

LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY



Government's Office
Environment Protection Fund Office (EPF)

Community Engagement Framework (CEF)

SECOND LAO ENVIRONMENT AND SOCIAL PROJECT
(LENS2)

Vientiane, **25 November 2014**

Preface

This document is called the Community Engagement Framework (CEF) for the Second Lao Environment and Social Project (LENS2). The LENS2 is the merger of Protected Area and Wildlife (PAW) project and a set of additional activities for which additional financing is provided by the World Bank. LENS2 replaces PAW.

The PAW CEF applied to sub-projects which work with communities in National Protected Areas (NPAs) in 5 provinces. These NPAs had been created to protect biodiversity. With LENS2, the geographical scope is expanded to protected areas created to protect upper-forested watershed in the 5 original provinces and an additional 3 provinces. The nature of the work with communities is unchanged and therefore all of the elements and steps of the original CEF remain.

This CEF is based on the original CEF prepared for the PAW project which incorporated all elements of a Process Framework (PF), a Resettlement Policy Framework (RPF), and an Ethnic Group¹Planning Framework (EGPF) in a single document.

The PAW CEF is fully in line with the WB's safeguard policies on Indigenous Peoples (OP/BP 4.10) and Involuntary Resettlement (OP/BP 4.12), and was disclosed in final format through World Bank Infoshop on December 12, 2103and in Lao PDR on December 9, 2013on the Ministry of Natural Resources and Environment (MONRE) and on the Environment Protection Fund (EPF) websites. This CEF replaces the so-called "PAW CEF".

Given the similarity in the nature, scale and scope of project activities as well as of associated environmental and social impacts, it was considered appropriate that the original CEF would be updated and amended to provide operational guidance under LENS 2 on implementation of environmental and social safeguards that meet the Bank requirements as well as the national laws. Like under PAW, this CEF will be used under LENS 2 as a means to ensure an effective engagement with local community as well as to comply with the OP/BP 4.10 and OP/BP 4.12 at the same time. The CEF is considered as an integral part to the Environmental and Social Management Framework (ESMF), which has been prepared in responding to the WB safeguard, polices that has been triggered for LENS2 (OP/BP 4.01, OP/BP 4.04, OP/BP4.09, OP/BP 4.36, OP/BO 4.11, OP/BP 4.10, OP/BP 4.12, and OP/BP 7.50).

Like PAW, LENS2 aims to *help strengthen selected environmental protection management systems, specifically for protected areas conservation, enforcement of wildlife laws and environmental assessment management.* Also like PAW, the project will be administered by the Environment Protection Fund Office (EPFO) and implemented through the subproject mechanism of the following three specialized financing windows: Policy Implementation and Capacity Enhancement (PICE) and Community and Biodiversity Investments (CBI). The subproject delivery agency (SDA) would be the national agencies, provincial and local authorities, mass organizations, research institutes and other public entities, local communities, and civil societies and/or non-government organization (NGOs). The geographical area of coverage is expanded from five to eight project provinces: Houaphan (HP), Xiengkhuang (XK), Luang Phabang (LPB), Vientiane Province (VTP), Xaysomboun (XSB), Bolikhamxay (BLKX), Khammouane (KM), and Savannakhet (SVK). Subproject activities are expected to range from institution building to human resource development to management of protected areas, water, forest, and wildlife including livelihood support in line with LENS2 eligibility criteria and CEF requirements. A number of LENS2 additional subprojects have already been *initially* identified and will be developed during project implementation.

A series of consultation meetings were conducted in a sample of *six* of the eight project provinces (VTP, XSB, BLKX, KM, SVK, *and LPB*) during period 10-24 July 2014 focusing on the project scope, the draft ESMF, and the draft CEF. A due attention was given to discuss the CEF process and criteria, in order to ensure broad community support of ethnic groups to the CEF approach. Safeguard

¹ Equivalent to the Indigenous Peoples as defined in OP/BP 4.12.

consultation was conducted in Vientiane Capital during the EPF stakeholder workshop on 20 August 2014.

This CEF exist is Lao language. Both Lao and English versions are disclose in country on the EPFO website since 28 August 2014.

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing	NCBA	National Conservation Biodiversity Area
ASEAN	Association of South East Asian Nation	NGO	Non-Government Organization
CA	Concession Agreement	NpAs	Non-profit Associations
CCA	Community Conservation Agreement	NREI	Natural Resources and Environment Research Institute
CAP	Community Action Plan	NTFP	Non Timber Forest Product
CBI	Community and Biodiversity Investment	NT-NKD	Nam Theun-Nam Kading
CEF	Community Engagement Framework	NUoL	National University of Laos
CITES	Convention on International Trade in Endangered Species	O&M	Operation and Maintenance
CSO	Civil Society Organization	OP/BP	Operational Policy/Best Practices (of the World Bank)
CUZ	Controlled Use Zone	PAFO	Provincial Agriculture and Forestry Office
DAFO	District Agriculture and Forestry Office	PAMP	Protected Area Management Plan
DDMCC	Department of Disaster Management and Climate Change	PAW	Protected Area and Wildlife Project
DEQP	Department of Environment Quality Promotion	PCD	Pollution Control Department
DESIA	Department of Environment and Social Impact Assessment	PDO	Project Development Objective
DFRM	Department of Forest Resources Management	PF	Process Framework (WB policy)
DGC	District Grievance Committee	PFA	Protection Forest Area
DoA	Department of Agriculture	PICE	Policy Implementation and Capacity Enhancement
DoF	Department of Forestry	PMP	Pest Management Plan
DoFI	Department of Forest Inspection	PIM	Project Implementation Manual
DoNRE	District Office of Natural Resources Management	PoFI	Provincial Office of Forest Inspection
DPA	District Protected Area	PoNRE	Provincial Office of Natural Resources and Environment
DPC	Department of Planning and Cooperation	PLUP	Participatory Land Use Planning
DPO	Department of Personnel and Organization	PPA	Provincial Protected Area
DSC	District Steering Committee	PSC	Provincial Steering Committee?
DWR	Department of Water Resources	Ramsar	The Ramsar site as defined by the Convention on Wetland of International Importance
ECoP	Environment Code of Practice	RAP	Resettlement Action Plan
EGPF	Ethnic Group Planning Framework	RBC	River Basin Committee
EIA	Environmental Impact Assessment	RBO	River Basin Organization
EPF	Environment Protection Fund	REDD+	Reducing Emissions from Deforestation and Forest Degradation
EPFO	Environmental Protection Fund Office	RPF	Resettlement Policy Framework
EPF TC	EPF Technical Committee	SDA	Subproject Delivery Agency
ESMF	Environmental and Social Management Framework	SIA	Social Impact Assessment
ESMP	Environment and Social Management Plan	SRCWP	Strengthening Regional Cooperation in Wildlife Protection in Asia
GIZ	Deutsche Gessellschaft fur InternationaleZusammenarbeit	SUFORD	Sustainable Forestry for Rural Development Project
GoL	Government of Lao PDR	ToR	Terms of Reference
GRC	Grievance and Redressal Committees	TPZ	Total Protected Zone
IEE	Initial Environmental Examination	UNFCCC	United Nations Framework Convention on Climate Change
IPM	Integrated Pest Management	VDC	Village Development Committee
LaoWEN	Lao Wildlife Enforcement Network	VDF	Village Development Fund
LENS2	Second Lao Environment and Social Project	VMU	Village Mediation Unit
LFNC	Lao Front for National Construction	WB	The World Bank
LWU	Lao Women Union	WCS	Wildlife Conservation Society
MAF	Ministry of Agriculture and Forestry	WHO	World Health Organization
MEM	Ministry of Energy and Mines	WRM	Water Resources Management
M&E	Monitoring and Evaluation		
MoNRE	Ministry of Natural Resources and Environment		

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A. INTRODUCTION

PROJECT BACKGROUND

1. The second Laos Environment and Social (LENS2) project constitutes Phase III of the horizontal Regional Adaptable Program Loan (APL) on *Strengthening Regional Cooperation for Wildlife Protection in Asia (SRCWP)*. It is a follow up phase of the Lao Environment and Social Project (LENS) achievements. The LENS project was implemented by the EPF until its closure in June 2013. The total investment in the World Bank financing will be about US\$38.83 million, of which US\$6.8 million will come from GEF, US\$24.0 million from national IDA allocation, and US\$8.0 million from regional IDA. Government counterpart is US\$3.00 million.
2. Lao PDR is one of the least developed countries in Southeast Asia. The country has considerable natural resources in forests, water resources, and minerals and these are significant for cultural development, environment protection, and economic development. Its forests cover about 40% of the country, the highest percentage in Southeast Asia, but the total area of forest has declined dramatically from 70% of the land area of 26.5 million ha in 1940, to 49% in 1982, and to only 40% or about 9.5 million ha in 2010. Data on changes in forest cover suggest that during the 1990s the annual loss of forest cover was around 1.4% annually, giving an average annual loss of forest cover of about 134,000 ha.
3. Lao PDR lies in the Indo-Burma Biodiversity hotspot; and government has designated 20% of the country's land area as protected (including 21 national protected areas, plus a number of provincial and district protected areas), and produced the Biodiversity Strategy to 2020. At the same time, poverty reduction is a key priority of the government as it targets poverty eradication by 2020. The project design is aligned with the Bank Country Assistance Strategy (CAS) pillar one which aims to sustain growth through managing key growth drivers and pillar four providing support to the implementation of NT2 as an example of area-based, sustainable natural resource development program that contributes significantly to NGPES/NSEDP objectives.
4. The key goal of the Government of Lao PDR (GoL), as outlined in the 7th National Socio-Economic Development Strategy (NSEDP) for Lao PDR, is to graduate from the group of Least Developed Countries by 2020. The 7th NSEDP (2011-2015) includes measures on rural development, poverty eradication and environmental protection to achieve sustainable development, with an overall direction towards ensuring that socio-economic development is fully aligned with the protection of the environment and forest resources. The Lao government recognizes that graduating from Least Developed Country status, and continuation of an 8% annual GDP growth rate, requires a secure natural resource base.
5. Over three million hectares (or 14% of the land area of Lao PDR) is declared as National Protected Areas (NPAs). The National Protected Area System, made up of 18 NPAs and a number of provincial and district PAs was designated in 1993 (PM Decree 164), and four NPAs and two corridors have been added since then. Establishment of the NPA system followed extensive data collection to determine sites of high conservation value and to include 5-20% of every ecosystem of Laos. Around half of the NPAs share a border with Viet Nam, Cambodia, Thailand or China, and a number of these form (or have the potential to be) trans-boundary protected areas.
6. The LENS2 would build on the first Lao Environment and Social Project (LENS) achievements. The LENS project was implemented by the EPF until its closure in June 2013, LENS funded 152 subgrants, benefitting over 16,700 people including 6,050 women in more than 200 communities. Collectively, these subprojects, contributed to a situation whereby: (a) 100% of new hydropower and mining concessions include a Standard Environment and Social Obligation (SESO); (b) 535 Lao students benefited from the new curricula on involuntary resettlement developed and delivered by the Faculty of Social Science (FSS) of the National University of Laos (NUOL) in partnership with a university in China; (c) 131 people from central and provincial government agencies and private sector participated in social safeguard training program; (d) 6 Provincial PAs, totalling 169,000 hectares, have developed a management plan and initiated implementation; (e) 3 provinces

