

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

Report No.: PIDISDSA18191

Date Prepared/Updated: 05-May-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	Lao People's Democratic Republic	Project ID:	P157963
		Parent Project ID (if any):	
Project Name:	Poverty Reduction Fund III (P157963)		
Region:	EAST ASIA AND PACIFIC		
Estimated Appraisal Date:	18-Mar-2016	Estimated Board Date:	24-May-2016
Practice Area (Lead):	Social, Urban, Rural and Resilience Global Practice	Lending Instrument:	Investment Project Financing
Sector(s):	Other social services (75%), Public administration- Other social services (15%), General agriculture, fishing and forestry sector (1 0%)		
Theme(s):	Rural services and infrastructure (40%), Participation and civic engagement (40%), Nutrition and food security (10%), Other social d evelopment (10%)		
Borrower(s):	Lao People's Democratic Republic		
Implementing Agency:	Lao Poverty Reduction Fund		
Financing (in USD Million)			
	Financing Source	Amount	
	BORROWER/RECIPIENT	6.00	
	International Development Association (IDA)	30.00	
	Financing Gap	0.00	
	Total Project Cost	36.00	
Environmental Category:	B - Partial Assessment		
Appraisal Review Decision (from Decision Note):	The review did authorize the team to appraise and negotiate		
Other Decision:			
Is this a	No		

Repeater project?	
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B. Introduction and Context

Country Context

With a GDP per capita of around US\$1,600 in 2014, Lao PDR has become a lower-middle income country. Despite impressive economic growth in the last few decades, poverty remains high in Lao PDR, especially in rural areas and among ethnic groups. Poverty declined from 41.4 percent in 2002/03 to 28.8 percent in 2012/13. In general, Lao population now live in better housing, own more assets and have better access to infrastructure and services than ten years ago. Improvements in welfare at the national level, however, mask significant differences between regions and among socioeconomic groups. About 40 percent of Mon Khmer and Hmong ethnic groups are poor, compared to 15 percent of Lao-Tai people, and ethnic groups account for about two thirds of people without formal education. Stunting is more pronounced among ethnic groups. Less than 60 percent of women in poor households are able to read and write, compared to over 80 percent of men who can.

A significant portion of Lao citizens who escaped poverty in the recent past have fallen back into poverty again, indicating a high level of vulnerability the poor and near poor face and the scale of difficulties they face to escape poverty permanently. About 19 percent of Lao citizens are undernourished, and 44 percent of children below-five are stunted. Inequality is rising: between 2002 and 2012, the Gini coefficient rose from 32.5 to 36.2. Estimates are that about 42 percent of poor in Lao PDR, about 70 percent of whom belong to ethnic groups, rely on subsistence farming, have low human endowments, lack access to infrastructure and services, and are vulnerable to external shocks. Policies directed at increasing social inclusion, including investments in both human and physical capital, and a well-designed social protection system, are necessary to reach this largely rural population and lift them out of poverty permanently. Access to services and markets remains a constraint for many rural poor: approximately 30 percent of rural villages are at least two-hours on foot from the nearest health dispensary, and only 69 percent of the bottom 40 percent have access to all weather roads. Ethnic groups tend to be significantly poorer than the majority Lao-Tai population even when education levels and livelihoods (farm/non-farm wage) are controlled for.

Sectoral and institutional Context

The Government of Lao PDR (GOL)'s 8th National Socio-Economic Development Plan (NSED) calls for tailored interventions to improve the welfare of the poorest groups, in particular ethnic groups. Investments proposed include the construction of basic education infrastructure, rural access roads and improvements in access to safe drinking water. It also recognizes that poverty reduction must be tailored to the specific needs and capabilities of ethnic groups, and address gender issues among various ethnic groups.

The 'Sam Sang' initiative, piloted first in 2012, envisions increasing decentralization. However, evidence suggests that while responsibilities have been delegated to lower levels of government (for example in health and education), funding decisions remain centralized. Furthermore, weak public financial management arrangements, especially at the local level, have contributed to running up arrears. In general, responsibility assignments between various levels of government need to be further clarified in some sectors.

