



The World Bank

Additional Financing for Scaling Up Participatory Sustainable Forest Management Project (P170810)

Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 24-Oct-2019 | Report No: PIDISDSA27502

**BASIC INFORMATION****A. Basic Project Data**

Country Lao People's Democratic Republic	Project ID P170810	Project Name Additional Financing for Scaling Up Participatory Sustainable Forest Management Project	Parent Project ID (if any) P130222
Parent Project Name LA-Scaling-Up Participatory Sustainable Forest Management	Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 31-Oct-2019	Estimated Board Date 13-Feb-2020
Practice Area (Lead) Environment, Natural Resources & the Blue Economy	Financing Instrument Investment Project Financing	Borrower(s)	Implementing Agency Ministry of Agriculture and Forestry

Proposed Development Objective(s) Parent

To execute REDD+ activities through participatory sustainable forest management in priority areas and to pilot forest landscape management in four provinces

Proposed Development Objective(s) Additional Financing

to strengthen participatory sustainable forest management in targeted production forest areas, and forest landscape management in targeted provinces

Components

- 1: Strengthening and Expanding PSFM in PFAs
- 2: Forest Landscape Management
- 3: Enabling Legal and Regulatory Environment
- 4: Project Management, Learning and Investment Development

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	5.00
Total Financing	5.00
of which IBRD/IDA	5.00
Financing Gap	0.00

**DETAILS****World Bank Group Financing**

International Development Association (IDA)	5.00
IDA Credit	5.00

Environmental Assessment Category

A-Full Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

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

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

The effective enforcement of logging and timber export bans on unprocessed wood is allowing major policy reforms to strengthen standards and compliance, and ultimately can help revitalize the sector. At the same time, the 2016 export ban on unprocessed wood, enacted after the approval of SUPSFM, has also reduced the



flow of benefits to village livelihood development, restoration of forests after harvesting, and employment. Local communities have instead pursued alternative livelihoods including agroforestry, agriculture, as well as illegal timber extraction in some instances.

The national forest estate comprises three main categories: (a) production forest areas (PFAs), which is the focus of the parent project and predecessor projects, (b) protection forest areas, and (c) conservation forest areas. See Table 1.

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

The parent project, Scaling Up Participatory Sustainable Forest Management Project (SUPSFM, P130222), helps improve the management of forest resources in 41 of the country's 51 PFAs in 13 provinces, totaling 2.3 million ha and including 1066 villages. The Project supports inclusive growth by promoting villager participation in participatory SFM and livelihood development in villages in and around PFAs. The Project also makes a strong contribution to creating a rules-based environment through its support to policy and governance reforms, third-party certification standards, the technical support and international audit systems supplemented by the work to enhance the effectiveness of forest law enforcement in all 18 provinces.

C. Development Objective(s)

Original PDO

The original PDO for SUPSFM remains unchanged which is: To execute REDD+ activities through participatory sustainable forest management in priority areas and to pilot forest landscape management in four provinces.

Current PDO

To strengthen participatory sustainable forest management in targeted production forest areas, and forest landscape management in targeted provinces.

Key Results

Key PDO-level results for the AF-SUPSFM remain the same as under the parent project and would be expanded:

- (i) Forest area brought under management plans (Hectares)
- (ii) People in forest and adjacent community with monetary/non-monetary benefits from interventions (Number)
 - (a) Female (Number)
 - (b) Ethnic minority/indigenous (Number)
- (iii) Enhanced carbon storage from improved forest protection and restoration (tons of carbon dioxide equivalent)



- (iv) Reduced emissions from deforestation and forest degradation (tons of carbon dioxide equivalent)
- (v) Rate of annual forest cover loss in targeted Production Forest Areas (Percentage)

D. Project Description

The proposed Additional Financing for SUPSFM (AF-SUPSFM) and extension will support the Department of Forestry (DOF) under the Ministry of Agriculture and Forestry (MAF) to continue to strategically recalibrate the sector, further advance and enhance project achievements and sustainability, and strengthen government capacity to facilitate environmental and social sustainability of public-private investment that is currently scaling up in the country. Bank support on forestry has been evolving given the recent sector reforms and the new 2019 Forest Law. As such the program is building on a first-generation project-oriented approach focused on forest production and reforestation pilots, capacity development, village mobilization and participation on livelihoods, and development of PFA management plans. The next-generation program aims to initiate planning and investment development for a more integrated landscape approach and investment convergence that would optimize a range of benefits from production, protection and conservation forests as well as setting the basis for leveraging credible private sector actors to support national development and sector objectives.

