

**PROJECT INFORMATION DOCUMENT (PID)**  
**ADDITIONAL FINANCING**

Report No.: 93946

<b>Project Name</b>	Additional Financing Protected Area and Wildlife Project (P152066)
<b>Parent Project Name</b>	Protected Area and Wildlife Project (Regional APL) (P128393)(P128392)
<b>Region</b>	EAST ASIA AND PACIFIC
<b>Country</b>	Lao People's Democratic Republic
<b>GEF Focal Area</b>	Biodiversity
<b>Sector(s)</b>	Forestry (60%), General agriculture, fishing and forestry sector (40%)
<b>Theme(s)</b>	Environmental policies and institutions (50%), Biodiversity (40%), Climate change (10%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P152066
<b>Parent Project ID</b>	P128393 and P128392
<b>Borrower(s)</b>	Ministry of Finance
<b>Implementing Agency</b>	Environment Protection Fund
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	23-Dec-2014
<b>Estimated Date of Board Approval</b>	27-Apr-2015
<b>Decision</b>	1/23/2015
<b>Other Decision</b>	

## I. Project Context

### Country Context

With a current GNI per capita (Atlas method) at US\$1,460 in 2013, up from US\$280 in 2000, Lao PDR, though still one of the poorest countries in Southeast Asia, is undergoing a sustained economic expansion. The country is richly endowed with natural resources—especially land, forestry, water resources, minerals—and it is in the midst of a fast growing region. This combination of comparative advantages, along with targeted policy steps to exploit them, has yielded an average real GDP growth rate close to 7.5 percent per year for the past 15 years. The poverty rate has halved in two decades from 46 percent in 1992/93 to 23.2 percent in 2012/13.

The Government's development vision is set out in the Long Term Strategy of Socio Economic Development to the Year 2020 and implemented through rolling five-year plans. The main objective of the Government's strategy is achieving the Millennium Development Goals (MDGs) and graduating from Least Developed Country status by 2020. The Eight National Socio Economic Development Plan (NSED8) is under preparation. Discussions are ongoing for that plan to embrace more broadly a

green growth strategy.

### **Sectoral and institutional Context**

The natural capital of Lao PDR consists of substantial forests, wildlife, mineral resources, surface water and land. All are rare in neighboring countries. Lao PDR possesses the highest percentage of forest cover in Southeast Asia and one of the highest global rates of species endemism. The forestry and agriculture sectors contributed 30% of GDP in 2008-2010 and provided 75% of total employment. Non-Timber Forest Products contribute between 30-70% of the income for forest-dependent households. Forest cover is rapidly declining (1940, 70%; 2010, 40%). The Mekong River which flows almost 1700 km along or within Lao PDR, is one of the most species-diverse river systems in the world. Fisheries contribute 13% of GDP. The river system represents a hydropower potential of 18,000 megawatts. Hydropower power projects are growing exponentially, increasing the pressure on water resources, fish populations and the communities. The most economically important mining resources are copper, gold and potentially bauxite and gas/oil. In addition, there are deposits of lignite/coal, gypsum, and potash, and smaller deposits of gemstones and zinc.

Sustainable natural resources management is constrained by the nascent environmental institutions, legislation, budget and human resources. Other key Sector Issues are: (a) lack of skilled human resources, and (b) low incentive to communities for better stewardship of natural resources. Established in 2011, the Ministry of Environment and Natural Resources (MoNRE) has the mandate for environment management. In practice, environmental management is shared between MoNRE and the Ministry of Agriculture and Forest (MAF).

The Original project, the Lao Protected Area and Wildlife project (PAW), was approved by the Board of Executive Directors on April 2, 2014 and became effective on July 4, 2014. The current closing date is June 30, 2021. The PAW cost is US\$25.13 million financed by an IDA Grant of US\$ 4.50 million, an IDA Credit of US\$ 12.50 million and a GEF Grant of US\$ 6.83 million. The PAW aims to create wildlife and protected area (PA) enforcement standards, develop good practice applications, and learn successful schemes for PA management and reduction of illegal wildlife trade. It builds on bilateral initiatives between Lao PDR and Vietnam to control illegal wildlife trade, as well as strengthen Lao PDR's capacity to collaborate with regional centers of knowledge and international organizations addressing wildlife trafficking. The PAW became effective on July 4, 2014. The development outcome and implementation performance ratings are satisfactory.