The Poverty Reduction Fund (PRF), established in accordance with a Prime Minister's Decree, has served as one of the GoL's main vehicles to address rural poverty. The PRF reports to the Minister to the Government Office and is in charge of broad issues related to rural poverty in Lao PDR. The PRF is governed by the Board of the PRF which consists of representatives from line ministries and Provincial Governors. The Executive Director and his office, staffed by consultants, manage day-to-day operation of the PRF through a highly decentralized structure with permanent staff located at the provincial and district levels.

C. Proposed Development Objective(s)

Development Objective(s)

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

Key Results

PDO indicators include: (i) Number and % respondents in PRF villages reporting improved access to basic services (by type of service provided); and (ii) Number of direct project beneficiaries, disaggregated by gender and ethnicity.

D. Project Description

Since its approval in 2011, the PRF II project has improved access to infrastructure for more than 1,500 poor villages in ten provinces, directly benefiting about 685,000 rural people. The Project Development Objective (PDO) of the PRF II is to improve the access to and the utilization of basic infrastructure and services for the Project's targeted poor communities. Typical subprojects financed include improvements of water supply systems, school expansion and rural road rehabilitation. The PRF II has been implemented satisfactorily and is on track to meet the PDO. The Project is fully compliant with legal covenants as well as the World Bank fiduciary and safeguards requirements. There are no overdue audits and there are no qualifications to the audit reports. Most subprojects are functional after two years of operation. About 93 percent of subprojects address women's needs, and ethnic groups account for about 70 percent of direct beneficiaries.

The quality of community engagement has significantly improved, and many efforts have been made to strengthen the sustainability of subprojects. The PRF II introduced the 'Deepen CDD' approach during implementation which allowed the PRF to reach out to 'hamlets' outside village centers and increase the participation of ethnic minorities cost-effectively. The pictogram of good and poor works, the improved Operation and Maintenance (O&M) manual and semi-annual follow-up community visits, among other measures, have strengthened the capacity of villagers in the upkeep of infrastructure subprojects.

Component Name

Component 1. Community Development Sub-Grants

Comments (optional)

Bottom up local development planning. This component would continue to provide technical and logistical support to eligible villages to develop the Village Development Plan (VDP) based on participatory planning processes. The VDP would be developed on a five year rolling basis, and

consolidated into the Kumban Development Plan (KDP) by elected village representatives at the Kumban level. Kumban Facilitators (KBF) will continue to play a leading role in the village planning processes, under the support of the PRF's district community development specialist. The Deepen CDD (DCDD) approach successfully piloted under the PRF II would continue to roll out to the entire districts during the PRF III implementation. Community sub-grants. Each target Kumban would continue to receive a three-year

Component Name

Component 2. Local and Community Development Capacity-Building and Learning

Comments (optional)

This component would continue to develop the capacity of villagers and local government officials to plan and manage local development processes in partnership. Specifically, this component would finance training of villagers, PRF staff and relevant government officials, goods, consultant services and incremental operating costs.

At the village level, this component would finance the capacity development of village leaders and KBF in participatory planning processes and the logistical cost associated with their participation in district level planning and monitoring processes. The cost of developing their technical, fiduciary and safeguard capacity to implement, supervise and maintain infrastructure subprojects in line with agreed procedures, would also be financed.

Component Name

Component 3. Project Management

Comments (optional)

This component would finance the costs of implementing PRF III activities. It would include remuneration of national, provincial and district PRF staff; associated equipment and operating costs; accounting, procurement, financial management, internal controls, auditing, and other specialized areas.

Component Name

Component 4 ? Nutrition Enhancing Livelihood Development

Comments (optional)

This component would continue to strengthen the Self-Help Groups (SHGs) in 150 villages through the provision of seed funds to: (i) start or further develop eligible pro-nutrition livelihood activities such as the production of small livestock (e.g. poultry, fish and frogs) mostly for own consumption but also for income generation; (ii) increase their knowledge in livelihood activities including financial literacy and production cycles, and (iii) monitor and evaluate project activities. The component would also support the nutrition education of SHG members, however, it would not support the Village Nutrition Center (VNC) or provide seed grant for the supplementary meals as is done under the PRF II.