The AF and extension would allow the client to continue to implement existing, modified or scaled up activities that contribute to achievement of the PDO and strengthen Project outcomes. The AF and extension will allow reforms supported by SUPSFM to be consolidated and for additional reforms to be added to the project's results. This support will also reduce risks to project outcomes, increase their sustainability, and strengthen the project's contribution to achievement of longer-term objectives related to improved livelihoods; poverty reduction; provision of environmental services including climate risk reduction; and climate change mitigation.

The AF and extension would also scale up selected activities of the existing project to better achieve the PDO and achieve more, and address a cost overrun due to exchange rate loss. AF-SUPSFM would allow the GOL to maintain and enhance implementation capacity for participatory SFM, forest certification (which has not yet achieved the project target), reforestation, and livelihood development. The AF would also allow the client to implement innovative activities such as chain of custody certification; strengthening multi-agency forest law enforcement; institutionalizing learning to convene knowledge for use in investment and policy; developing forest landscape investment plans; and ensuring environmentally and socially sustainable private sector participation in the sector -- continuing the close cooperation with the International Finance Corporation (IFC) sister project under the Forest Investment Program.

The following summarizes the AF-SUPSFM's activities:

Component 1: Strengthening and Expanding PSFM in Production Forest Areas

The objective of Component 1 is the same as originally planned, which is to strengthen and expand participatory SFM in PFAs. Activities include (1) Community Engagement in PSFM and Village Livelihood Development and (2) Provide Village Livelihood Development Grants (VLDGs). The AF-SUPSFM will:

1. Enhance *Community engagement in PSFM activities*: (a) timber legality assurance system piloting and certification support throughout the value chain; (b) facilitate environmental and social sustainability of private investment opportunities by assessing availability of appropriate lands for forest plantations in



barren and severely degraded lands in PFAs; (c) support for development of VFMPs and agreements; (d) re-measurement of permanent sample plots to calculate allowable cuts for each PFA; and (e) systematization of knowledge and forest data in a comprehensive management information system. However, there will be no new project funding for forest restoration grants.

2. *Enhance Village Livelihood Development activities:* (a) Providing technical support to livelihoods production groups as identified in agreed Community Action Plans with participating communities in PFAs and Village-Use Forest areas, including on extension and monitoring for VLDG implementation, and learning sites for NTFPs and white charcoal; and (b) improve the value chain linkages for selected products with specific producer groups, with special focus on female-headed households and women entrepreneurs/farmers. No new project funding for the VLDGs.

Component 2: Forest Landscape Management

The objective of component 2 is the same as originally planned, which is to pilot forest landscape management. SUPSFM has worked in four provinces, Bokeo, Luang Namtha, Oudomxay and Xayaboury, to support provincial authorities to determine the forest landscape area and position the provincial REDD+ Task Forces as the coordinating bodies for integrating a forest landscape management framework template into the provincial REDD+ Action Plans.

1. The AF-SUPSFM will not continue with subcomponent 2A (Developing Methodologies and Frameworks for Forest Landscape) but will continue to support the pilot approaches to convene investment and stakeholders under the subcomponent 2B (Establishing Forest Landscape Investment Plans). AF-SUPSFM will continue to support the client to (a) prepare Forest Landscape Investment Plans for priority landscapes in selected provinces, (b) prepare assessments to support landscape investment development on selected forest landscape areas, (c) support dialogue, consultations, and multi-sector platforms on landscapes, land use, and REDD+, (d) develop an integrated monitoring framework across land uses in the forest landscape, and (e) build institutional and leadership capacity for landscape-level action and management.

Component 3: Enabling Legal and Regulatory Environment

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

1. Under Subcomponent 3A (Strengthening Legal and Regulatory Frameworks), the AF-SUPSFM would (a) continue to support the development of legal and regulatory frameworks for implementation of PSFM and REDD+ at national and sub-national levels and develop frameworks for FLM, as well as policies to ensure that private investment is environmentally, socially and financially sustainable (enhanced activity); (b) develop technical and legal guidelines for private sector engagement in forest plantation management and other economic activities, and enhance government and stakeholders' capacity to apply best practices



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

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

The Project would not continue to fund sub-component 3C (Creating Public Awareness for Climate Change and REDD+) which is now financed under REDD Readiness support projects.

