noise, impacts on occupational and community health and safety, visual impact, etc., may be generated from project activities. More specifically, environmental impacts from wood processing and NTFP processing include resources (forest) utilization, discharge of air emissions, noise, solidwastes, effluents, fire risk, etc. Small scale facilities construction in PAs and promotion of community-based



ecotourism could also pose some environmental risks such as wastewater, solid wastes and sediment discharges to water bodies. Promotion of community-based ecotourism may similarly cause water pollution if existing sanitation and waste handling systems are inadequate for the number of tourist arrivals. Project activities to attract private investments could also indirectly induce adverse impacts on the environment and pressure on resources utilization and public utilities to the surrounding communities or PAs. These physical, biological, and socioeconomic impacts are expected to be site specific and of limited to moderate severity, and can be avoided or minimized through the application of good practices including compliance with World Bank Group EHSs. Measures could be incorporated into the project design to avoid (i.e. through project level and site-specific screening,) or mitigate them.

The Environmental and Social Management Framework (ESMF) will, for the ES risk identified and described above, outline the project environmental and social assessment process as well as monitoring and reporting requirements for the project proposed activities in compliance with requirements of Myanmar EIA procedure and to fill the gaps identified. The project will address identified gaps through preparation of Borrower's ESCP during project preparation and its implementation. The ESMF will incorporate three key types of instruments:

- (1) The ESMF will contain a procedure and clear, measurable and verifiable criteria to screen potential project sites and activities for their eligibility, and thus limit or exclude project support at sites or through activities that would be likely cause significant or high adverse impacts.
- (2) The ESMF will draw on existing instruments that are applied in Myanmar; these include Community Forestry Instructions (2019), specific Protected Area management plans, Myanmar EIA procedures and other relevant national laws and regulations. These instruments as well as other key relevant analytical studies on community forestry, safeguards capacity, etc. will be evaluated against ESF requirements and specific gap-filling and implementation support measures introduced to meet ESS1 requirements.
- (3) The ESMF will include provisions for specific ES assessment and management instruments to be produced under the project, including : (a) Forest Management Plans (FMPs) and Protected Area Management Plans (PAMP) which outline forest management measures and prescribe environmental and social activities with specified targets, actions and control arrangements; (b) Environmental and Social Management Plans (ESMPs) or other appropriate instruments that would be prepared for specific investments or activities with a potential to cause environmental risks and requiring site-specific risk management measures.

Key social risks and impacts relate to support for (i) expansion of community forests (no project funded expansions on land classified as Vacant, Fallow and Virgin (VFV) land); (ii) commercialization activities; (iii) expansion of the PA system (through CPAs); (iv) support for ecotourism activities including of funding of small infrastructure inside and outside of PAs; (v) promotion of market access to emerging high value markets, and (vi) creating an enabling environment, including policy, for CFE and SMEs throughout the wood-based industry value chain.

The project objective is to increase benefits to communities. The project has the potential to benefit but could also unintentionally adversely impact individual people, ethnic communities, and those that are vulnerable, marginalized and/or excluded. Elite capture of project benefits and/or adverse project impacts risk creating conflict, discrimination, harm, vulnerability, exclusion and marginalization, whether intended or not. Potential risks stem from perceived or real inequality relating to engagement approaches and any groups excluded from that process, and project benefits, and prioritization and selection of project activities that benefit one group or private entity over community groups. New, or enforcement of existing, access restrictions, may result in significant impacts on





livelihoods, since forests are a major source of livelihoods (food, fuel, etc.) for local communities, especially ethnic communities.

For now, the project does not intend to engage in conflict affected areas or areas with ongoing conflict, including areas under EAO control. Where the project finances specific forest management activities involving community participation it has the potential to exacerbate existing risks associated with labor and working conditions including unfair treatment of women and use of child labor; increase in incidences of various health issues, depending on the infrastructure improvements there is a risk of labor influx with its associated risks; unsafe spaces and activities that put women and girls at risk of gender-based violence; there may be limited consideration of gender and men and women's differing roles in the harvesting, processing and marketing of forest resources; lack of understanding on the importance and respect for cultural resources (intangible and tangible), particularly for ethnic communities whose customary tenure claims are under pressure from competing interests; in such situations risks are exacerbated by lack of resources and capacity to identify all relevant stakeholders, undertake meaningful consultation, and when applicable, ensure FPIC, and effectively operationalize grievance procedures. These are described in more detail against each standard.