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

The PRF III will finance small scale rural and social infrastructure in poor communities in the same 10 provinces where the PRF II project was implemented. The PRF III would continue to finance the new construction or rehabilitation of village infrastructure such as water supply

infrastructure and rural roads. Home-based, pro-nutrition livelihood activities such as the production of small livestock and horticulture, mostly for domestic consumption but also for income generation, would also continue to be supported as under the PRF II in 150 villages in 2 provinces, in addition to demand creation for rural sanitation services without financing toilet and physical sanitation structures, on a pilot basis. As under the PRF II, ethnic groups are expected to be present in the predominant parts of project areas. The project Kumbans include villages that are located in designated protected areas and/or zones known of high conservation value.

F. Environmental and Social Safeguards Specialists

II. Implementation

Institutional and Implementation Arrangements

The Poverty Reduction Fund (PRF) would implement the PRF III project using the same institutional and implementation modality as the PRF II. The PRF is a legally established autonomous entity, formed and run in accordance with the Decree of the Prime Minister. It is governed by the PRF Board which is chaired by the Minister to the Government Office and consists of the Vice Ministers of the Ministry of Finance and the Ministry of Planning and Investment, representatives of all other ministries and provincial vice-governors where the PRF operates. It has about 150 staff at the district level, of whom about a third are female, 80 at the provincial level and 40 at the central level. The PRF implementation will continue to be supported by more than 600 Kumban Facilitators (KBF) who are mostly from local ethnic groups and selected by villagers themselves to facilitate bottom-up processes. At the village level, the PRF would continue to strengthen the capacity of Village Implementation Team (VIT), established in each village and selected by villagers themselves, in participatory bottom-up processes in partnership with district officials.

The PRF would continue to use the three tier organizational structure, with an increased focus at the district level. Under the PRF III, the PRF Central Office, led by the Project Management Team (PMT) under leadership of the Executive Director, would continue to carry out strategic oversight, coordination with and reporting to the GoL and donors and the general quality control and monitoring of project implementation. The PRF Provincial office would focus on capacity development of district staff, appraisal of subprojects prepared by communities and submitted by the District Office, collection of project performance indicators and their reporting to the Central office. The District Office will continue to play the key role in project implementation as they directly support the bottom-up planning processes, provide technical support to communities in preparing and implementing subprojects, carry out monitoring and follow-up visits to communities during and after subproject implementation.

The PRF would implement the PRF III using the updated Project Operations Manual (POM) and technical guidelines. The POM was recently updated as the PRF II AF was prepared, and will be further modified based on the findings of the Impact Evaluations and analytical works conducted during preparation of the PRF III. Technical guidelines developed during the PRF II which provide standard operating procedures for key aspects of project implementation, such as community engagement, quality assurance of subproject implementation, subprojects implemented under the community force account, fiduciary aspects, and project monitoring, would continue to be used with modifications if necessary.

III. Safeguard Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The PRF III is classified as Environmental Category B. This policy is triggered as PRF III would continue to finance the new construction, rehabilitation or improvement of tertiary infrastructure such as village water supply systems, expansion of existing schools or construction of new schools buildings, spot improvement of rural roads without widening, etc. Such civil works will be implemented in the same geographical areas where the PRF II was implemented. The safeguards performance review conducted during preparation found that no major environmental issues have occurred under PRFII.</p> <p>Minor environmental impacts are expected to occur such as construction waste disposal, cutting of trees, disease vectors, noise and air pollution, which can be minimized and mitigated through sound engineering techniques and proper screening and monitoring of potential impact.</p>
Natural Habitats OP/BP 4.04	Yes	<p>This policy is triggered because some villagers to be supported under the PRF III live in national or provincial protected areas, and the implementation of subprojects may have negative impact on natural habitats in such protected areas. As under the PRF II project, these activities are expected to be small-scale, typical for CDD operation, and overall will have only limited impacts manageable through the application of mitigation measures. The policy is nonetheless triggered for precautionary reasons to ensure that any physical interventions (including those proposed in known reserved or declared national forests zones) will not lead to degradation of critical or other natural habitats. The PRF III will continue to use the ESMF amended under the PRF II AF, and further updated based upon lessons learnt. This provides for the screening of potential project impacts and how safeguard issues under 4.04 should be addressed.</p>
Forests OP/BP 4.36	Yes	<p>Before the PRF supports a village in or near forest areas, the proposed subproject should be screened to ensure that there is no negative impact on the surrounding forest. Safeguards performance review found that, under PRFII, 22 subprojects were conducted within forests which rehabilitated existing</p>