Component 4: Project Management, Learning and Investment Development

The objective of component 4 is the same as originally planned, which is to manage and coordinate all project related activities. The component is to support National Project Management Office (NPMO) to coordinate various activities and implement M&E system. It also built capacity for planning and for undertaking analytical work as required to meet overall project objectives and to assess project impact and support learning for sector development. The name of Component 4 has been revised to more accurately reflect the activities on learning and investment development. Activities under the AF include: (a) Continued operating costs of implementation, coordination and supervision; (b) enhance operating costs for engaging in dialogue with stakeholders and sectors on investment prioritization and development; (c) enhance institutionalization of knowledge for investment and policy development; (d) enhance maintain SUPSFM Project Implementation Unit (PIU) Technical Assistance (TA) team to supplement and build institutional capacity on existing topics and emerging new challenges; and (e) replacement of worn-out pick-up trucks for field supervision used by the Project team.

E. Implementation



Institutional and implementation arrangements remain the same as in the parent project (P130222), which is that the DOF will continue to implement the operation.

The environmental and social safeguard assessment (2017) indicated that many government staff involved in the project implementation were not fully aware of safeguard policy requirements. The focal staff appointed and seconded to work on safeguards under the parent project carried out multiple tasks with little time spent on safeguards and mainly relied on implementation support and inputs from consultants. On the other hand, the capacity assessment (2018) suggested that despite their limited understanding, the safeguard policy frameworks (ESMF and CEF) have largely been implemented because they are embedded in the project implementation guidelines followed by the project team with extensive support from the consultants. AF-SUPSFM will continue to provide safeguard training for the project staff and maintain the adequate level of support to ensure continued effective compliance by the AF-SEPSFM.

CEF implementation has been gradually improved with the target villages including ethnic minorities able to actively participate in project activities and fully benefit from the Village Livelihood Grants as noted in SUPSFM Progress Report and mission's Aide Memoires, 2018. Suggestions received from them were mainly to provide further support to consolidate their livelihood and improve sustainability of the livelihood and forest management investments. AF-SUPSFM will continue to address this issue by strengthening monitoring and extension service delivery mechanisms with clear indicators, and refining the implementation process of CEF to improve meaningful consultation, and engagement of the communities including the vulnerable and ethnic groups. The project implementation agency is recommended to build in-house capacity with adequate number of safeguard focal staff recruited to ensure effective and continued safeguard implementation and monitoring under AF-SUPSFM and its succeeding project.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The location of the AF-SUPSFM remains the same as the parent project. AF-SUPSFM will provide technical and social support in provinces where the parent project is currently operational in 13 provinces: Xayabouly, Vientiane, Attapeu, Bolikhamsai, Khammouane, Savannakhet, Champasack, Salavan, Xekong, Luangnamtha, Bokeo, Oudomxay, and Xaysoneboun (plus wildlife and timber law enforcement in all 18 provinces as during the parent project) and continue to develop a Forest Landscape Management approach covering state managed forests (production, conservation, and protection forests) and village forests in a selection of the existing 13 focus provinces. All these projects areas are home to multi-ethnic groups who are defined as Indigenous People under the Bank policy (OP/BP 4.10). These ethnic groups, particularly those under Mon-Khmer, Hmong Iew Mien and Chine-Tibetan ethno-linguistic families, are often present with collective attachment to the forest land areas, which are the main sources of their livelihoods. Most of these ethnic households are poor and vulnerable to rapid changes in land and forest use patterns and livelihood practices. Special considerations and attention are required to ensure that these affected people and their livelihood will not worsen as result of project implementation. It is anticipated that the operation will continue to have a positive impact on management of Lao PDR's forests and forest resources and forest-dependent people and Ethnic Groups. Besides generating employment and cash income, intact forests are essential to reduce flood and drought risks to highly vulnerable rural people, as well as to meet the economic needs of a significant number of households in forest areas, who rely on them for food security, fuel, medicine, construction materials and other forest products. Inclusion of female staff on the project design and implementation teams helps ensure that existing rights of local communities, and especially



women, to forest resources are taken fully into account and that the benefits from the project are shared equitably.