To understand and address these risks a social assessment will be prepared prior to appraisal to inform project design and project level framework instruments. Terms of Reference (ToR) will be prepared for this assessment and will be reviewed by the Bank. Further details of the assessment are provided against each relevant standard, in particular standards 5 and 7. The assessment will set out ToRs for detailed site specific social impact assessment of specific activities. These ToRs will be reviewed by the Bank and completed prior to Appraisal. The assessment will also develop the framework documents which will be part of the content of the ESMF. The ESMF will include Environmental Codes of Practice; Generic Pest Management Plan; Labor Management Procedures, including Workers' Grievance Procedure; Community Health and Safety Management Plan; Security Management Plan; Occupational Health and Safety procedure; Resettlement Policy Framework; Process Framework; Community Participation Planning Framework (equivalent of an Indigenous Peoples Planning Framework); Cultural Heritage Management Procedure; and Preparation of Budget, staffing and operational arrangements for project environmental and social risk management.

For project activities involving provision of financial institutional support for community grant schemes through financial intermediaries, activities will be reviewed during project preparation to ascertain the applicability of ESS1 and ESS9.

**Areas where "Use of Borrower Framework" is being considered:**

None. Existing laws and instruments will be used on the technical level where deemed appropriate, but will not replace ESF requirements, or the need to comply with ESS provisions.

**ESS10 Stakeholder Engagement and Information Disclosure**

Interested and/or affected stakeholder groups include government staff (political and administrative) at all levels, forest dependent communities, including ethnic communities, forest managers, forest dependent businesses and industries (including wood and NTFP processing), ethnic organisations, civil society organisations, and nature conservation groups.



Meaningful engagement will be required on the project as it involves forest and PAs which are found in areas with ethnic communities. There is also potential for activities to result in adverse risks and impacts to ethnic communities from which the project would require FPIC in order to proceed. The need for FPIC arises out of a recognition of the project potentially having adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation or when there are significant impacts on ethnic group's cultural heritage that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the affected ethnic group's lives, for example through ecotourism. Stakeholder engagement is key to the success of this project and in ensuring design, implementation, monitoring and management are truly participatory and avoid adverse impacts in particular to vulnerable and or marginalised groups as well as ensuring that those who have traditional rights over forests and resources are able to continue to exercise those rights while maintaining integrity of the forests. Participatory approaches and meaningful engagement as envisaged need to be integral to project design and adequately funded and implemented. A Stakeholder Engagement Plan (SEP) will be prepared to ensure effective operationalisation and communication of the mainstreaming of engagement in the project. The Plan should be informed by stakeholder groups, in particular ethnic communities that will be affected by the project and any marginalised and or vulnerable groups who may be excluded and/ or be disproportionately impacted. Approaches for engagement of EAOs and ethnic civil society organisations would need to be developed in consultation with the organisation to inform the SEP. The project will be implemented in areas free of conflict and of EAOs' control. During project preparation, details on the role of EAOs and the screening process based on which EAOs to be engaged with will be identified. The Plan should include a grievance mechanism including details on how it will be operationalised for the different activities and stakeholder groups.

Stakeholder groups will vary based on activities, locations and risks and impacts; a process to identify interested and affected stakeholders, including those that are vulnerable and or marginalised, will be key. FMPs will require stakeholder engagement planning for specific activities and will need to be developed in participation with those affected to ensure engagement process in line with risks and impacts identified as part of any assessments for the project.

Engagement requirements as they relate to other standards are presented under each standard.