have designed and adopted Provincial Environment Strategy and Action Plan (PESAP) two of which have tested project tracking databases and community grievance mechanisms; (f) 99 people have been trained to participate in village grievance committee and use the National guideline for ethnic groups' consultation developed by Lao Front for National Construction; and (g) one river basin committee (RBC), the Nam Theun Nam Kading RBC, was established and its strategy designed and adopted.

PROJECT OBJECTIVE

7. LENS2 is designed to support the management for protected areas, the enforcement of wildlife laws, and the management of environment and social impacts in Lao PDR in an integrated manner. The PDO is *to help strengthen selected environmental protection management systems, specifically for protected areas conservation, enforcement of wildlife laws and environmental assessment management.*

PROJECT SCOPE

8. *Project locations:* All sub-projects in Project component 1 will support national level's institutions in Vientiane capital city, as under the original PAW project. As for the Component 2, eight provinces are eligible for Sub-project support under the LENS2: Bolikhamxay, Khammouane, Houaphan, Luang Phabang and Xiengkhouang, Savannakhet, Xaysonboun and Vientiane Province. Site-specific investments and community support will be limited to "PAs" (both the conservation forests that protected biodiversity and the 'protection forests' that protect upper watersheds), and community areas adjacent to these "PAs". All activities will be implemented inside or near PA; and the overall socioeconomic and demographic characteristics of "PAs" are similar to Nam Et Phou Louey (NEPL) and Nakai Nam Theun (NNT) the two NPAs which are pre-identified². The LENS2 will also support Provincial, District and Village Conservation Forests as well as National, Provincial, District and Village Protection Forests (watersheds forests). For the purpose of the LENS2, all categories are bundled under the generic term 'Protected Areas' (PAs). All PAs include rivers most of which are direct or indirect tributaries of the Mekong, itself an international waterway.

9. *Scope:* LENS2 scope: (a) improving the financing capacity of the Environment Protection Fund (EPF), (b) supporting capacity building of national, provincial and district institutions to implement and monitor the Lao legislation on wildlife trade and environment and social impact of investment projects, (c) strengthening the environment and social curriculum in public education institutions, and (d) project support to the management of PA that are important for biodiversity conservation and for protecting forested upper-watersheds of rivers important to hydro power, agriculture irrigation and flood prevention.

10. *EPF Windows.* LENS2 will support **two** of the EPF Window. The Policy Implementation and Capacity Enhancement (PICE) **and** the Community and Biodiversity Investment (CBI) window.

11. *Sub-project design.* EPF would provide grants to sub-project delivery agencies (SDA) in line with project Implementation manual (PIM) and following the provisions of the Environment and Social Management Framework (ESMF) and this CEF. The design of most of the sub-projects will occur during the first few years of implementation, if not later. All sub-projects must (a) support a GoL policy and an official plan such as a sector's 2020 action plans, (b) contribute to at least one outcome indicator and at least one intermediary outcome indicator. Sub-projects that support wildlife management must also contribute to a regional outcome such as cross border cooperation, knowledge transfer or prevention of illegal wildlife trade. Also, the "preference list" and "negative list" will be used.

12. *Eligible expenditures.* Each sub-project has a set of eligible expenditures. While the detail of activities to be supported under LENS 2 is unknown until the proposals are received, eligible

²Restrictions of activities applied under the national legislation for conservation forests and for protection forests are essentially similar, without regard to the level of management (national, provincial, district and villages), with restrictions for NPAs (which were the target of PAW) the highest among all. For village conservation/ protection forests, villagers assume management responsibility within the national legislation.

expenditures would be: (a) modest civil works such as for example, office building rehabilitation, construction of guard stations, laboratory, fence and sign posts, small wooden bridges, forest management road maintenance, etc., (b) equipment including for example, vehicles, motorcycles, computer, office, furniture, field and laboratory equipment, etc., (c) training expenditures including for example, workshops, study tours, scholarships, language training, short courses, research grants, etc., (d) consultant services including international and national technical assistance (TA) to SDAs, short term consultants for advisory services (individual, firm or NGOs), technical studies, legal advice, etc. such as for example to design a new training module, or a PA management plan, of PES scheme, etc., (e) community grants to implement the Community Action Plans (CAP), and (f) operating expenditures such as external auditors, non-consultant and non-civil service staff and labor, utilities, equipment operation insurance and maintenance, rental, office supplies, travel and subsistence, etc.

13. *Project Benefits and Beneficiaries:* The expected number of beneficiary villages would be around 150 villages (directly benefiting around 15,000 people). Many beneficiaries are expected to be ethnic minorities (Hmong, Khmu, Mien, Makong, Bru and others) living in and around protected areas. These are considered to be vulnerable ethnic groups in Lao PDR as their livelihood is heavily based on subsistence agriculture, fishing and gathering of forest products. The LENS 2 will enhance the assets of the poor by expanding sustainable livelihood opportunities in an attempt to reduce the poor's vulnerability to natural-resource related shortages (i.e. NTFPs, wildlife, fish, and timber) and natural disaster. Given the unique role of women in the above sector, a special emphasis on women is planned (e.g. enhanced participation in planning and decision-making).

14. LENS2 is implemented through 3 components. Component 1 and Component 2 will be implemented through a sub-project mechanism administered by the Environment Protection Fund (EPF). Component 3 will help the EPF Office administer the Project and expand/strengthen its own capacity.

Component 1: Institution development and capacity building (US\$14.4 million of which World Bank US\$14.0 million)

15. This component seeks to improve the capacity and collaboration of national public institutions to design and implement national and regional natural resources, environmental, climate change and social policies. These sub-projects are implemented through the EPF's window Policy Implementation and Capacity Enhancement (PICE). The PICE sub-projects already identified under the PAW and transferred to LENS2 are. (a) Capacity building for national biodiversity planning and monitoring (scaled up with LENS2); (b) Capacity/institution building for PA management/wildlife conservation (c) Capacity building for addressing regional wildlife trafficking; (d) Human resources development for wildlife and PA management (scaled up with LENS2); (e) Constituency building of high level officials (scaled up with LENS2); and (f) Constituency building of public administration

16. The additional PICE sub-projects initially proposed for potential funding under LENS2 are: (a) Capacity building for environment awareness and scaling up integrated spatial planning (ISP) in LENS2 provinces; (b) Capacity building for enforcement of environment and social standards in public and private investment projects; (c) Capacity building for pollution reduction and control especially of emission from industries and small and medium enterprises; (d) Air and noise measuring equipment for pollution control and capacity building for monitoring and enforcement; (e) Capacity building for the National Academy of Politic and Administration (NAPA)'s teacher on environmental and social safeguards; (f) Capacity building and strengthening of the social curriculum of the National University of Laos Faculty of Social Science (NUOL-FSS); (g) Capacity building and strengthening of the environmental standard curriculum of the National University of Laos Faculty of Environment Science (NUOL-FES); (h) Capacity building and strengthening of the environmental economic curriculum, with focus on PES and valuing offsets, of the National University of Laos Faculty of Economic Science (NUOL FOE); and (i) Strengthening PONRE divisions for implementation of the Provincial Environment and Social Action Plan in eligible provinces with a focus on enforcement of compliance to environment and social regulations.

17. It is expected that some SDAs may submit subproject proposals before the Board approval of LENS2, however, they will not be approved before the Board approval, and their approval is subject to confirmation of their eligibility and following due procedures and processes required under ESMF.

Component 2: Management of wildlife and protected areas³ (US\$20.6 million of which World Bank US\$19.4 million)

18. This component seeks to improve the capacity and collaboration of public institutions, civil society and communities to implement national and regional natural resources, environmental and social policies. These sub-projects are implemented through the EPF's window Community and Biodiversity Investment (CBI). The CBI sub-projects already proposed under PAW were: (a) Management of the Nakai Nam Theun NPA (scaled up to include more villages); (b) Management of the Nam Et Phou Louey NPA (scaled up to include more villages); (c) Coordination of PA management in eligible provinces (scaled up to include protection forests); and (d) Wildlife law enforcement in eligible provinces.

19. The additional CBI sub-projects initially proposed for potential funding under LENS2 are: (a) Integrated planning of forest resources and livelihoods, community support and management of conservation and protection forests within the Nam Lik river basin; (b) Community support and management of the Dong Na Tad Provincial Conservation Forest; (c) Community support and management of the Nam Ngiep-Nam Mang National Protection Forest; (d) Community support and biodiversity management in provincial conservation and protection forests.

20. These sub-projects would support the preparation of management plan of Protection Forests, resource protection and monitoring by the management team, establishment of boundary posts, management trails and guard posts, in addition to community involvement in forest management and improvement in livelihoods through the implementation of this CEF. It is expected that some SDAs may submit subproject proposals before the Board approval of LENS2, however, they will not be approved before the Board approval, and their approval is subject to confirmation of their eligibility and following due procedures and processes required under ESMF.