G. Environmental and Social Safeguards Specialists on the Team

Viengkeo Phetnavongxay, Environmental Specialist

Sybounheung Phandanouvong, Social Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	Yes	
Forests OP/BP 4.36	Yes	
Pest Management OP 4.09	Yes	
Physical Cultural Resources OP/BP 4.11	Yes	
Indigenous Peoples OP/BP 4.10	Yes	
Involuntary Resettlement OP/BP 4.12	Yes	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

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:

Under the parent project, SUPSFM (P130222, sometimes referred to as SUFORD-SU for historic reasons), an Environmental and Social Impact Assessment (ESIA) conducted by the Project Implementing Agency (DOF) identified environmental and social impacts, affected communities and people including Ethnic Groups defined as Indigenous



Peoples (IPs) under the Bank policy OP.BP 4.10. Some of these affected communities and ethnic groups are present with collective attachment to the production forest areas (PFAs) in the target provinces, which will also be covered under the Additional Financing (AF-SUPSFM). Local livelihoods and incomes depend on forest resources and forest land to varying degrees. Many of the communities are culturally and linguistically distinct ethnic groups and are vulnerable to sudden changes in access to natural resources and related sources of livelihood. The original project explored and experimented with possible voluntary restrictions on livelihood activities or access to forest resources to ensure more sustainable forest management. Most restrictions are already in place under current law and updated public policies.

The AF-SUPSFM and extension would (a) expand the scope of the existing project, and (b) address a cost overrun due to exchange rate loss. By continuing to implement all existing project components, the AF would allow the GOL to maintain and enhance implementation capacity for participatory SFM, forest certification, reforestation, livelihood development. The AF would also allow the client to implement innovative activities such as chain of custody certification, developing forest landscape investment plans, and ensuring environmentally and socially sustainable private sector participation in the sector (continuing the close cooperation with the sister IFC project under the Forest Investment Program), strengthen multi-agency forest law enforcement, and institutionalize learning and put existing and new knowledge into use in developing investment and policy. AF-SUPSFM is planning and will continue to introduce and enhance are likely to reinforce compliance resulting in limited livelihood and economic opportunities among some households particularly the vulnerable and ethnic groups whose livelihood is heavily dependent on the nature and forest resources.

Like the parent SUPSFM project, the main impact anticipated from AF-SUPSFM is associated with potential restrictions of access to forest resources and forest land as a result of continued and enhanced forest protection and management. The affected people and villages have been compensated through the project-supported livelihood development grants provided through existing Village Livelihood Development Funds (VLDF) to improve livelihoods of project-affected people. Although no new grants will be provide by AF-SUPSFM, this livelihood support will be strengthened under AF-SUPSFM by ensuring the extension services and support will continuously be provided by government related agencies and other service providers as relevant. AF-SUPSFM will also continue to support sustainable management of PFAs and village forests based on current land and resource use patterns to the extent that is technically possible and environmentally sustainable, reinforced by the participatory livelihoods and land use planning processes. As the logging ban is still in active as per the Prime Minister Order #15, 2016, pre-harvest inventories and preparations for harvesting activities will be discontinued under the proposed AF. However, income streams available to villagers from forest conservation and management and livelihood activities including the harvesting, processing and marketing of agro-forestry and non-timber forest products (NTFPs) carried out on publicly or privately held land within the production and degraded forest areas will continue to be supported under the proposed AF through the continued extension activities.

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

While the original ESIA did not find significant negative impacts under the original project, it identified some gaps in the implementation of community engagement and consultation processes which could cause negative social impacts.



Particularly, the ESIA, disclosed in 2013, pointed out the limited capacity of DOF and responsible government officials in carrying out the free, prior and informed consultation process with affected communities to establish and maintain broad community support and ensuring their meaningful participation in the development and implementation of PSFM. Their capacity development in community facilitation will continue to be supported and closely monitored during the implementation of AF-SUPSFM, which will focus on enhanced extension support to reinforce forest-smart local livelihoods of forest-dependent communities.