## **B.2. Specific Risks and Impacts**

**A brief description of the potential environmental and social risks and impacts relevant to the Project.**

### **ESS2 Labor and Working Conditions**

The project will finance activities that support direct workers, community workers, contracted workers and workers involved in primary supply. The workers could be individuals from households, communities, community-based organizations, CFEs, civil society and private entities benefitting from various financing schemes and through investments in the forest, agriculture and NTFP value chains, as well government at all levels. To support forestry related activities the project will also finance small infrastructure development. Support for ecotourism in selected PAs will also involve investment in infrastructure e.g. tourism walking/bicycle trails, boat landings, small scale PAs facilities, waste management facilities, etc.



Where forestry is considered a priority above education for vulnerable household livelihoods, there is potential for child work and child labor to be undertaken. Where arrangements are commercialized there is potential for migrant labor and inequalities in pay and working conditions between different groups and including between men and women. Community workers are often hired on informal basis with any contractual rights communicated verbally. While tourism can offer up employment for women there is potential for inequality, gender-based violence particularly towards women workers, exploitation of children and other vulnerable individuals.

Whilst there is legislation in place there is limited awareness by workers and employers of labour rights, and the enforcement of laws is piecemeal and inconsistent. There is discrimination in employment practices due to gender, ethnicity, and religion. While Myanmar has ratified the core International Labor Organisation Conventions on Freedom of Association and right to Organize, Forced Labor and Worst Forms of Child Labor, it has not ratified the core conventions on Right to Organize and Collective Bargaining, Abolition of Forced Labor, Minimum Age, Equal Remuneration and Discrimination.

To better understand the risks as they relate to different workers further clarity is needed on project activities, the entities that will be managing them, and the activities in which the different workers will be engaged. As part of the social assessment a review of risks should be undertaken to inform the development of labor management procedures for the project. The assessment and procedures will address how the risks will be managed to ensure compliance with national requirements, industry good practice and the requirements of ESS2. The procedures should also include how a worker grievance mechanism would be operationalized to cover the range of workers involved in the various activities. Once project activities are identified, specific procedures, including worker grievance mechanism, will have to be in place relevant to the workers and activities that they are engaged in.

The project will not support large scale/complex infrastructure investment or operations. It is not expected that project activities will generate any significant impacts on occupational and community health and safety. Occupational health and safety (OHS) risks associated with project activities, which expected to be site-specific and manageable through readily available measures, will be assessed as part of the ESMF and site-specific environmental and social assessment instrument. The OHS measures will be proposed taking into account the requirements of OHS section of ESS2 and the General EHSs.

### **ESS3 Resource Efficiency and Pollution Prevention and Management**

Project activities such as value-added wood processing and commercial production and processing of NTFP can apply technically and financially feasible measures to ensure resource efficiency. Such activities will be designed and implemented in such a manner so as to ensure efficient consumption of energy, water and raw materials in part through adoption of good international practice as set out in the World Bank Group EHSs. Climate change-related benefits of the project will be estimated through preparation of greenhouse gas (GHG) projections (GHG accounting) prior to appraisal. Value-added wood processing and expanded production and processing of NTFP have the potential to cause air and water pollution. Although agrochemical use may increase in community agroforestry, the project will not support intensified crop agriculture involving substantially increased agrochemical use; nevertheless, as a precautionary measure, a generic Pest Management Plan (PMP) will be prepared as part of the ESMF. Appropriate



pollution prevention and management measures will be taken to avoid the release of pollutants or, when avoidance is not feasible, minimize discharges harmful to humans and the environment. Training on integrated pest management and proper use of agrochemicals will be delivered to involved communities.