Component 3: Project administration and capacity building (US\$5.4 million of which World Bank US\$4.0 million)

21. This component is implemented in 2 sub-components.

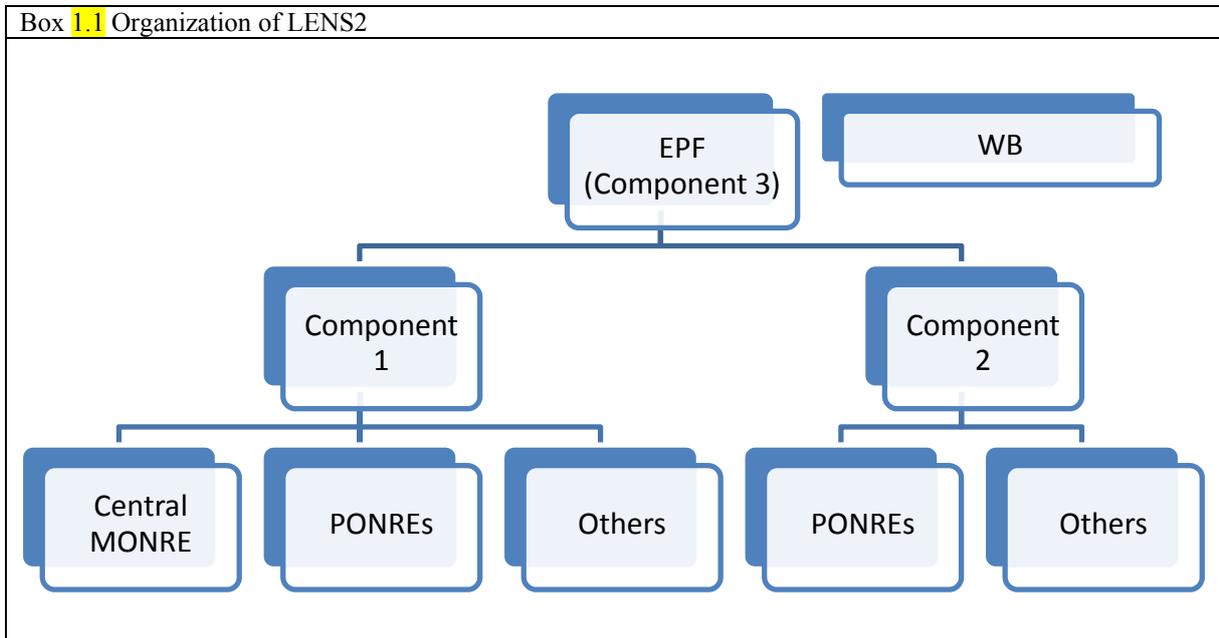
22. Sub-Component 3.1 Project Administration. This sub-component seeks to deliver the Project's outputs within the allocated time frame and with satisfactory planning, procurement, financial management, monitoring, and communication. It will support the administration of the sub-project mechanism by EPF. It will include technical assistance to help EPF assure compliance with the World Bank's fiduciary requirements, especially procurement, financial management, and environment and social safeguards, M&E, communication with stakeholders, and facilitating effective coordination and cooperation among SDAs.

23. Sub-Component 3.2 EPF's capacity development. This sub-component seeks to help EPF's become a significant and recognized player in environment financing and is capable to deliver and monitor sub-projects throughout the country. It will support capacity building of EPF staff and systems to improve EPF organization and staffing for effectiveness and efficiency as well as optimize various business functions of EPF such as (a) fund raising, (b) planning and M&E, (c) communicating.

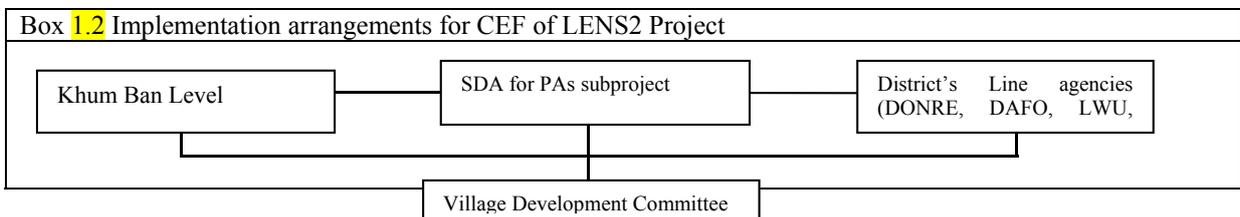
³* Protected areas definition expanded to include also the areas gazetted to protect upper forested watersheds.

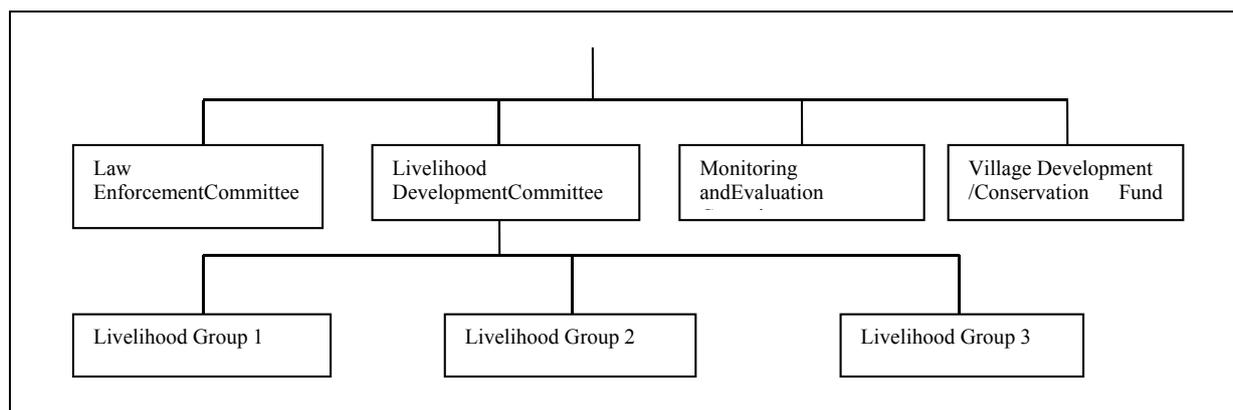
PROJECT IMPLEMENTATION ARRANGEMENTS

24. There is no significant change in implementation arrangements (see organization on Box 1.1). The EPF remains the implementing agency with its Board, chaired by the Deputy Prime Minister, serving as Project Steering Committee. The EPF office (EPFO) will be responsible for project administration including FM, procurement, M&E, safeguard monitoring and reporting. EPFO will be responsible for ensuring effective implementation of the CEF including endorsement of the safeguard screening and issues, ensuring that the mitigation measures are effectively implemented and adequate, and monitoring/reporting of LENS2 safeguard performance while the Subproject Delivery Agency (SDA) will be responsible for screening of safeguard issues and preparation and implementation of mitigation measures. EPFO will assist SDAs in developing sub-project proposals, provide training (including safeguards). Both EPFO and SDA will be responsible for keeping proper documentations for possible review by the Bank. Given the added scope, to strengthen EPF, the TA package planned under the original project will be increased to include full time and short time consultants in operation, safeguard, financial management, procurement and communication. The PAW Project Implementation Manual (PIM) has been revised to accommodate the expanded scope.



25. The EPF Board will assign a Technical Committee (TC) to ensure that the subprojects are in line with the GOL policy and agreements with WB for LENS2. The TC will be chaired by the Executive Director of EPF and comprised at least senior managers from key planning agencies MoNRE, MAF, and Ministry of Finance (MOF). The TC will review subproject proposals, implementation plans and progress submitted by SDAs as well as provide recommendations for sub-project approval to the EPF Board. The Board meets twice a year to review and approve all EPF matters including approval of Annual project Reports and Annual Project Work Program and Budget (AWPB). At the provincial level, given a larger size of the potential subprojects (more than \$50,000), it has been agreed with the province that a Subproject Steering Committee (SPSC) will be established for LENS2 to ensure effective and timely implementation of the subprojects and facilitate synergy and complimentary with other related projects and/or activities in the province. Box 1.2 presents organization arrangement at project and subproject levels.





26. LENS2, specifically the Component 2 subprojects, will involve the following participants and institutions as key actors:

- *Environmental Protection Fund Office (EPFO)* will organize overall project coordination, financial management, procurement, monitoring and reporting, and secretariat support for the EPF Board and the Technical Committee. Technical supervision including safeguard will be carried out periodically by EPF staff/consultants.
- *EPF Technical Committee (EPF TC)*: chaired by the Executive Director of EPF and comprise high level representatives from MONRE, MOF, MPI, and other ministries to be assigned by the EPF Board as the Steering Committee for LENS2. The LENS2 Steering Committee will be responsible for technical review of the subprojects, ensure consistency of the GoL policy, and provide policy guidance and enhance inter-ministerial coordination.
- *Government agencies and their staff*: GoL agencies and mass organizations and research institutes at central, province, and district level responsible for utilization, conservation, and management of natural resources and environment in Lao PDR as well as local communities, NGO, and other stakeholders who are likely to be direct beneficiaries (as SDAs) and/or indirectly benefit or affected by LENS2 activities. **Box 1.1** illustrate the positions some of the potential SDAs in a component structure.
- *Technical Teams (or Cluster Team)*: The teams should be appointed by the province comprising representative from the province, districts, and Kumban (a cluster of villagers recognized by GoL) and be responsible for carrying out, under the support of qualified consultants, community consultation and engagement activities under the CEF. The team will support community participation and consultation processes, provide technical support to communities on conservation and alternative livelihood, advises technical solutions to potential grievances, and overall serve as liaison between communities and respective SDA. The Technical teams will report directly to the SDA who will coordinate all subproject activities to be conducted in respective districts. Each Technical Team will consist of at least three persons, whose members should, in principle, be permanently assigned to the team throughout the life of the project. This will facilitate building rapport with villagers since the same team members will be assigned to a permanent set of villages. The team would include representatives of the Lao Women's Union (LWU) or the Lao Front National Construction (LFNC), as well as at least one female members who will ensure inclusion of women in the participatory and consultation processes under the subproject. LENS2 will strengthen their capacity both in technical matters as well as in community engagement.
- *Community members* are the ultimate participants and beneficiaries of the Component 2 and Component 3 subprojects especially those that promote sustainable management of PAs and conservation of wildlife and other natural habitats will depends on the preservation of resources

for the benefit of future generations. Community members will have all the opportunity to play a role, either as VDC members or as members of other committees or action groups.