		<p>small tracks. Environmental impacts of such subprojects were minimal as environmental screening was conducted and adequate measures were taken to minimize and mitigate minor environmental impact. No forestry activities were found to have been engaged.</p> <p>Under the PRF III, any subproject within a forest will be required under the updated ESMF to prepare an Environmental Management Plan (EMP) prior to approval and reviewed by the Bank's environment specialist. Also, the "non-eligibility list" which includes no improvement of tracks or roads inside or near forests would be strictly enforced and closely monitored through the review of the EMP and regular semi-annual supervision mission.</p>
Pest Management OP 4.09	Yes	<p>The PRF III as under the PRF II would continue to support community livelihood activities which will involve agricultural production. As under the PRF II, the PRF III would not procure or promote use of chemical pesticides and fertilizers, which will continue to be included in the non-eligibility list as under the PRF II, and continue to promote organic farming. However, beneficiary farmers may apply pesticides, herbicides and insecticides. A simplified Pest Management Plan (PMP) developed under the PRF II would continue to be applied. This PMP outlines clear regulations and procedures for the management of pesticides and/or toxic chemical as well as provides knowledge and training on health impacts and the safe use of pesticides. The PRF III will continue to actively promote non-chemical use alternatives such as organic farming and integrated pest management systems.</p>
Physical Cultural Resources OP/BP 4.11	Yes	<p>Adverse impacts on the known archeological, paleontological, historical, or unique natural values in the subproject areas are unlikely. A thorough review of the subprojects financed under the PRF II did not find subprojects have been implemented in any areas where there are known Physical Cultural Resources as identified by the local communities. Additionally, no chance finds have been reported during the PRF II. ECOP in the ESMF has a procedure to address chance finds in the unlikely event that chance find is observed. However, the policy is triggered to address potential risk of chance finds.</p>

<p>Indigenous Peoples OP/BP 4.10</p>	<p>Yes</p>	<p>The PRFIII will continue to operate in the same provinces, and in areas that are home to numerous ethnic groups, many of whom are vulnerable and poor. The PRF III will continue to use the approach developed under the PRF II and described in the Ethnic Group Policy Framework (EGPF) to ensure that free, prior and informed consultations would be conducted with affected ethnic groups leading to their broad community support, and that they receive project benefits in a culturally sensitive manner.</p> <p>Social Assessment (SA) was conducted during preparation as part of the safeguard performance review of the PRF II which included free, prior and informed consultations with affected ethnic groups. Broad community support to the project was ascertained. It was found that the monitoring and documentation should be strengthened in the later phases of implementation (e.g. follow up visits, facilitation of accountability meetings, etc.). The EGPF has been updated to address such findings and will be used under the PRF III.</p> <p>Due attention will continue to be given to ensure that ethnic groups do not suffer adverse impacts and that they receive culturally compatible social and economic benefits. Throughout the PRF's subprojects' implementation, steps will continue to be taken to make sure that the cultures of the multi-ethnic society are respected and that gender issues are integrated at all levels. The feedback and resolution mechanism strengthened under the PRF II will continue to be used under the PRFIII. Specifically, these mechanisms will provide affected ethnic groups an on-the-ground platform for monitoring and reporting on the LAP and/or EGPF implementation.</p> <p>Under the PRF III, the PRF would continue to support the on-going partnership with the National Center for Environmental Health (Namsaat) and finance the travel cost and the logistical cost of KBF and VIT to support the Namsaat's Open Defecation Free (ODF) campaign at the village level. It will not finance the cost of latrine constructions. No land acquisition or private assets are expected to occur. A similar partnership may also be made with</p>
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		the Bank executed Cookstove initiative under which the VIT and KBF may serve as village platform to introduce the clean cookstove. The PRF III would not finance the cost of purchasing cookstoves.
Involuntary Resettlement OP/ BP 4.12	Yes	<p>The PRFIII, as under the PRF II, would continue to finance the new construction, rehabilitation or improvement of small scale rural infrastructure on a demand driven basis. The safeguard performance review conducted during the preparation did not find any significant loss of private land or assets. Of about 1,400 sub-projects implemented under the PRF II, 120 sub-projects (8%) involved a minor loss of private land or assets, mostly under road and water supply sub-projects. All affected people were direct beneficiaries of respective sub-projects, and no physical relocation of households or business entities occurred. The total number of affected households amounts to 350, or about 0.2 households per sub-project. No household lost more than 5% of the total productive assets. These cases have been addressed as voluntary donations in line with the existing Compensation and Resettlement Policy Framework (CRPF).</p> <p>The safeguard review also found that, while all interviewed PAPs who donated land or assets are content with the benefit they received from the project, some of the PAPs are not always aware that they have the right to refuse to donate land or assets and claim for compensation for the lost assets, land and necessary support. Under the PRF III, efforts should be made to ensure that all affected people are aware that they have the right to refuse to donate and are entitled for compensation at replacement cost. The Compensation and Resettlement Policy Framework (CRPF) has been updated to reflect changes in the scope of the project and take into account the lessons learnt during the PRF II. In case conditions of voluntary donations provided in the CRPF could not be met, a Land Acquisition Plan (LAP) would be developed.</p> <p>Under the PRF III, the PRF would continue to support the on-going partnership with the National Center for Environmental Health (Nam Saat) and finance the travel cost and the logistical cost of KBF and VIT to support the Nam Saat's Open Defecation</p>