#### **ESS4 Community Health and Safety**

Potential adverse health and safety risks and impacts to affected communities posed by project activities are mainly associated with community exposure to project-related traffic and road safety risks, disturbance of unexploded ordnance (UXO), water pollution resulting from wood and NTFP processing, community exposure to water-borne and vector-borne diseases due to poor sanitation and drainage, community exposure to natural hazards such as extreme weather events, forest fire safety issues from activities such as ecotourism inside forest areas, and limited life and fire safety risks for minor- small scale ecotourism facilities. The ESCP will provide that community health and safety issues be in part addressed through compliance with relevant regulatory requirements and application of corresponding guidance in the World Bank Group General EHSs. Prevention and control of traffic related incidents should include the adoption of safety measures which are protective of project workers and road users, including those who are most vulnerable. Road safety measures will be proportional to the scope and nature of project activities. Risks related to UXO will be addressed through evaluation and screening of potentially contaminated areas and adoption of appropriate avoidance and prevention measures.

Planned interventions are intended to maintain and enhance regulating and provisioning ecosystem services. Project activities which address forest depletion and degradation, and preventing land use change will serve to mitigate the effects of natural hazards and reduce vulnerability to climate change. Project activities which involve construction of facilities such as ecotourism related activities may pose some potential impacts on the ecosystem services and limited impacts on life and fire safety; however, this will be minimal due to the nature and scale of the project activities. Design, construction and operation of these facilities will follow requirements of Myanmar National Building Codes and relevant guidelines from the concerned Ministries as well as guidance in the EHSs applicable to them including on emergency preparedness and planning. Forest fire safety issue and framework for impacts mitigation, emergency preparedness and response planning will be included in the ESMF. Measures to address forest fire issue can also be incorporated into the project design where appropriate. Proper mitigation measures that will be encompassed in the proposed management plans will ensure there is no impact on the community health and safety due to the project's impacts on ecosystem services. Additionally, planned measures to preserve ecosystems will ensure continued availability of NTFPs important to forest community livelihoods.

The activities supported by the project are intended to reduce conflict over rights and access to resources, but if mismanaged may contribute to such risks and exacerbate conflict. Women's connection to forests are likely to go beyond roles specific to product collection, and not understanding rights and access, based on ethnicity and gender, may result in project activities further marginalizing women and risks of gender-based violence. The social assessment to be undertaken for the project should cover conflict over natural resources and how the activities may risk escalation of those conflicts or support peace-building. The social assessment should differentiate between different ethnic communities, and also within those ethnic communities, the different access and rights to resources between women and men and other sub-groups. Based on secondary data available, including within the tourism industry, the social assessment, and an examination of the project activities, should also present an assessment on risk of increased gender-based violence. The assessment will inform an overall framework for managing community



health and safety for the project and activity specific plans and procedures. The plans should include engagement requirements for informing communities on risks and measures to address those risks. If the gender-based violence risk are found, then an action plan may need to be developed.

Provision of security is likely through use of unarmed forest rangers in PAs and Permanent Forest Estate (PFE). A Security Management Plan should be put in place for screening, training and capacity building of security providers in compliance with national requirements and conformance with provisions under ESS4 for retaining direct or contracted workers to provide security.

### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

The project plans to increase expansion of community forests on PFE but excludes expansion on VFV land. Community Forestry Instructions (2016, revised 2019), governed by Forest Law 2018 and issued by the FD, provide communities rights over timber and NTFPs and acknowledge customary and traditional land tenure rights. PFE is managed by FD (with exception of PFE managed under community forestry). Establishment of a community forest is formalised through the registration of a renewable 30 years land lease to communities through a Community Forest Certificate.

Communities often use forests to gather firewood or graze livestock, but this land can be reallocated to part of the community, but not all (elite capture of resources) or to people outside the community due to the community's lack of formal security of tenure. Overlapping tenure interpretations under law, and historical tendency for private rights to dominate customary ones necessitates that FMP also integrate process frameworks that secure the resource tenure of vulnerable groups.