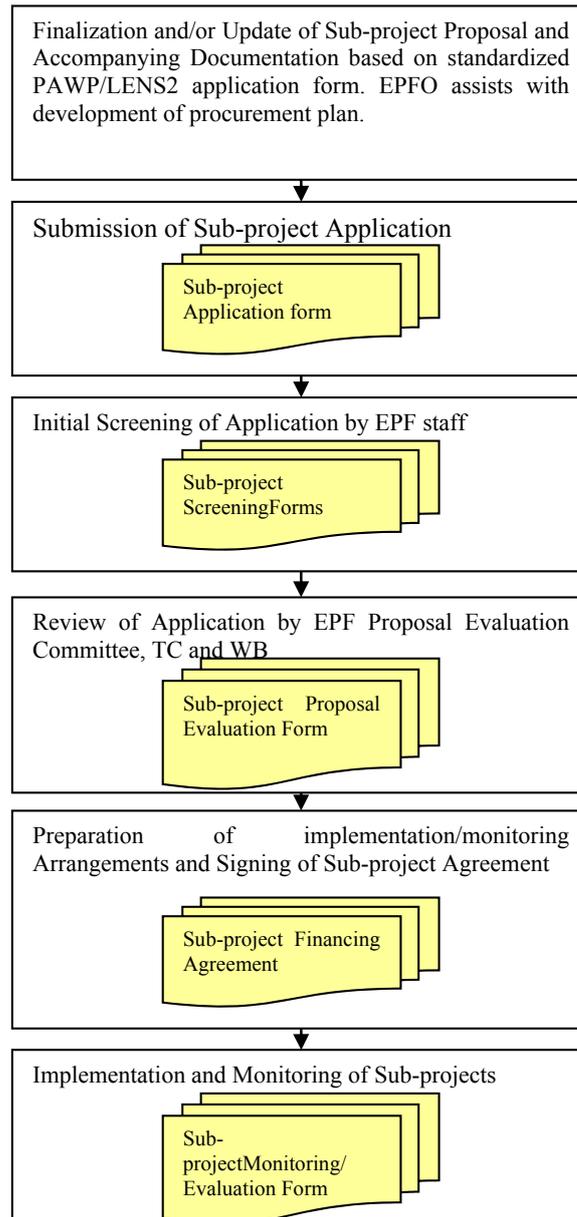
- *Village Development Committees (VDC)* (Box 1.2) is the key representative of the villages in the preparation of PA Management Plan, Community Action Plan (CAP), and Community Conservation Agreement (CCA) which also participate in grievance committee meetings and monitoring and evaluation. The VDC will serve as the main local institution supporting the project at the village level. VDC will be in charge of organizing village teams to work with the Technical Team and SDAs. Each VDC is headed by a Village Head (as the Chairperson) and will include a Deputy Chairperson, Secretary, and Treasurer. Village representatives of LWU and LNFC will also participate in the VDC. The VDC is the subproject entry point at the village level. It will be in charge of organizing village sub-committees to work with the SDA, for example on: a) Law Enforcement; b) Livelihood Fund; c) Monitoring and Evaluation; and d) Village Development Fund. Two villagers appointed by the VDC will be responsible for the village-level monitoring of subproject implementation and participate in village level meetings for participatory M&E.
- *Village Mediation Units (VMUs)* were established in 1997 under a Decision of the Minister of Justice (No. 304/MOJ). New guidelines for the VMUs were issued by Decision No. 08/MOJ, dated 22 February 2005. The VMU is a village level institution which plays a role in resolving disputes. VMUs seek to mediate disputes based on negotiations and consensus, in line with both the state legal framework and acceptable local traditions. The VMUs have jurisdiction to resolve civil and family disputes, and minor criminal cases.
- *Partners* will include staff of national and regional universities, non-profit associations (NpAs), and mass organizations like the LNFC and the LWU. These partners will be employed in roles that suit their specific strengths and capabilities. For example, partnership with national and regional universities will be explored to assist with identification of possible livelihood options, and to carry out socioeconomic analysis. Partnership with LNFC and/or LWU will be explored to introduce and jumpstart livelihood development activities in participating villages. The LWU will also address women's customary and statutory land use rights, to ensure that their livelihood contributions to CAP preparation are not marginalized.
- *Collaborating CSO*, which in Lao PDR, generally refer to international NGOs (INGOs), Lao Non-profit Organizations (NpAs) and foundations. The NpAs are governed by the 2009 Decree on Associations. NpAs operating at the national level are required to report to the Department of Public Administration and Civil Service under the MoHA, while those operating at the provincial level should be registered at and report to relevant provincial governments. The operation of INGOs is governed by a PM Decree No. 71 dated 1998, and the MoFA is responsible for the registration and monitoring of the NGOs' operations in Laos. While historically, CSOs have not been very active in Lao PDR, there are now more than 180 CSOs operating in the country.

27. *The subproject approval process:* Box 1.3 presents the subproject cycle which will be identified in the Project Implementation Manual (PIM) for LENS2. Key steps could be highlighted as follows:

- Step (1) the SDA will submit a short concept to be reviewed by the EPF for safeguard screening (see Section IV).
- Step (2) if the concept is deemed eligible the SDA will be invited to prepare a full proposal including safeguard actions using the LENS2 subproject template. EPF will provide guidance and/or assistance to the SDA as needed to ensure the quality of the proposal and build SDA capacity.

- Step (3) when the SDA submit its proposal, the EPF will appraise it using a check list from the LENS2 PIM and, if necessary, help the SDA improve its proposal.
- Step (4) when EPF is satisfied that the subproject meets all relevant criteria, the proposal will be submitted at the same time to the EPF Technical Committee and to the World Bank for review, comments and no objection. Subgrant Agreement (SGA) can be signed with EPFO Executive Director, however, implementation will begin only after the subproject proposal is approved.⁴

Box 1.3 LENS2 Subproject Cycle



⁴ The subproject less than \$50,000 will be approved by the EPFO Executive Director while those above US\$50,000 to US\$100,000 will be approved by the Vice-Chair of the EPF Board and those above US\$100,000 are approved by the Chairperson.

B. OBJECTIVE AND KEY PRINCIPLES OF THIS CEF

28. As under the PAW project, this CEF concerns PA subprojects in the Component 2 only. At the start of LENS 2, only two PAs which had been pre-identified during the preparation of the PAW have been selected. This CEF will apply both to the two sub-projects pre-identified during the preparation of the PAW and all other sub-projects which may be identified during implementation of this LENS 2.

29. The CEF provide SDAs guidelines on how to engage, consult, support and monitor communities targeted in such a way that their livelihood is improved, and their role in and benefits from PA conservation is enhanced.

30. The CEF proposes a process whereby communities are consulted on, and can meaningfully participate in, their land and the protected area planning and the implementation of such plans.

31. Communities will play a key role in identifying issues and defining management and mitigation actions which may be needed to minimize first, and if not avoidable, address them. Issues that are likely to be identified include the loss of access to natural resources, and associated loss of income, that could arise from improved protected area law enforcement. This CEF has been inspired from a variety of approaches and good practices such as PICAD, and others used in donors projects such as SUPSFM, CLIPAD, GIZ Him Nam No and PRF, as well as from different local and international NGOs and development partners implementing similar projects related to conservation and management of natural resources in Lao PDR such as WCS in NEPL and WWF in southern Laos NPAs. The core principles of this CEF are highlighted as follows:

- All communities will be approached in the spirit of honest and constructive collaboration, and clearly explained about the rationale for biodiversity conservation, and of the subproject's purpose, activities, potential benefits and potential losses.
- Where broad community support is not established based on "*free, prior and informed consultations*", such communities have the right to opt out of the project. In order to minimize the risk that a broad community support is not established, all efforts will be made so Participatory Land Use Plan (PLUP), Community Action Plan (CAP) and Community Conservation Agreement (CCA) are developed in a participatory manner and that income streams of affected people will be enhanced sustainably
- All communities, regardless of their ethnic group or social status, will be engaged in an inclusive and culturally relevant manner on the basis of a free, prior and informed consultation aimed at establishing broad-based and sustainable community support for the project.
- All communities will be informed throughout the project implementation through appropriate means of information, education and communication. Communication throughout the project cycle will use appropriate information, education, and communication (IEC) materials to respond to issues of language and ethnicity, literacy/illiteracy, gender, and social vulnerability.
- All communities will have the opportunity to participate in and benefit from the subproject as well as take on the responsibility to adhere to sustainable protected area management. Community support will be designed through a process culminating in a PA Management Plan (PAMP), a PLUP, a CAP, and a CCA.
- Already, most of the areas and/or large mammals and other species that had been traditionally available to communities have been depleted through hunting by communities for livelihoods or due to commercial use. Allowing people to continue using all indigenous land and land resources in the entire PA, even if assistance is provided to them to improve efficiencies, is not necessarily a right solution for such people in the long run since, in the absence of some restrictions, the current trend of natural resources depletion will continue and people will even

further loose livelihood. A reasonable proportion of Total Protection Zones (TPZ) (like no-take zones in rivers) is a proven tools to regenerate wild population which can then be used again sustainably.

32. This CEF includes key provisions and procedures to (a) describe the process of active community engagement for environmentally and socially sustainable management of protected areas and conservation of wildlife, and (b) address the World Bank safeguard policies on Indigenous Peoples (OP/BP 4.10) and Involuntary Resettlement (OP/BP 4.12) in a single framework. It integrates three important safeguard features: (a) an Ethnic Groups Planning Framework (EGPF) which is equivalent to the Indigenous Peoples Planning Framework (IPPF) in the WB context to ensure that subprojects are developed with support and input from participating communities; (b) a Process Framework (PF) to organize and manage subproject-related changes in access to or the use of natural resources and access to new opportunities; and (c) a Resettlement Policy Framework (RPF) to manage any (unlikely) instances of involuntary land acquisition for subproject purposes.