		Free (ODF) campaign at the village level. It will not finance the cost of latrine constructions. No land acquisition or private assets are expected to occur. A similar partnership may also be made with the Bank executed Cookstove initiative under which the VIT and KBF may serve as village platform to introduce the clean cookstove. The PRF III would not finance the cost of purchasing cookstoves.
Safety of Dams OP/BP 4.37	Yes	The policy is triggered because, as under the PRF II, the PRF III would likely finance the construction of small weirs that will regulate the flow of small natural water sources. The weirs to be built are classified as "small dams" as defined in the policy. Generic dam safety measures designed by qualified engineers. The ESMF has been updated based on the experience of the PRF II to provide standard procedures the PRF takes to address the safety of weirs in line with the policy. The PRF has a comprehensive Quality Control monitoring system in place which covers safety in dams and past experience has demonstrated the efficiency of this tool in ensuring safety. The ESMF includes a comprehensive quality control/ monitoring forms to ensure that PRF built weirs meet necessary safety standards.
Projects on International Waterways OP/BP 7.50	Yes	The PRFIII, as under the PRF II, would likely finance the construction of gravity-fed water systems or small irrigation schemes that take water from rivers that are direct or indirect tributaries of the Mekong, an international waterway. The policy is therefore triggered. Riparian countries (China, Cambodia, Myanmar, Thailand and the Mekong River Commission) have been notified prior to appraisal.
Projects in Disputed Areas OP/ BP 7.60	No	The PRFIII will not be implemented in disputed areas.

IV. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

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

The subprojects to be financed under PRFIII are similar in type and scale to those funded under the PRF II, therefore the same seven policies that are triggered for the PRF II would continue to be triggered for the PRFIII, including: Environmental Assessment (OP 4.01), Natural Habitats (OP 4.04), Pest Management (OP 4.09), Involuntary Resettlement (OP 4.10), Indigenous Peoples (OP4.12), Safety of Dams (OP 4.37), and Projects on International Waterways (OP 7.50). In

addition, Forestry (OP 4.36) and Physical Cultural Resources (OP4.11) are also triggered under PRF III.

Environmental aspects:

As the types and scale of subprojects to be financed under the PRF III are similar to those conducted under the PRF II and in the same geographical areas, environmental impacts of the PRF III are expected to be comparable to those observed during PRF II. Most civil works to be financed under the PRF III, as with PRF II, would be the new construction and rehabilitation or improvement of small-scale rural infrastructure, such as schools, markets, dispensaries, over-flow bridges, access roads, water supply, water storage facilities and irrigation systems. These may typically have minor environmental impacts such as waste disposal, water pollution, air and noise quality etc. which can be mitigated through good construction practices and implementation of screening and monitoring tools. Most civil works activities would continue to be implemented by contractors under the PRF III.