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

Environmental Safeguard issues associated with AF-SUPSFM remains the same as for the parent project project, as the proposed AF will continue to enhance the completed activities in all project's provinces. One concern involved issues related to sustainable forest management including activities in the northern provinces where forest landscape management was piloted. There are issues related to village livelihood development and sustainable forest management in the project target areas that may cause environmental impacts on wildlife and non-timber forest products (NTFPs). Assessments of biodiversity and wildlife values was undertaken as part of participatory land use process. Community Action Plans (CAPs) were taken into account in the results of assessment in the parent project. However, the AF-SUPSFM project area continues to be the same as the parent project, and as such will remain in the northern provinces which features mountainous terrain with low-lying river valleys dominated by mixed deciduous forests, where the region is environmentally fragile with steep slopes, significant biodiversity and habitats and High Conservation Value Forests (HCVF). Rain-fed upland agricultural fields, fallow land, and forests characterize the landscape. Shifting cultivation based on controlled burns are a dominant, but low-margin, land use in these provinces and contributes significantly to household food security as well as forest loss and degradation as population expands.

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

All of the parent project's safeguards instruments, where necessary, will be updated and applied for the proposed AF-SUPSFM, detailed assessments of potential impacts will be undertaken as needed by carrying out biodiversity assessments as part of participatory land use planning so that the findings can be addressed in the CAPs. The baseline of these assessments will also be monitored throughout AF-SUPSFM implementation to ensure compliance with the World Bank safeguards requirements. These findings have been confirmed through a recent impact assessment conducted under the original project and a consultation with concerned stakeholders carried out for the proposed AF-SUPSFM in September 2019.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
Like the SUPSFM, the proposed AF will have positive long term impacts on natural resources, particularly forests in



production forest areas (PFAs) and some village forests, and the livelihood of local communities and people in the PFAs as it will help them enhance their livelihoods and build resilience to flood and drought risks through more efficient and environmentally sustainable use of natural resources.

A risk associated with the ongoing physical village consolidation program of the government as part of the national program for rural development was identified under the parent project. However, a recent study indicates that no physical resettlement has been identified in the project areas and that project resources have not been used to support such resettlement induced by the government program. However, AF-SUPSFM is not envisioned to include any new villages in the project, and will work only with villages already engaged under the parent project.

To address and manage project risks with regard to the ongoing GoL program of village consolidation (not financed by the World Bank), the AF-SUPSFM will continue to apply the following criteria, which have been effectively applied under the original project:

a) in villages consolidated in the past the project will identify such villages and:

(i) determine through participatory social assessment if land and tenure issues associated with the consolidation have been resolved to the satisfaction of communities;

(ii) ascertain if adequate land for agriculture or other means of livelihood to improve, or at least maintain their livelihoods, has been made available;

(iii) exclude such villages if outstanding issues related to land for agriculture and natural resource are identified, and convey findings to Provincial Authorities for appropriate action;

(iv) excluded villages can subsequently become project beneficiaries if: (a) Provincial Authorities demonstrate that issues have been resolved, (b) communities confirm such resolution met standards of free, prior and informed consultation, and (c) communities provide their broad community support for participating in the project.

b) Villages scheduled or proposed for consolidation during the life of the project are excluded from participation in the project.

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

Other adverse impacts are not expected under the proposed AF-SUPSFM project and therefore no alternative design is required.

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.

Environmental and social safeguard issues and mitigation measures have been already mainstreamed into SUPSFM design, planning, and implementation. The existing safeguard instruments applied under the original project namely an Environmental Management Plan (EMP) and a Community Engagement Framework (CEF) which includes an Ethnic Group Planning Framework (EGPF), an access restriction Process Framework (PF), and a Resettlement Policy Framework (RPF) will be updated to be applied under AF-SUPSFM. In addition, AF-SUPSFM will help to strengthen the field presence of technical support staff and coordination mechanisms using GoL institutions functioning as technical service centers. Adequate funds will continue to be allocated for Borrower capacity building and implementation support in safeguards (EMP and CEF) implementation and compliance monitoring.



DOF has a good track record of working with the Bank to implement previous SUFORD (predecessor) and SUPSFM (parent) Projects over the last 15 years, and has gained increasing experience with and knowledge of Bank safeguard requirements. However, as noted during the recent safeguards implementation by SUPSFM, the Implementing Agency will continue to need technical assistance to meet safeguard requirements due to the limited resources and recent staff turn over. The World Bank Safeguard Specialists will provide strategic inputs and support to the Project Management Unit in DOF and its consultants, both national and international. As during past implementation, partnerships with civil society organizations may be established and maintained to implement some technically specialized activities and initiatives. In addition, the proposed AF will continue to facilitate coordination and experience-sharing among staff and consultants in DOF working on a possible Emissions Reduction Purchase from the World Bank Forest Carbon Partnership Facility to ensure cross-fertilization of ideas, dissemination and adoption of approaches.