33. The CEF sets out provisions and procedures so negative impact on livelihoods due to land acquisition or restrictions in access to resources will be avoided, or minimized and fully mitigated by means of sustainable solutions as set out in participatory PLUPs, CAPs, and CCAs. In summary, the CEF sets a voluntary and collaborative process in which participating communities play a key role in the design, implementation and monitoring of interventions to raise participants' income and well-being while enhancing the sustainability of protected area and/or protection forest, preservation of wildlife, and other conservation activities. The PLUPs, CAPs and CCAs will clearly assess and provide measures to enhance positive project benefits and avoid or mitigate potential adverse effects. To improve the effectiveness of the implementation and benefits to local communities over both the short-term and long-term, the CAPs will attempt to seek for environmentally and socially sustainable management of protected areas and conservation of wildlife.

34. In areas with ethnic groups, the CAP will serve as an Ethnic Group Development Plan (EGDP) (or IPP in WB context as required by OP/BP 4.10). Section V details the steps required to ensure that CAPs will address all safeguard policy requirements to serve as an EGDP where project participants are characterized as ethnic groups. In cases where project activities may result in restrictions of access to natural resources, the CAP will also serve as a local action plan to address any changes or restrictions in resource access. Section V also provides step-by-step processes and procedures to ensure that a CAP meets all policy requirements under OP/BP 4.12 with regard to restriction of access to natural resources. The PLUPs, CAPs, and CCAs must be agreed by the communities at large and endorsed by village authorities, and in some cases the District Authorities.

35. A Resettlement Policy Framework (RPF) is attached to this CEF as Annex 1. Some project activities may require minor land acquisition of private land. In this case materializes, an abbreviated Resettlement Action Plan (RAP) will be developed using measures provided in the RPF. During survey and design of the subproject investments, screening will be carried out to identify if land expropriation would be required and designs will also be adjusted to avoid, or minimize if unavoidable, such negative impacts.

36. Subprojects will give sufficient attention to encourage women to play an active role in the consultation process. During implementation, the women will be: (a) consulted and their concerns addressed; (b) consulted and trained on chosen livelihoods that would restore their income, in case existing sources of livelihood were adversely affected, and improve their living standards; (c) given the opportunity to participate in community group meetings, focus group discussions, planning and implementation; and (d) represented equally in the Grievance and Redressal Committees (GRCs).

C. THE LEGAL AND INSTITUTIONAL SETTING

LAO PDR LAWS AND REGULATIONS

37. Constitution of Lao PDR, ratified in 1991, uses the term "citizens of all ethnicity" throughout the document. It specifically recognizes the need to incorporate the concerns of ethnic groups in

developing policy in all sectors, and has reaffirmed its commitment to strengthen the rights of all ethnic groups in various congresses, conferences, decrees, and laws since the 1980s (Articles 8 and 22). Article 75 of the Constitution specifically indicates that “the Lao language and script are the official language and script”.

38. Constitutionally, Laos is recognized as a multi-ethnic society, and Article Eight of the 1991 Constitution states, “All ethnic groups have the right to preserve their own traditions and culture, and those of the Nation. Discrimination between ethnic groups is forbidden.” Article 8 of the Constitution reads: “The State pursues the policy of promoting unity and equality among all ethnic groups. All ethnic groups have the rights to protect, preserve and promote the fine customs and cultures of their own tribes and of the nation. All acts of creating division and discrimination among ethnic groups are forbidden. The State implements every measure to gradually develop and upgrade the economic and social level of all ethnic groups.”

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

- Build national sentiment (national identity).
- Realize equality between Ethnic Groups.
- Increase the level of solidarity among Ethnic Groups as members of the greater Lao family.
- Resolve problems of inflexible and vengeful thinking, as well as economic and cultural inequality.
- Improve the living conditions of the Ethnic Groups step by step.
- Expand, to the greatest extent possible, the good and beautiful heritage and ethnic identity of each group as well as their capacity to participate in the affairs of the nation.

40. The Ethnic Groups Committee under the National Assembly is charged with the responsibility to draft and evaluate proposed legislation concerning Ethnic Groups, lobby for its implementation as well as implementation of socioeconomic development plans. Ethnic Group research is the responsibility of the Institute for Cultural Research under the Ministry of Information and Culture. The lead institution for ethnic affairs is the mass (political) organization, the Lao Front for National Construction (LFNC), which has an Ethnic Affairs Department.

41. The Decree on compensation and resettlement of people affected by development projects (No. 192/PM, Vientiane, 07/07/2005) defines principles, rules and measures to mitigate adverse social impacts and to compensate damages that result from involuntary acquisition or repossession of land and fixed or movable assets, including change in land use, restriction of access to community or natural resources affecting community livelihood and income sources. This decree aims to ensure that project affected people are compensated and assisted to improve or maintain their pre-project incomes and living standards, and are not worse off than they would have been without the project. This decree is followed by Regulations for implementing decree 192/PM on compensation and resettlement of people affected by development projects (2010) and the Technical Guidelines on compensation and resettlement (2010).

42. A new legislation is currently under preparation in a draft Land Policy (to be followed by a Land Use Master plan and an updated Land Law scheduled for later in 2013), which recognizes customary land management rights, collective management and community management rights. Although exact definitions of such rights are not yet available in detail, LENS2 will assess the nature

and scope of customary land use and management under the CEF, and in more detail through the Participatory Land Use Planning (PLUP).

43. In Lao PDR, local Civil Society Organizations (CSOs), or Non-Profit Associations (NpAs) as usually called in the country, are governed by the 2009 Decree on Associations. NpAs operating at the national level are required to report to the Department of Public Administration and Civil Service under Ministry of Home Affairs (MoHA), while those operating at the provincial level should be registered at and report to relevant provincial governments. The operation of international NGOs or CSOs is governed by a PM Decree No. 71 dated 1998, while the Ministry of Foreign Affairs (MoFA) is responsible for the registration and monitoring of the NGOs' operations in Laos. While historically CSOs have not been very active in Lao PDR, there are now more than 180 CSOs operating in the country.

44. Other key laws and regulations related to natural resources are as follows:

- The *Environmental Protection Law (26 April 1999)* specifies necessary principles, regulations and measures for managing, monitoring, restoring, and protecting the environment in order to protect human health, including the protection of natural resources and the richness of nature, and to ensure the sustainable socio-economic development of the nation.
- *The Prime Minister's Decree No. 146 on Environment Protection Fund (6 June 2005)* established the EPF, sets its mandate, objective, governance, windows through which it can implement sub-projects and sources of financing.
- The Regulation No. 0360 on *Management of National Protected Areas, Aquatic Animals and Wildlife* (Ministry of Agriculture and Forestry, 2003) describes the zoning of PAs into core, managed and corridor zones and clearly specifies activities in those areas, prohibits hunting of all wildlife and aquatic animals in the core zone, prohibits trade in wildlife and specifies that guns must be registered with special licenses.
- The *Wildlife Law (24 December 2007)* determines principles, regulations and measures on wildlife and aquatic life in nature to promote the sustainable regeneration and utilization of wildlife and aquatic life, without any harmful impact on natural resources or habitats; and to restrict anthropogenic pressure on decreasing species and the extinction of wildlife and aquatic life, by encouraging people as a whole to understand and recognize the significance, with enhancing the conscientious love, care and treatment of wild animals. It aims to engage in managing, monitoring, conserving, protecting, developing, and utilizing wildlife and aquatic life in sustainable manner. Its goal is to guarantee richness of ecological natural equilibrium systems, to contribute in upgrading the condition of livelihoods for multi-ethnic people, which has the potential to develop and realize the national social-economic goals.
- The *Lao Tiger National Action Plan 2010 to 2015* (financed by the Global Tiger Initiative). The National Tiger Recovery Plan for Laos, formulated by the Lao government as part of the Global Tiger Initiative, highlighted the programs to secure the tiger habitat in the PA core zone.
- *Article 13 of Decree 192/PM* requires the Project to establish an effective mechanism for grievance resolution. Lao legal requirements for this mechanism are further described in Part VI of the Decree's Implementing Regulations, and in detail in the Technical Guidelines. Decree 192/PM determines that the prime responsibility for grievance resolution lies with the Project proponent. They are responsible for carrying out the project which may be the source of grievances (such as the access restrictions, entitlements, etc.) and as such, they are best placed to respond to and resolve grievances in the most timely and acceptable method.

WB'S SOCIAL SAFEGUARD POLICIES TRIGGERED

45. A total of eight WB's safeguard policies are triggered for LENS2. These include two social safeguard policies on Indigenous Peoples (OP/BP 4.10) and Involuntary Resettlement (OP/BP 4.12). Reasons for triggering the OP/BP 4.10 and OP/BP 4.01 are highlighted in [Table 3.1](#) below.

Table 3.1 Summary of Applicable World Bank Procedures

Involuntary Resettlement (OP/BP 4.12)	The policy is triggered because the project will support a stricter enforcement of protected areas management, which will restrict the current access of local people to natural resources inside protected areas. Local people affected by the project will benefit from more sustainable access to forest and other natural resources and project support for alternative livelihoods, which seeks to enhance their livelihoods sustainably. Nonetheless, short-term loss of livelihood could be unavoidable because adaptation to changes in resource allocation and livelihoods may be a longer-term process. In line with OP/BP 4.12son a Community Engagement Framework (CEF) is prepared.
Indigenous Peoples (OP/BP 4.10)	Many project beneficiaries are expected to be ethnic minorities who are known in Lao PDR as Ethnic Groups and meet eligibility criteria under OP/BP 4.10. For example, Hmong, Khmu, Mien, Makong, Bru and others are living in and around the PAs of the eight project provinces. These are considered to be vulnerable ethnic groups in Lao PDR as their livelihood is heavily based on subsistence agriculture and forest. The presence and involvement of these ethnic groups triggers this safeguard policy. The impact of the project on these communities is generally positive, however, any negative impacts that may occur are addressed under the CEF that includes Ethnic Group Planning Framework (EGPF). Where their broad community support is not ascertained based on free, prior and informed consultations, subprojects will not be implemented.

46. To mitigate the potential risks mentioned above and in line with OP/BP 4.10 and OP/BP 4.12, the CEF has been developed incorporating RPF, PF, and EGPF (seeSection IV).The key principle is to seek the support and involvement of all subproject-affected communities in subproject activities, facilitate their active participation, enhance or at least maintain their income streams and ensure mitigation of any adverse impacts where unavoidable. All subproject affected people, without regard to ethnicity, will receive subproject benefits in a culturally appropriate and gender- and inter-generationally- inclusive manner. Specific requirements concerning safeguard policies and how provisions are incorporated into the CEF are discussed in Sections IV and V.