The safeguards performance review conducted during preparation found that no major or irreversible environmental issues have occurred under PRF II, and minor environmental issues that occurred were adequately minimized and mitigated. Some gaps were identified such as tree cutting in school areas without replanting, inadequate watershed protection plan in some cases with water supply system instillation and irrigation systems with no or inadequate operation and maintenance plans for irrigation projects.

Specific to Protected areas and forestry, the safeguards performance review also found that, under PRFII, 22 subprojects (about 1% of subprojects implemented) were conducted within forests which rehabilitated existing small tracks. The environmental impacts that occurred under such activities were minimal as adequate mitigation measures were employed. No activities that directly impacted on forestry were found to have been engaged. However, given the sensitivity associated with carrying out any civil works in such locations, activities that may potentially impact the health of forests continue to be included in the non-eligibility list of the ESMF. Enforcement and monitoring will both be tightened under the PRF III. Activities that have the potential to cause significant conversion (loss) or degradation of natural habit are also included in the non-eligibility list. All road activities in or close to Protected Area Boundaries will be prohibited under PRFIII with strict enforcement of this policy.

Furthermore, under PRF III all subprojects within protected areas or that may impact upon protected areas will automatically trigger ECOP measures be followed regardless of size or location. Investments proposed in those villages that are within the boundaries of a designated protected area or reserved forest will have specific mitigation measures implemented during works in line with the applicable regulations in that protected area and the safeguard screening / monitoring tools. When considered necessary due to sensitivity of geographical area, a brief site-specific environmental assessment will be undertaken prior to proceeding with a focus on possible impacts of natural habitats or forestry prior to any project being approved.

The PRF III would also continue to support about 300 Self-Help Groups to strengthen home-based, pro-nutrition livelihood activities such as the production of small livestock and horticulture, mostly for domestic consumption but also for income generation. The nutrition education would continue to be provided to SHG members, however, the Village Nutrition Center (VNC) would not be supported under the PRF III, and the seed grant for supplementary meals would not be

provided.

Under the PRF III, the PRF would continue to support the on-going partnership with the National Center for Environmental Health (Nam Saat) and finance the travel cost and the logistical cost of community facilitators to receive training in basic sanitation and support the Nam Saat's Open Defecation Free (ODF) campaign at the village level. The PRF III will not finance the cost of latrine constructions. Villagers will be encouraged to use the Environmental Code of Practice (ECOP) developed under the AF. A similar partnership may also be made with the Bank executed cook-stove initiative under which PRF's community facilitators may serve as the village platform to introduce the clean cook-stove. The PRF III would not finance the cost of purchasing cook-stoves. It is unlikely that the PRF would start any other partnership.

In terms of monitoring, reporting and management of environmental impacts, the review and assessment found subsequent monitoring throughout the project cycle could be strengthened. It indicated that environmental impacts were being adequately managed in line with Bank standards, but reporting of such planning and remedial actions throughout the project cycle could be improved. This led to an overhaul of environmental screening and monitoring resulting in a far more stringent process to be utilized in both AF and PRF III. This collaboration between PRF TA's and provincial teams and the World Bank experts identified such areas for improvement and revised the monitoring tools to address them. Subsequently, full training was provided to teams across all the ten provinces within which PRF is active. Under the PRF III, this revised screening and monitoring tool, along with the ECOPs will be integrated and mainstreamed into construction works, as previously, at the planning stage. The process revisions will be institutionalized within the revised ESMF for PRFIII. Monitoring of this new tool will go hand in hand with refresher and support training of the teams as required.

Social Aspects:

Overall, the impact of the PRF III on local communities and minority ethnic groups would be positive. The expected scale and scope of impact are similar to those under the PRF II. The safeguard performance review conducted during the preparation did not find any major social impacts and significant loss of private land or assets. All impacts have been addressed through voluntary donations in line with the existing Compensation and Resettlement Policy Framework (CRPF). Of about 1,400 subprojects implemented under the PRF II, 120 sub-projects (8%) involved a minor loss of private land or assets, mostly under road and water supply sub-projects. All affected people were direct beneficiaries of respective subprojects, and no physical relocation of households or business entities occurred. The total number of affected households amounts to 350, or about 0.2 households per sub-project. No household lost more than 5% of the total productive assets.