The updated CEF, through its Process Framework, will address access restrictions as a result of the project implementation on the target and communities and gaps in implementation of community engagement and consultation processes. The CEF processes and procedures to ensure that the free, prior and informed consultation process that will be conducted with affected people and providing that project beneficiaries will meaningfully participate in the development and implementation of alternative natural resource use practices, and more sustainable livelihoods. The participatory processes that have been used in the project are embedded in the development of CAPs, which are designed to be signed and endorsed by both beneficiary communities and District Agricultural and Forestry Office (DAFO) as the expression of broad community support. CAPs are meant to include measures to both enhance income streams of villagers and address short-term loss in livelihood that may result from stronger restriction of access to forest resources. Baseline livelihood data especially of vulnerable households, including women-headed households, will be collected based on participatory poverty assessment, and their livelihood status will be regularly monitored throughout the project implementation under the participatory monitoring and evaluation (M&E). Under the participatory M&E, village level meetings will be conducted on a quarterly basis, with the support from project hired consultants and local experts with experience in participatory methods, impacted villagers will be identified, livelihood status of vulnerable households will be assessed, and measures that may potentially improve project performance in enhancing community livelihoods will be explored. Where villages consist of hamlets that previously constituted independent villages but are now administratively consolidated into larger villages, participatory planning process will start at the hamlet level to ensure that priorities and concerns that may be raised by people from the hamlets and ethnic minorities are reflected in CAP. Project implementation staff under the support of qualified international and national experts embedded at the district level will help ensure that participatory processes are properly carried out, that villagers gradually gain more experience and knowledge in participatory processes during project implementation, and that voices and interests of minority hamlets are respected in the village level planning process. Elected village representatives including both a male and a female representative will participate in the annual meeting at the district level, to discuss with project implementing agencies outstanding safeguard issues and agree on measures to address them.

The AF-SUPSFM will revisit the Participatory Land Use Planning (PLUP) process and plans in participating villages so that boundaries between villages and between land use zones are clearly delineated in agreement with villagers to avoid possible land and resource disputes. Under PLUP, the current and customary use of land and forest, and how they are managed, will be assessed, and village land and forest management rules will be formulated and agreed in a participatory manner. The PLUP process will help ensure that the parts of forests that have been traditionally and customarily used by villagers will be clearly delineated and recognized. Issues related to environmental safeguards will be integrated under PLUP and these will include identification of High Conservation Value Forests, critical habitats,



biodiversity, and areas of cultural, spiritual, and religious significance. Likely presence of the Physical Cultural Resources (PCRs) will also be identified through PLUP and verified through field visits. Management plans will place emphasis on conservation and management of endangered wildlife and NTFPs by revising technical guidelines for pre-harvest and logging to take into account environmentally fragile highland areas. Monitoring of the Code of Logging Practice will be carried out.

EMP provides guidance on likelihood of increased fire frequency in deciduous forests will continue to be applied under AF-SUPSFM. High risk villages identified through CEF and PLUP will be monitored during the AF-SUPSFM implementation and the appropriate mitigation steps agreed with local communities during the implementation of AF-SUPSFM. Situational analysis of fire use in northern PFAs will be monitored, and successful fire management practices from project areas will be documented and shared and extended under proposed AF-SUPSFM. DOF will ensure full compliance with its fire management conditions, as described in its guidelines on forest harvesting in PFAs.

Pesticide use will be avoided and minimized where feasible and high-risk villages defined under AF-SUPSFM will be supported and monitored during the implementation of AF. The EMP includes a Project Screening Procedure to avoid activities that require intensive use of pesticides. Integrated pest management plans will be continued to be implemented, and high risk villages will continue to be trained, and safety equipment will be provided for sub projects that require pesticide and fertilizer use.

The proposed AF will continue to use indigenous leadership and conflict resolution mechanisms as the first tier grievance mechanism but will significantly strengthen their capacity including on safeguards requirements, gender equity, existing legal and administrative frameworks and land management. Communities are also allowed to submit grievances directly to the project apex entity, the National Project Steering Committee in which Bank TT may participate as an observer. Local experts with experience in community participation and engagement on PSFM and livelihood issues will be hired and embedded at the district level who will often accompany project implementing staff when they go to villages to provide technical guidance including on consultations and community engagement. Regional universities, CSOs or other entities operational in project provinces will be hired by the project on a short-term basis to support project teams technically and carry out training occasionally. The Bank task team will also carry out frequent implementation support to ensure that CEF is adequately implemented on the ground and develop the capacity of local implementation staff.