ETHNIC GROUP PLANNING FRAMEWORK (INDIGENOUS PEOPLES PLANNING FRAMEWORK; OP 4.10)

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

- A close attachment to their ancestral territories and the natural resources in these areas;
- Self-identification and identification by others as members of a distinct cultural group;
- An indigenous language, often different from the national language; and
- Presence of customary social and political institutions.

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

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

50. The policy requires that an Ethnic Group Plan (Indigenous Peoples Plan) is prepared when ethnic groups are present in, or have collective attachment to, specific areas supported by the project. For the PAW Project, the CAP will serve as the Ethnic Group Plan. The CAP will include all the elements of an Indigenous Peoples Plan and be developed in a participatory manner under the guidance of Protected Areas and Wildlife Project-National Project Management Unit (PAW Project-NPMU), Watershed Management and Protection Authority (WMPA) for Nakai Nam Theun National Protected Areas (NNT NPA), Nam Et-Phou Louey-Project Administration Management Unit (NEPL-PAMU) for Nam Et Phou Louey National Protected Area (NEPL NPA), under the support of consultants. It will describe the results of the participatory social assessment and demonstrate a free, prior and informed consultation process conducted which led to broad community support to the project activities. It will set out the agreed measures to address any negative impacts as well as measures to enhance positive impacts and resource sustainability. The CAP will also describe how the communities have provided broad community support for project activities, including how any community concerns raised during the consultations have been addressed. The CAP will include a grievance mechanism and specify arrangements for participatory monitoring and evaluation during project implementation.

PROCESS FRAMEWORK (OP 4.12 ACCESS RESTRICTION)

51. With regard to the Bank's Involuntary Resettlement policy requirements concerning access restrictions, project-induced changes in access to or use of resources could result in impacts on income streams for community households. In such cases, the policy requires that a Plan of Action or an equivalent instrument is developed in cooperation with affected communities describing the specific measures to be undertaken to restore or ensure alternatives livelihoods and to assist the affected persons and the arrangements for their implementation. For this project the plan of action will be developed based on the participation of affected people and set out actions to restore their livelihood, and will be in the CAP which addresses all elements of Natural Resources Management Plan as provided in OP 4.12.

52. The CEF is designed to fully involve relevant community stakeholders in the design and implementation of actions for management and mitigation of such impacts, including eligibility criteria for communities and households that may face restrictions of access to natural resources. Land will not be used where land owners or land users have not been consulted on the mitigation provisions set out in the PLUPs and CAPs. Likewise, as a core benefit of the project, CAPs will be designed and implemented to improve, or at least to fully restore, the income streams of those affected by changes in resource use or access. Priority will be given to enhancing efficiency and productivity of existing livelihood activities.

53. In this way, the CAP will serve as the Plan of Action for project activities that may restrict access to natural resources. In such cases, the CAP will in addition to the general elements of the CAP (for instance description of community, project activities, implementation plan/schedule and arrangements, budget, monitoring and evaluation, and grievance mechanism) include the following:

- The nature, scope and timing of access restrictions;

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

54. The CAP will also describe the participatory process by which:

- specific project activities will be prepared and implemented by the community
- the criteria for eligibility to benefit from project support will be determined;
- measures to assist the displaced persons in their efforts to improve their livelihoods, or at least to restore them, in real terms, while maintaining the sustainability of the park or protected area, will be identified; and
- potential conflicts involving displaced persons will be resolved.

55. The CAP will also include a description of the arrangements for implementing and monitoring the process

RESETTLEMENT POLICY FRAMEWORK (OP 4.12)

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

57. The project will not finance any major civil work. Small civil works such as office buildings, stores, check points, and other modest structures that will contribute to effective management and implementation of project activities will be constructed on state land. Thus, detailed designs will be adjusted to avoid, to the extent possible, any potential impacts on land owned or customarily used or occupied by participating community members. Every effort will be made to construct project infrastructure on un-encroached state land. If land acquisition is unavoidable, namely because land is occupied by private individuals or entities with title, an Abbreviated Resettlement Action Plan will be developed following measures provided in the RPF (See Annex 1).

D. PROJECT RISKS AND CEF FRAMEWORK

58. The Social Impact Assessment (SIA) was conducted for the PAW project in November 2013 which identified and assessed the potential impacts that may occur as a result of the project. Since the types, scale and scope of activities to be financed, as well as the characteristics of geographical locations where they are implemented, are similar between the PAW and the LENS 2, this CEF was updated based on the expected types, scale and scope of adverse social impact, as well as social risks, identified by the SIA.

59. According to the SIA, significant or irreversible negative impacts would not occur to project beneficiaries and affected people, including ethnic groups, because the project seeks to ensure their

meaningful participation in project implementation and helping them enhance their income streams. No significant land acquisition or physical relocation of people is expected to occur. In particular, the project will carry out the following in order so negative impacts will not occur under the project: (i) Participatory NPA zoning, (ii) participatory village area Land Use Planning (PLUP) that will allow preserving current land use; and (iii) project support to develop, and fund, alternative, more sustainable income streams based on inclusive, participatory, and gender and inter-generationally sensitive engagement with beneficiary communities. A participatory demarcation and recognition of land which local people use for livelihood, improved efficiencies and productivities in the use of land for livelihood, and conservations of areas under threat through restriction of access, will help ensure the long term sustainability of access to natural resources as sources of livelihood for local people, while minimize short term negative impacts. Risks remain, however, that meaningful participation of subproject beneficiaries and affected people may not be obtained and that income streams of affected people may not increase significantly enough to offset the short-term loss in income as a result of access restrictions. The following risks were identified:

- 1) *Limited government capacity to engage with people, particularly ethnic minorities; women and vulnerable groups:* the government officials in charge of day-to-day project implementation may not have adequate capacity or sufficient experience to engage with and involve stakeholders, particularly those at the community level and with ethnic minorities, women and vulnerable groups. The limited capacity poses risks that the development of measures for access restriction and income enhancement may not be carried out in an adequately inclusive manner to mainstream the concerns, issues and perspectives of these stakeholders in the process. In order to address the risk, the CEF process provides detailed guidance to relevant government officials with regard to community participation and consultations.
- 2) *Livelihood support insufficient to enhance income streams of affected people:* if communities are not adequately consulted, some of the alternative livelihood activities that will be developed for target communities may not be able to adequately enhance their income streams, and the project may not be able to fully restore the income streams of affected people, or help them develop environmentally and socially sustainable livelihood. To address the risks, technical expertise will be provided to communities and enhanced consultation processes will be conducted with them under this CEF.
- 3) *Incorrect PAs Demarcation:* Current PAs boundaries and zones may not be demarcated with appropriate consultation with affected villages and communities. Free, prior and informed consultations may not have been adequately carried out leading to ambiguity about the degree to which broad community support is achieved. Lands to which local population including ethnic groups have indigenous claims and which they have used for livelihood may be demarcated and classified as core zones where continued engagement of such livelihood activities is restricted. In order to address the risk, the SDA and the affected community will reconfirm or renegotiate, as appropriate, the zoning plan in year 1 of the subproject as part of the design of the PA/PFA Management Plan. If after this process it is not avoidable to include in the TPZ areas indigenous claims for land and resources, the sub-project will offer alternatives to mitigate loss in income streams. Such alternatives include (a) access to the TPZ for any non-consumptive use such as traditional ritual or ecotourism development (if possible), (b) access to similar land and resources in the Controlled Use Zone (CUZ) with project assistance if necessary to improve resource use efficiency and sustainability, (c) community livelihood grant to help the affected people develop sustainable alternative income streams. Overarching principle is that affected people should receive alternatives that will ensure access to productive assets and income streams of the same level as before the subproject.
- 4) *Short-term negative impacts on vulnerable people, including ethnic groups and women:* even though livelihood support to sustainably enhance income streams is well designed technically and PAs demarcation conducted properly, risk remains that vulnerable people including ethnic groups and female headed households face difficulties adapting to new restrictions in access to natural resources, at least on a short run. In particular, people may find it difficult to adapt to

loss of access to land for shifting cultivation, grazing of livestock and collection of firewood, if they are unavoidable, because they provide important sources of livelihood for people inside and adjacent to PAs. Fresh limitations on wildlife hunting will also affect already poor nutrition levels of households. The issue is particularly critical for sanam⁵ users who currently engage in shifting cultivation, collect timber, non-timber forest products, medicinal herbs in and near PAs. Although the project will allow them to continue using sanams and provide support to develop alternative income streams, risks remain that transition to alternative, sustainable livelihoods may be particularly challenging to them. The SDA who implements subproject activities in respective PAs will continue to monitor livelihood situations of affected people through regular project monitoring and participatory Monitoring and Evaluation, and take steps if it is found that their livelihood is not fully restored. A gradual process of land and forest use planning and zoning will help the venerable groups of people in their livelihood transition.