Myanmar's legal and institutional framework for land acquisition is fragmented across various laws and implementing agencies. Key gaps between government practices and international good practice include eligibility requirements that only recognize formal owners and users, valuation and compensation below market value, lack of recognition of economic displacement, lack of livelihood restoration, and poor consultation and grievance redress. Most households in Myanmar do not have registration for their lands and subsequent secure tenure. Obtaining land certificates can be challenging for all due to complex documentation requirements. For ethnic communities, there are often additional difficulties to own and register land. Frequently, ethnic communities have used land that may be categorized as reserve forest land under national law for agriculture and mining. While the project aims to support and improve community tenure, some of Myanmar's deforestation results from community livelihood activities, which may be contradicting to the project objectives and present a competing use for land for which project activities are being planned. This alternative use of the land may reduce interest by specific members of a community for the implementation of project activities.

Activities relating to PAs and supporting promotion of economic opportunities through pursuing ecotourism development may cause restrictions in access to natural and other resources in PAs.



To understand and address the various risks and impacts the social assessment should cover land, land use, land tenure, natural resource tenure and use with a particular emphasis on forests. The assessment should be informed through a gender lens and should be undertaken through a participatory process.

The main goal of the assessment would be to understand and address social risks to inform project design and to facilitate further development of project level framework plans. It will review existing protocols / management plans as basis for risk management (with gaps vis a vis ESF identified and filled) and build on them. The assessment should include analysis of the legal and institutional context for management of customary resource tenure issues in order to identify the risks and impacts associated with their planning and management, particularly for vulnerable groups. It aims at building a knowledge base for stakeholder engagement and the participatory development of FMPs and PAMPs. The assessment will identify and assess the potential social impacts of proposed activities, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures. The social assessment will also assess the degree to which the project may ease or exacerbate existing tensions and inequality within society and the degree to which the project may be negatively affected by existing tensions, conflict and instability.

The assessment will inform a project level Resettlement Policy Framework (RPF) and Process Framework. No physical relocation is expected for this project. The RPF should include key findings from the social analysis, gap analysis, key principles, and procedures for voluntary land donation and procedures for preparation and implementation of project-specific Resettlement Action Plans, when needed. A Process Framework is prepared when Bank-supported projects may cause restrictions in access to natural resources in legally designated parks and protected areas. The process framework will establish a process for participation by affected communities in informing project design, assessment of impacts, risks, criteria for eligibility and inform measures to manage and monitor relevant activities, risks and impacts necessary to achieve the objectives of ESS5. The Process Framework should also describe the situations where FPIC is required, with a reference to the CPPF.

### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

The proposed project aims to improve participatory sustainable forest management and increase benefits from forests to communities in target areas. Project activities under component 2 on strengthening PA system management and expanding it through community conservation models such as Community Protected Areas are expected to have overall beneficial impacts on biodiversity, habitats, and ecosystem services. This component will also support creation of enabling conditions to realize economic opportunities from the PA system by pursuing ecotourism development, including community-based ecotourism, and promoting forest restoration and reforestation activities in CPAs/PAs. These activities support objectives of the ESS6 to protect and conserve biodiversity and habitats, promote sustainable management of living natural resources and support livelihoods of local communities through the adoption of practices that integrate conservation needs and development priorities.

Requirements of ESS6 will be integrated into the project design as relevant including on application of the mitigation hierarchy.

Project will identify the need to strengthen PA system management through undertaking master planning and full implementation of existing PA management plans with integrated consideration of livelihoods and roles of ethnic and



other communities. Priorities for project support are finer scale mapping and zoning of PAs for better management, and strengthening community-based ecotourism involving participatory development of detailed guidelines and investments.

With the exception of project activities focusing on PAs and biodiversity protection including community forestry and management and ecotourism, no activities will be undertaken in PAs or national parks. Project activities will therefore not involve habitat conversion or interruption of important ecological processes and as such are unlikely to adversely affect biodiversity and habitat. The project implementation will focus on site activities without having significant environmental impact potential. Nonetheless, there are potential adverse impacts on biodiversity from developing and operating ecotourism activities, and additional risks of habitat and resource degradation and illegal extraction from improved access. These will be managed through careful screening and planning using the ESMF including the Integrated Biodiversity Assessment Tool (IBAT) and implementation based on site specific management plans or procedures.