The safeguard review also found that, while all interviewed PAPs who donated land or assets are content with the benefit they received from the project, some of the PAPs are not always aware that they have the right to refuse to donate land or assets and are entitled for compensation for the lost assets, land and necessary support. Under the PRF III, efforts should be made to ensure that all affected people are aware of their right to refuse to donate and their entitlement for compensation at replacement cost. The CRPF has been updated to reflect minor changes in the scope of the project and take into account the lessons learned during the PRF II. In case conditions of voluntary donations provided in the CRPF could not be met, a Land Acquisition Plan (LAP) would be

developed.

Under the PRF III, the PRF would continue to support the on-going partnership with the National Center for Environmental Health (Nam Saat) and finance the travel cost and the logistical cost of KBF and VIT to support the Nam Saat's Open Defecation Free (ODF) campaign at the village level. A similar partnership may also be made with the Bank executed Cookstove initiative under which the VIT and KBF may serve as village platform to introduce the clean cookstove. The PRF III would not finance the cost of purchasing cookstoves. No negative impact is expected to occur under such partnerships on private land, asset or income. It is unlikely that the PRF would start any other partnership during the life of the PRF III.

No outstanding grievances were reported through the Feedback and Resolution Mechanism (FRM). However, in order to strengthen the mechanism to address grievances, the RPF would continue the bi-annual follow-up visits to ensure that no outstanding grievances or impacts remain unaddressed.

The Compensation and Resettlement Policy Framework (CRPF) developed under the PRF II and amended during the PRFII AF has been updated for PRFIII based on the lessons learned from the project implementation. Clearer conditions under which voluntary donations are allowed and the procedures through which they should be executed are provided in the revised CRPF. The PRF will ensure that PAPs are well informed and aware of this updated policy framework.

The Ethnic Group Planning Framework (EGPF) has also been updated based on the experience of the PRF II. Measures that started to be taken during the PRF II AF such as hiring of an additional female Kumban facilitators and additional community meetings held at small hamlets outside main village settlements where many ethnic groups tend to live, will continue to be implemented under the PRFIII. Many IEC materials developed during the PRFII which proved to be effective in strengthening the participation of ethnic groups will also continue to be used under the PRF III.

Activities to support nutrition enhancing livelihood activities, which was started during the PRF II under the funding of the Japan Social Development Fund (JSDF), did not result in any loss of private land or asset. Livelihood/ nutrition grants provided under the pilot were typically used for the production of small livestock such as poultry and catfish, weaving activities and provision of special meals for pregnant/ lactating mothers and malnourished infants. The nutrition education would continue to be provided to SHG members, however, the Village Nutrition Center (VNC) would not be supported under the PRF III, and the seed grant for supplementary meals would not be provided. The safeguard instruments prepared for the PRFII AF, including the simple Pest Management Plan (PMP) will continue to be applied to minimize and mitigate environmental and social impacts associated with the project supported activities. Recent implementation support mission did not find any outstanding safeguard issues associated with the livelihood/ nutrition activities.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

PRF III is not expected to have potential indirect and / or long term negative impacts.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