- 5) *Restriction of access to and damage on physical and cultural resources:* the PAs are important locations for community residents not only as a source of livelihood and products for consumption but as an integral part of their culture and beliefs. Some residents continue to practise Animism and there are cultural events celebrated in relation to or because of their relationship with natural resources. Regulations and strict enforcement of law could, in a worst case scenario, negatively affect cultural norms and beliefs, and/or discourage the residents to support or participate in the project activities. The CEF process will ensure that important physical and cultural resources are identified and that a continued access of communities be secured.
- 6) *Strict compliance by other funding agencies or development partners:* several funding agencies may engage in conservation and livelihood activities inside and near subproject PA. They follow their own safeguard policies and principles as well as national legislation on environmental and social impact management which are broadly compatible with Bank safeguard policies. The SDA in charge of implementing PA subprojects will ensure that all activities conducted in and near subproject PA will follow national legislation and inform the EPF, MoNRE and the Bank when gaps are found between their activities and the Bank safeguard policies. The SDA will also ensure that measures are employed to fill gaps with Bank safeguard policies. The Bank task team will also carry out regular monitoring and lead donor coordination to assist the SDA in ensuring all related activities conducted in and near project PA comply with Bank safeguard policies
- 7) *Perception of Ethnic Minorities about the Project:* Since ethnic minorities have traditionally gained significant livelihood from natural resources, they may view any efforts to restrict their access to such natural resources with suspicion and become unwilling to participate. As the subproject may also affect their sources of livelihood, it is possible that ethnic minorities will find the subproject terms unacceptable and be resistant to change. CEF process will ensure that broad community support will be established to CAP and CCA that will seek to enhance their livelihood sustainably. Where such a broad community support is not established, the project will not be implemented.
- 8) *Weak Law Enforcement and Irregular Monitoring and Evaluation:* monitoring and evaluation (M&E) of conservation activities has proven to be a weakness in the existing approach to conservation partly because many villages are located so distant from where government conservation agencies are located. Sound M&E is particularly important for the subproject as it seeks to support a gradual transition of peoples' livelihoods away from unsustainable use of natural resources to their sustainable alternatives. The project will employ strong participatory M&E mechanisms based on the principle of community participation.
- 9) *Village Consolidation:* Although Village Consolidation will not be part of LENS2, the 8th Party

⁵ A sanam is an area where slash and burn agriculture is carried out

Congress and Directive Order No. 9 of the Politburo dated 8th June 2004 instructed that small villages⁶ should be merged in order to maximize the distribution of poverty reduction activities and accelerate economic development. This policy has been further reinforced by the current national program for rural development poverty eradication (2011-2015), which involve over 200 focal development sites, where many small villages have been consolidated into large communities or small towns. Often times, the consequence has been an increase in land and natural resource disputes as well as social and cultural impacts particularly on more vulnerable communities. Village mergers frequently did not take account of the ethnicity of villages, nor of pre-existing customary land use rights. Some village headmen are appointed by local government from one ethnic group but they may not represent and may have limited authority from the perspective of another group within the consolidated villages. Independent reports have indicated that land and resource tenure has not been inadequately addressed in consolidated villages. For this reason, the CEF does not allow or consider eligible for the subproject resources to be used in villages that are slated for consolidation. In villages that have already been consolidated project resources can be used if and only if land and resource tenure issues associated with the consolidation have been resolved to the satisfaction of villagers, and there is sufficient agricultural land or other means of livelihood for improving or at least, maintaining, their livelihoods.

- 10) *Concessions*: concessions are sometimes granted to private developers to exploit minerals, harvest timbers and manage plantations inside or near PAs. If conducted without due safeguards and coordination with on-going conservation activities, such overlapping concessions may negatively impact the project in achieving the objective. To address the risk, LENS2 will periodically update an inventory of concessions in project provinces and hold discussions with participating provincial governments and sponsoring ministries to avoid or minimize impacts in project financed areas. This effort will lead to creation of a transparent and coordinated institutionalized mechanism that would identify and resolve development overlaps through an enhanced information system, and linkages with key GoL institutions.

E. CONSULTATION AND PARTICIPATION PROCESS

60. Following the approach under the original PAW project, this LENS 2 project will follow and expand the existing Participatory Integrated Conservation and Development (PICAD) approach. The PICAD approach is developed for NNT as part of the participatory approach to conservation of NT2 watershed. It makes use of a number of participatory tools employed by interdisciplinary facilitation teams to work with stakeholder villagers on the planning, implementation and evaluation of conservation and development activities. PICAD is essentially comprised of three major components of NPA management. Forest and Land Use Planning, Allocation and Management (FLUPAM) is a process of resource management planning which pursues sustainable management of forests and land use patterns while ensuring equitable and legal access to forest and land resources. The FLUPAM establishes resource use and conservation co-management agreements with local communities. Another component is the Participatory Protected Area Management (PPAM) approach which essentially recognizes villagers as primary stakeholders and as partners in NPA management. In the longer term, PPAM aims to instill in villagers a sense of pride in and co-ownership of the NPA along with a real understanding of and support for biodiversity conservation. The Livelihood Development for Conservation (LDC) component seeks to balance conservation and development and ensure that they are not only compatible but also complementary. The objective is not just to support development per se, but also to enhance village livelihoods in order to promote conservation and improved NPA management.

61. The LENS 2 project follows the approach of the original PAW project and seeks to expand the PICAD approach based on the experience learned and mainstream the participatory approach to the management of other NPAs. This CEF is thus developed based on the one hand on the PICAD approach

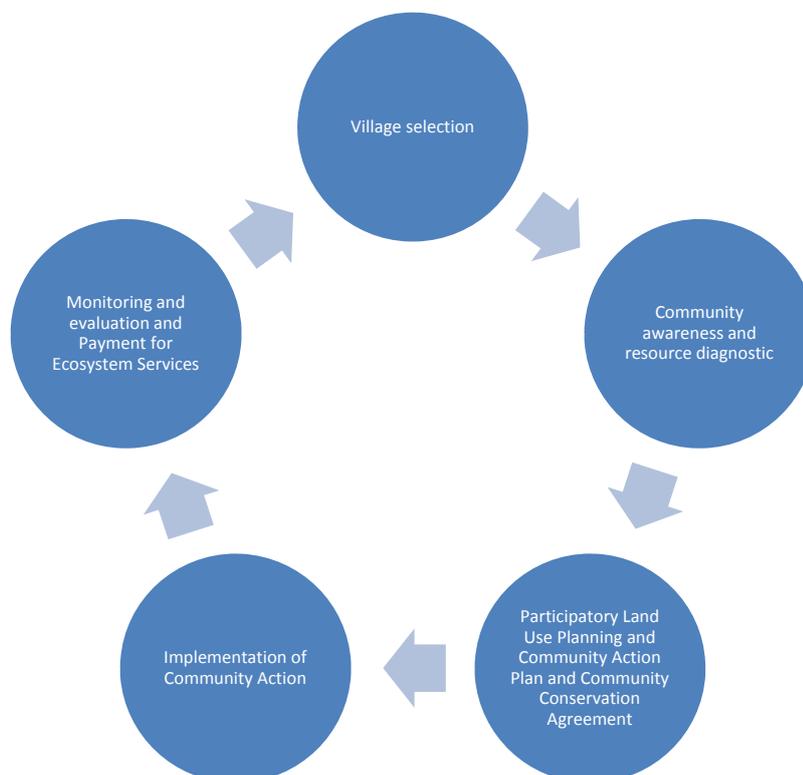
⁶The "small villages" are defined as those villages comprised of less than 200 persons in upland areas, and those with less than 500 persons in lowland.

described above but also on the experience of other approaches such as the one experimented in NEPL. The CEF approach seeks to retain the strengths of PICAD approach including the central roles played by communities – communities are recognized as the co-owner of the NPA, are expected to actively participate in the co-management of forests and other natural resources, and develop and receive support for alternative, environmentally and socially more sustainable livelihoods. This CEF also aims to fill the gaps in existing PICAD approach – while the participatory objective and overall framework of actions are clearly defined, the experience shows that more detailed steps and guidance for implementation have to be developed to help local staff and NPA management units to ensure PICAD achieves the intended objective. In particular, more detailed procedures should be developed to ensure participation of vulnerable people including ethnic groups and women. In the section that follows, the detailed CEF process that will be employed under the project is described.

COMMUNITY ENGAGEMENT PROCESS STAGES

62. Concrete, step-by-step actions were developed under the CEF of the original PAW project to ensure that participating villagers are meaningfully consulted and will participate in developing and implementing alternative and more sustainable livelihoods and conservation activities, while mitigating any negative short-term impacts on livelihoods in a manner that is fully compatible with OP/BP 4.10 and OP/BP 4.12. Throughout implementation, the Lao Women Union (LWU) and the Lao Front for National Construction (LFNC) officials at the district level and their village representatives should be called to participate in the community engagement process. A practical and straightforward guidance manual will supplement this CEF to explain in detailed but simple terms, the stages of the engagement process. Village representatives of LWU and LFNC will be key members of the Village Development Committee (VDC) and participate when important decisions are made with regard to LENS2 activities.

63. The SDA supported by Technical Teams (if possible) will encourage active participation of villagers in identifying activities for the protection of the environment and also analyzing potential livelihood opportunities; deciding on the conservation and livelihood development activities. The VDC will play a central role in the village level monitoring of project implementation and participate (together with another villager selected by villagers) in village or cluster level meetings for participatory M&E.



Stage 1: Eligibility of villages participating in the Project

64. *Selection criteria:*The main eligibility criteria for villages to participate in the LENS 2 are the same as the PAW and include the following: (1) their customary use of natural resources in the PA, (2) the degree of threat that they present to the PA resources in terms of illegal clearing, logging and poaching originating from that community, (3) whether they already receive assistance from other projects with a similar objective which should not be eligible for LENS2, (4) willingness to participate in the PLUP, design a CAP, and accept the constraints of the CCA.

65. As indicated in Section IV above, land and resource tenure has often times not been adequately addressed in consolidated villages. For this reason, the project eligibility criteria does not allow project resources to be used in villages that are scheduled for consolidation during the life of the project or that appear on official lists of villages to be consolidated in the future. In villages that have been consolidated in the past, project finance can be used if, and only if, at least land and resource tenure issues associated with the consolidation have been resolved to the satisfaction of villagers. This is to ensure that subprojects and its resources will not be used as a tool or incentive to support village consolidation that could potentially result in further impoverishment among the affected villages.

66. If villages that have been consolidated recently wish to participate in the project or, by virtue of being in a selected cluster, it is considered desirable that they participate, the participatory Social Assessment and PLUP (outlined in the PLUP Handbook)⁷ will be carried out to determine and document the status of consolidated villagers' land and resource tenure on a case by case basis. If the consolidated village meets the criteria for project inclusion, a report will be submitted to the Bank providing information on the village consolidation process, the status of villagers' land and resource tenure, available land for agriculture and natural resource use, and evidence that the villagers' have provided their broad community support to the project. If outstanding issues are identified project officials will convey their findings to Provincial Authorities for their follow-up. Communities that are excluded due to unresolved tenure issues may be allowed to enter the program subsequently if Provincial Authorities can demonstrate that the issues have been resolved and communities confirm that the resolution process met standards of free, prior and informed consultation process that led to broad community support.