In cases where project participating villages consist of multiple hamlets including Ethnic Groups, separate CAPs may be developed for respective hamlets. Elected representatives will represent such hamlets both in village-wide and district level meetings to present and defend opinions and priorities identified at the hamlet-level meetings. The project will utilize maps of concessions granted in the previous few years (as available) and continuously engage with provincial governors to avoid project risks due to allocation of land concessions.

The GOL has approved new laws in 2019 including the Forestry Law and the Land Law, as well as other policy reforms such as a Decree on Environmental and Social Impact Assessment that prescribes public disclosure procedures, a ministerial decision on Strategic Environmental Assessment, policies to strengthen the protected area system, and a Decree to promote Commercial Tree Plantations. The new Forest Law allows commercial plantation concessions on degraded land in PFAs and promotes village forestry. The key implementing institutions for these policies center on DOF and Forest Inspection (DoFI) in MAF as well as the Ministry of Environment and Natural Resources. It is expected that these institutions will implement their respective mandates to implement these policies that help create an enabling environment to benefit the forestry sector, forest-dependent communities, and ecosystem function.



5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Key stakeholders remain the same as for the parent project, which include DOF, DOFI, Provincial Agricultural and Forestry Offices (PAFO), District Agricultural and Forestry Offices (DAFO), and beneficiary community members. In addition, development partners active in the forestry development both at the national level and in provinces where the project will operate will play a key role. In addition organizations such as the Lao Women's Union and Lao Front for National Development, and civil society organizations will be important stakeholders.

Given the recently reformed policy environment, under AF-SUPSFM, the private sector will be an important stakeholder, and the project will focus efforts on strengthening government capacity to ensure the environmental and social sustainability of private sector investment that can maximize development outcomes and local benefits. AF-SUPSFM is not financing any private investment but is focused on strengthening government capacity to regulate the sector efficiently under the recently reformed policy environment and help ensure environmental and social sustainability and economic benefit.

Engagement with and participation of beneficiary community members continued to be a key element of the project. Throughout AF implementation, villagers participating in the project will be continuously engaged on the development, protection and/or sustainable use of natural resources and livelihoods, and given opportunities to provide feedback to the project under participatory M&E, following the procedures described in the CEF. A grievance redress mechanism is also available and functioning.

A series of stakeholder consultations have been done for the parent project, and an additional consultation was also carried out in Borikhamxay province for this AF-SUPSFM in September 2019. The AF-SUPSFM project information and safeguard policy requirements to be used to address and mitigate the risks and impacts of the project were explained and discussed with participants. No major issues and concerns were raised during the consultation except requests for continued support for livelihood activities financed through VLDF (which the project is not financing any longer as they have been fully disbursed under the parent project, and the AF-SUPSFM will focus on strengthening extension and market linkages for already disbursed livelihoods grants to boost livelihoods) and the ongoing forest conservation and management activities. The consultation confirms that community broad support is maintained for the original project and the proposed AF and the participatory approaches and safeguard policies applied under the original project remain applicable for AF .

A brief user-friendly information leaflet prepared in Lao language for the AF-SUPSFM was distributed to local stakeholders (target villages, private investors and local authorities) prior to the consultation. Outcomes of the consultation have been reflected in the safeguard instruments (EIA executive summary, EMP and CEF) updated to be applied under AF-SUPSFM. The full version of EMP, CEF, EIA executive summary and full report cleared by RSS has been disclosed prior to appraisal.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank

Date of submission for disclosure

For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors

**"In country" Disclosure****Resettlement Action Plan/Framework/Policy Process**

Date of receipt by the Bank

Date of submission for disclosure

"In country" Disclosure**Indigenous Peoples Development Plan/Framework**

Date of receipt by the Bank

Date of submission for disclosure

"In country" Disclosure**Pest Management Plan**

Was the document disclosed prior to appraisal?

Yes

Date of receipt by the Bank

Date of submission for disclosure

"In country" Disclosure**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)**

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APPROVAL

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