The project will additionally focus on increasing community level utilization of NTFP (including harvesting of native wild species and substances such as honey and tree sap) and community forestry, consistent with the ESS6 objective of sustainable management of renewable natural resources. Proposed activities aimed at reducing deforestation, supporting rehabilitation, and promoting community forestry are consistent with the ESS6 objective of supporting livelihoods of local communities and inclusive economic development through the adoption of practices that integrate conservation needs and development priorities.

The ESMF will contain a section with detailed instructions on site screening and selection, with clear, measurable and verifiable criteria, that will disallow and thus avoid any combination of activities likely to cause adverse impacts with sensitive receptors. This is of particular importance to ensure that the project does not cause unintended harm to natural or critical habitats, such as ecologically sensitive areas or key biodiversity areas.

### **ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

The project will operate in areas with ethnic communities. While there are expected to be benefits to those ethnic communities as a result of the project activities, there is also potential for adverse risks and impacts from support for expansion of community forests on PFE land, registering community forestry, activities from grants to communities and CFE, commercialization activities, expansion of the PA system, support for ecotourism activities including of funding of infrastructure inside and outside the PA, promotion of market access to emerging high value markets, and creating enabling environment for CFE and larger SMEs throughout the wood-based industry value chain.

Management of natural resources, including forests, including areas where ethnic communities are present, is one of the main contested issues in Myanmar's recent history and remains a key area for negotiation in the Peace Process between the Union government, EAOs and ethnic communities. Project activities will need to pay special attention to competing uses of land, parallel interpretations of ownership and tenure, and preventing to exacerbate ethnic tension and conflict. This requires an exceedingly transparent, inclusive and culturally appropriate method of consultations and management of the project.



The social assessment for the project should be completed prior to appraisal and should be informed by meaningful consultation from representatives of ethnic communities that will be affected by the project. Where project activities are likely to result in adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation or significant impacts on ethnic groups' cultural heritage that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the affected ethnic group' lives, there will be a need to ensure FPIC takes place. The social assessment should inform the Community Participation Planning Framework (CPPF), equivalent of an Indigenous Peoples Planning Framework (IPPF), which needs to be prepared prior to appraisal. Ethnic communities should be consulted and engaged in activity specific assessments, with the approach to consultations taking into account the needs and concerns of the different sections that represent the affected ethnic communities. FMP will require stakeholder engagement planning and when applicable, need to cover requirements for FPIC and how it is to be achieved, ongoing consultation, culturally appropriate grievance mechanism that is accessible to all sections of the affected ethnic group. The activity specific assessments and engagement process should inform the development of FMP if they are considered instead of CPPF.

### **ESS8 Cultural Heritage**

Potential impacts of project activities on cultural heritage will be considered during project preparation and implementation. Process for screening and assessment of adverse impacts on cultural heritage as well as a Chance Finds Procedure will be included in the ESMF which will be prepared during the project preparation. Needs for site-specific cultural heritage assessment and measures will be identified using impacts screening process when details of activities and specific-site location become available during project implementation. Myanmar has a rich cultural heritage comprising both tangible heritage such as in the project context natural features and landscapes that have cultural significance, and intangible heritage such as knowledge, skills, and cultural spaces. Consultations with local communities and gathering of information from cultural heritage authorities will help to both identify cultural heritage present in project areas and understand the nature and significance of potential project-related environmental and social risks to and impacts on identified heritage. Consultations with local communities and cultural heritage experts will be important to understand the values and significance attached to cultural heritage by different stakeholders. Any consultation will need to take into consideration the different interpretations of cultural heritage by different communities and the importance they place on them. Women and girls have a different attachment to spaces and their own cultural heritage than men and boys and this needs to inform the process of identification, understanding impacts, and in the development of appropriate measures. Depending on the findings of this consultation exercise, a Cultural Heritage Assessment may need to be prepared. Recognizing that while most cultural heritage have already been identified, and in certain cases legally protected, documentation of cultural heritage in some areas may be relatively limited, necessitating that chance find procedures be applied to discoveries of previously unknown cultural heritage. Meaningful consultations with local communities will be undertaken to inform the development and operationalization of Cultural Heritage Management Procedures (applicable to both documented cultural heritage and chance finds) to avoid or minimize impacts from project activities consistent with national laws, guidance from cultural heritage authorities, and the views of local communities. Agreed procedures for dealing with cultural heritage will be included in the ESCP and any site-specific Environmental Management Plans (EMP).