Additional Financing (AF) for the PAW is sought. It would be constituted of a US\$7.50 million IDA Credit and a US\$7.50 million IDA Grant. Specifically, the AF main rationale is to build and expand on achievements of a first operation called LENS which closed in June 2012 and to broaden the scope of the original project (PAW), to address the sector challenges described below by: (a) improving the financing capacity of the Environment Protection Fund (EPF), (b) supporting capacity building of national, provincial and district institutions to implement the Lao legislation on environment and social impact, (c) strengthening the university environment and social curriculum, (d) broadening project support to forested upper-watersheds of rivers important to hydro power, agriculture irrigation and flood prevention and (e) increasing the number of eligible provinces from 5 to 8. The PAW would be restructured to: (a) revise the project name, (b) revise the Project Development Objective (PDO), and (c) modify the project components and scope of work. Because the PAW has been effective for a short period, its activities and the proposed AF activities would be concomitant. Therefore the PAW and the AF are consolidated in a single project renamed Second Lao Environment and Social Project (LENS2) which is better adapted to the revised scope and branded in Laos.

## **II. Project Development Objective(s)/Global Environmental Objective(s)**

A. Current Project Development Objective(s) - Parent

To strengthen the management systems for national protected areas conservation and for enforcement of wildlife laws.

B. Proposed Project Development Objective(s) – Additional Financing

To help strengthen selected environmental protection management systems, specifically for protected areas conservation, enforcement of wildlife laws and environmental assessment management.

### III. Project Description

#### Component Name

Component 1: Institution development and capacity building

#### Comments (optional)

This component seeks to improve the capacity and collaboration of national and provincial public institutions to design and monitor national and regional natural resources, environmental, and social policies.

#### Component Name

Component 2: Management of wildlife and protected areas

#### Comments (optional)

This component seeks to improve the capacity and collaboration of local public institutions, civil society and communities to manage wildlife and protected areas.

#### Component Name

Component 3: Project administration and EPF capacity building

#### Comments (optional)

This sub-component seeks (a) to deliver the Project's outputs within the allocated time frame and with satisfactory planning, procurement, financial management, monitoring, and communication, and (b) to help EPF's become a significant and recognized player in environment financing capable to deliver and monitor sub-projects throughout the country.

### IV. Financing (in USD Million)

Total Project Cost:	16.60	Total Bank Financing:	15.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
BORROWER/RECIPIENT			1.60
International Development Association (IDA)			15.00
Total			16.60

### V. Implementation

From PAW to LENS2, there is no change in implementation arrangements. The EPF remains the implementing agency. The EPF office (EPFO) will be responsible for project administration including FM, procurement, M&E and reporting. EPFO will assist Sub-project Delivery Agencies (SDAs) in

developing sub-project proposals, provide training and support during implementation. Given the added scope, to strengthen EPF, the technical assistance package planned under the original project will be increased. The original Project Implementation Manual (PIM) has been revised to accommodate the expanded scope. The design of most of the sub-projects will occur during year 1 and 2 of implementation. All sub-projects must (a) support a GoL policy and an official plan such as a sector's 2020 action plan, (b) contribute to at least one outcome indicator and at least one intermediary outcome indicator. Sub-projects that support PAs and wildlife management must also contribute to a regional outcome such as cross border cooperation, knowledge transfer or prevention of illegal wildlife trade. The subprojects supporting PA management and livelihood development will verify whether existing village structure are adequate to support the implementation of the Community Engagement Framework.

## VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04	X	
Forests OP/BP 4.36	X	
Pest Management OP 4.09	X	
Physical Cultural Resources OP/BP 4.11	X	
Indigenous Peoples OP/BP 4.10	X	
Involuntary Resettlement OP/BP 4.12	X	
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50	X	
Projects in Disputed Areas OP/BP 7.60		X

**Comments (optional)**

## VII. Contact point

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