<p>Investments will be small and project and community driven. Adverse impacts are not expected and alternatives are assessed in this context at the selection stage at the local level</p>
<p>4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.</p>
<p>The safeguard instruments developed under the PRF II and revised under the AF, namely, the Environmental and Social Management Framework (ESMF) which includes the Environmental Code of Practice (ECOP), Compensation and Resettlement Policy Framework (CRPF), Ethnic Group Planning Framework (EGPF) and the simplified Pest Management Plan (PMP), are updated for the PRF III, based on the experience of the original project and the minor change in the scope of activities. PRF staff at the central and local levels will continue to be responsible for the implementation of these safeguard instruments. Large subprojects that require an EIA will not be financed by PRF II as this has been included in the "non-eligibility list".</p> <p>PRF staff have gained an extensive experience with the application of World Bank safeguards policies. Their capacity to implement these policies in a satisfactory manner has been demonstrated although it should be further improved. The Bank will continue to work closely with the PRF and provide hands-on guidance as an on-the-job training on Bank safeguard policies.</p> <p>The minor environmental issues found under the PRF II have been addressed with the expanded environmental monitoring process that oversees screening and monitoring, introduced under the PRF II AF. The Bank's environmental safeguard specialist has directly supported with training of the new monitoring process. Implementation has begun and the initial results are positive. The ECOP developed under the PRF II was updated and will be used for PRF III. The PRF III will continue to use, and strengthen where necessary, the ECOP developed under the PRF II for such livelihood services.</p> <p>Capacity building of PRF staff at the provincial and district level has been initiated as a means to address this and will continue to be incorporated into the PRF III. A comprehensive review of monitoring and management of safeguards and implementation of the ESMF instruments will be conducted and additional training programs initiated as required.</p>
<p>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</p>
<p>Key stakeholders of the PRF III are, as under the PRF II, local communities in the target provinces. The participatory planning and implementation mechanism has been strengthened during the PRF II AF to increase the meaningful participation of local population and to ensure free, prior and informed consultations with minority ethnic groups, who are defined as Indigenous People under the Bank safeguard policy OP/BP 4.10.</p> <p>The revised safeguard documents (ESMF, CRPF and EGPF) to be applied under PRFIII were consulted with key stakeholders at the central and provincial levels before appraisal. Participants had an opportunity to seek clarification and provide feedback about the safeguard instruments and the project design. All relevant department heads of PRF, the Bank safeguard specialists and TTL participated in the meetings and address the questions and comments received. No major safeguard issues and concern were raised by the participants. The participants mainly sought for information about scope of project and budget allocation. They also advised on improved coordination with multi-sectoral agencies and development partners, alignment with all relevant environmental policies and using existing village structures for local implementation. The minutes</p>

of the consultation meetings with the full list of participants is provided in the ESMF, CRPF and EGDF.

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

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	09-Feb-2016
Date of submission to InfoShop	07-Mar-2016
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Lao People's Democratic Republic	02-Mar-2016
<i>Comments:</i>	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	09-Feb-2016
Date of submission to InfoShop	07-Mar-2016
"In country" Disclosure	
Lao People's Democratic Republic	02-Mar-2016
<i>Comments:</i>	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	09-Feb-2016
Date of submission to InfoShop	07-Mar-2016
"In country" Disclosure	
Lao People's Democratic Republic	02-Mar-2016
<i>Comments:</i>	
Pest Management Plan	
Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	09-Feb-2016
Date of submission to InfoShop	07-Mar-2016
"In country" Disclosure	
Lao People's Democratic Republic	02-Mar-2016
<i>Comments:</i>	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/	

Audit/or EMP.
If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.04 - Natural Habitats	
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
OP 4.09 - Pest Management	
Does the EA adequately address the pest management issues?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Is a separate PMP required?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.11 - Physical Cultural Resources	
Does the EA include adequate measures related to cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.10 - Indigenous Peoples	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
OP/BP 4.12 - Involuntary Resettlement	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Is physical displacement/relocation expected? Provided estimated number of people to be affected	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] TBD [<input type="checkbox"/>]
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods) 300 Provided estimated number of people to be affected	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] TBD [<input type="checkbox"/>]
OP/BP 4.36 - Forests	
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Does the project design include satisfactory measures to overcome these constraints?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.37 - Safety of Dams	
Have dam safety plans been prepared?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
OP 7.50 - Projects on International Waterways	
Have the other riparians been notified of the project?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Has the RVP approved such an exception?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

include the monitoring of safeguard impacts and measures related to safeguard policies?	
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

V. Contact point

World Bank

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VI. For more information contact:

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VII. Approval

Task Team Leader(s):	Name: Satoshi Ishihara	
Approved By		
Safeguards Advisor:	Name: Josefo Tuyor (SA)	Date: 10-May-2016
Practice Manager/ Manager:	Name: Bassam Ramadan (PMGR)	Date: 10-May-2016
Country Director:	Name: Constantine Chikosi (CD)	Date: 13-May-2016