### **ESS9 Financial Intermediaries**





A number of financing schemes have been proposed under this project including community grant and financing CFE (Component 1) and to support the establishment of ecotourism (Component 2). These will be reviewed during project preparation to ascertain whether this ESS applies.

**B.3 Other Relevant Project Risks**

Relevant risks have already been addressed against the standards.

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways**

No

Project locations and activities are not envisaged to be located on international waterways.

**OP 7.60 Projects in Disputed Areas**

No

The project will not be located in an area under legal or international dispute, nor an area with competing territorial claims.

**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?**

No

**Financing Partners**

None.

**B. Proposed Measures, Actions and Timing (Borrower’s commitments)**

**Actions to be completed prior to Bank Board Approval:**

Existing instruments that are applied in Myanmar including Community Forestry Instructions 2019, specific Protected Area Management Plans, Myanmar EIA procedures and other relevant national laws and regulations will be evaluated against ESF requirements and specific support measures introduced to meet ESS1 requirements. This will include a review of implementation of other ongoing activities and studies by the government and the World Bank and other development partners in relation to forest/PAs management, CF and safeguards capacity in Myanmar. The project will address identified gaps through preparation of Borrower’s ESCP during project preparation and its implementation. Therefore, the following actions are required prior to Appraisal:

- Terms of Reference (ToRs) for Environmental and Social Assessment;
- Environmental and Social Commitment Plan;
- Social Assessment for Project;
- Stakeholder Engagement Plan and Grievance Procedure;
- Environmental and Social Management Framework: Including Environmental Codes of Practice; Generic Pest Management Plan; Labor Management Procedures, including Workers’ Grievance Procedure; Security Management Plan; Community Health and Safety Management Plan; Occupational Health and Safety procedure; Resettlement Policy Framework; Process Framework; CPPF (equivalent of an IPPF); TORs for site-specific social assessment; Cultural



Heritage Management Procedure; and Preparation of Budget, staffing and operational arrangements for project environmental and social risk management.

**Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):**

- Budget, staffing and operational arrangements for project environmental and social risk management;
- Environmental Social Management Plans or other required environmental and social instruments e.g. Initial Environmental Examination (IEE), Environmental and Social Impact Assessment (ESIA), as needed;
- Site-specific Pest Management Plan, as needed
- Activity-level: Social Impact Assessment; Stakeholder Engagement Plan with Grievance Procedure, Individual Forest Management Plans and Protected Area Management Plans which cover social risk and impact analysis and measures, engagement requirements, grievance procedure, labour management procedures, worker grievance procedure, community health, safety and security.
- Resettlement Action Plan/s as needed.
- Community Participation Plan/s (equivalent of an Indigenous Peoples Plan) as needed
- Cultural Heritage Assessment/s as needed
- ESF training requirements and training delivery modalities needed.

**C. Timing**

**Tentative target date for preparing the Appraisal Stage ESRS**

15-Jun-2020

**IV. CONTACT POINTS**

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**Borrower/Client/Recipient**

Borrower: Ministry of Planning, Finance and Industry

**Implementing Agency(ies)**

Implementing Agency: Forest Department, Ministry of Natural Resources and Environmental Conservation



**V. FOR MORE INFORMATION CONTACT**

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**VI. APPROVAL**

Task Team Leader(s):	Nina Doetinchem, Werner L. Kornexl
Practice Manager (ENR/Social)	Susan S. Shen Recommended on 12-Mar-2020 at 00:14:6 EDT
Safeguards Advisor ESSA	Peter Leonard (SAESSA) Cleared on 19-Mar-2020 at 09:15:17 EDT