67. *Orientation workshop:*The SDA assisted by the Technical Team will conduct a workshop in the subproject area and the target villages and other key agencies should be invited. The workshop will serve to orient the teams and familiarize them with the conservation of natural resources and protected area development objectives, components, and activities of the subproject and/or alternative livelihood development operations, project safeguard requirements, and a protected area-oriented village work policy.

68. *Socioeconomic Analysis:*The SDA, with the support of competent consultants, will (1) collect and assess relevant demographic, socioeconomic and cultural data of participating villages; (2) identify major products produced and wildlife trading inside and imported from outside the protected areas, and (3) take stock of current occupations, employment, and types of production such as: contract or market-orientated farming or subsistence farming, the availability of technologies and finance, and other relevant opportunities and constraints that affect community livelihoods and allocation of natural resources. The socioeconomic analysis will provide and document general community profiles of beneficiary villages and collect and analyze externally determined market conditions and factors of production that affect, but go beyond, the capacity of villagers to control. The result of the analysis will be shared with villagers in Stage 2 to help them develop their own community profiles, reconstruct community histories and draw community maps, and discuss alternative resource allocations and livelihoods against the analysis of larger market conditions. All data collected and analysis made will be presented in a simplified form and using visual and graphical presentations rather than textual descriptions. The project will help develop the capacity of SDA and Technical Team so they will be able to carry out socioeconomic analysis on their own after the subproject. The results of the analysis

⁷ NAFRI 2012, Handbook on Participatory Land Use Planning. Methods and Tools developed and tested in Viengkham Districts, LuangPrabang Province, NAFRI-IRD-CIFOR, Vientiane, Loa PDR.

will form part of the baseline data for the subproject and preparation of the Community Action Plan (CAP) and Community Conservation agreement (CCA).

Stage 2: Community awareness and resources diagnostics

69. *Community consultations on project aims and objectives:* The main topics to be addressed during the first visit of the SDA to the village will be to disclose and inform people of the subproject, its purpose, and its potential benefits as a first step in establishing broad community support to engage in the subproject. The subproject team will meet with community leaders, any relevant subgroups, including women and ethnic groups in mixed communities, and establish linkages needed to ensure participation of these groups. Care will be exercised so that all hamlets and minority ethnic groups in mixed villages, and particularly within consolidated villages, will be identified and their representatives including female leaders will be identified and participate in the initial meetings. During these initial meetings, the team will seek community cooperation and acceptance with carrying out household surveys needed to take stock of current demographic, social, and economic factors related to economic survival, living standards, and resource use on a gender- and age-differentiated basis. The initial meetings will be carried out over several days, normally between 3 to 5 working days.

70. A few days of interval will be set between the introductory meeting where the subproject is introduced and the subsequent meetings where socioeconomic data are collected, in order to allow communities to discuss internally and decide on participation in project implementation. Vulnerable households will also be identified, and demographic, socioeconomic and livelihood related data will also be collected about them. Vulnerable households will be defined based on both national definitions of poverty lines and community's perception of what constitutes poverty and vulnerability. The team should explain that this information is essential for development of appropriate and sustainable interventions for improvement of living standards. The concurrence at the community level to cooperate on data collection will be understood as significant first step in community support and participation. Refusal to cooperate would indicate absence of broad community support to the subproject. Some of the data collected, including livelihood and welfare data of vulnerable households will constitute subproject baselines, together with externally determined conditions that are assessed under Stage 1. The welfare and livelihood status of project affected people will continuously be monitored under the participatory Monitoring and Evaluation (M&E) process and evaluated at the end of the project, so that the project can provide all necessary measures to help them restore their livelihood.

71. *Community Resource Profiles:* Beneficiary villagers will be assisted to develop their respective Community Resource profile based on the result of resource profiling and household surveys. The SDA and Technical Team will assist beneficiary communities in participatory assessment of available data. Such quantitative data are considered to provide useful inputs and broad views to communities to reflect upon their existing village-use natural resource and wildlife trade. This profiling will have clearer understanding of the community's current practice in the protected areas to determine strengths and weaknesses.

Stage 3: Participatory planning: consultations and agreements

72. The participatory planning under CEF consists of three processes, and three plans will be developed from respective processes, namely, the Participatory Land Use Plan (PLUP), the Community Action Plan (CAP) and the Community Conservation Agreement (CCA). In terms of the sequence of the processes, PLUP will be carried out first, which provides critical data on land and natural resource use and set boundaries between use areas, based on which CAP and CCA will be developed.

73. *Participatory Land Use Planning (PLUP):* the SDA assisted by the Technical Team will carry out the PLUP in partnership with participating communities⁸. The PLUP is an important and nationally accepted methodology to recognize, identify and distinguish customary/ indigenous tenures using certificate systems by identifying existing land and natural resource use and demarcating boundaries

⁸There are experience on development and implementation of PLUP in nearby area such Nam Theun-Nakai, Nam Kading, and other places in Lao PDR.

between different zones where different conservation policies apply. It is rapidly becoming a mandatory prior step towards recognizing long term, more secure tenure rights and reaching agreements over who has traditional use rights. In the context of the community conservation-related subproject to be carried out under LENS2, PLUP will help ensure that Village Areas within and around the PA are zoned for effective management of habited areas, paddies, sanams, village forests, rivers and other areas used by local people for livelihood activities and clearly demarcated, recognized and preserved for villagers' continued use. If required a team of TA, MONRE/PONREs or MAF/PAFOs may be mobilized to support the subproject in PLUP training and implementation due to its technical complexity and participatory approach applied. Outcomes of PLUP will inform and provide basis for subproject and target villages in developing and implementing their CAP.

74. The PLUP process will involve the following steps:

- *Step 1:* Use of high resolution aerial photographs or remote sensing images adequate to facilitate understanding and appreciation by villagers of community land and natural resources.
- *Step 2:* Village engagement through participatory analyses to better understand the opportunities, benefits, and risks involved that result from village land-use decisions: such as effects on the economic development of the village, changes in the roles and daily work of men, women, and children, constraints of labor availability, rice self-sufficiency, livestock carrying capacity, threats to village resources, culturally or spiritually significant areas, and other impacts of land and protected areas and natural use decisions. It also enables different ethnic groups in consolidated villages to clarify their pre-existing customary user rights over different land areas.
- *Step 3:* The team will formalize village boundary demarcation with signed agreements between adjacent villages concerning their common village boundaries. Areas will be delineated where there are areas that overlap with the community's customary resource use.
- *Step 4:* Assessment of current and customary land and natural resource use within and outside the protected areas and their management, including fallow areas under rotational agriculture; shifting cultivation and wildlife use. Where necessary, agreements will also be signed within villages between representatives of different ethnic groups as to their customary land use areas.
- *Step 5:* Mapping and zoning future land uses of the villages within and outside the PAs. Demarcating boundaries of use zones and signed conservation agreements within villages and between adjacent villages agreeing on boundaries and uses of natural resource within and outside the PAs.
- *Step 6:* Negotiating future land tenure and land use allocation to communities; including community land titles such as for village-use in undesignated areas, and community agreements with the state for village- land use in designated areas within and outside the PAs.
- *Step 7:* Formulation of Conservation agreement of village land and protected areas management rules and getting the agreement of the village for those rules and their village endorsement.

75. *Community Action Plan (CAP):* Villagers will be assisted to develop alternative, more sustainable livelihoods and more efficient and effective protected area management and enforcement of laws on wildlife and their habitat. Villagers will do so against the result of PLUP, which will clearly define boundaries of villages as well as between land use zones and the range of activities allowed in each zone. Technical Team will take the lead in assisting villagers carry through the participatory process, LFNC, LWU and other PAs active in project areas will assist the Village Development Committee (VDC) through on the job training, technical guidance and other forms of hands-on capacity development. The Technical team will regularly visit villagers and provide hands-on support to villagers. It is expected that villagers will opt for building on and expanding existing livelihood activities by improving existing technologies and applying improved methods of productions, so that they can improve their livelihood incrementally.

76. Under the participatory processes, existing patterns of natural resource use will be assessed. On the basis of this assessment, the CAP will be formulated with and by the villagers. This may include plans related to protected area management at the community level; responses to/cooperation on the enforcement of laws on wildlife and their habitat; and/or identification of alternative forms of livelihood that are not necessarily resource-based. Necessary technical and financial support will likewise be identified, as well as the villager's counterpart contributions. The CAP will include all the elements of an Ethnic Group Development Plan (EGDP). Importantly, CAP will describe alternative lands or income sources if lands within Total Protection Zone (TPZ) to which local population including ethnic groups have indigenous rights are demarcated and classified as core zones where continued engagement of such livelihood activities is restricted. Such alternatives may include (a) alternative use of indigenous land within the TPZ for any non-consumptive use such as ecotourism development (if possible), (b) access to similar land and resources in the Controlled Use Zone (CUZ) with project assistance if necessary to improve resource use efficiency and sustainability, (c) community livelihood grant to help the affected people develop sustainable alternative income streams. As the principle, affected people will receive alternatives that will ensure access to productive assets and income streams of the same level as before the project.

77. The SDA will apply the 'negative list' with a number of non-eligible activities to avoid adverse social and environmental impacts which cannot be adequately mitigated with the level of capacity and resources available to villagers. The "negative list" provided in *Annex 2* will be considered as the first safeguard screening for all proposed project activities. The "preference list" is provided to promote the activities that could render positive impacts on natural resources and nearby habitats.

78. Efforts will be made and solutions explored to avoid short term negative impacts on livelihoods, and measures will be identified to mitigate unavoidable negative impacts on community members, in particular vulnerable households. The results will be pulled together in a CAP, which will be jointly signed by SDA and villagers together with a Community Conservation Agreement (CCA). The CAP will include at least the following:

- Existing sources of income and land/ forest use patterns, disaggregated for gender, ethnicity and other meaningful social units;
- Types of natural resource products and wildlife trading in and outside the protected area by men and women, their seasonality, use and value to livelihoods;
- The nature, scope and seasonal timing of access restrictions;
- The anticipated social and economic impacts of these restrictions;
- List of alternative income streams and their potential to sustainably enhance or at least restore income;
- The demographic, socioeconomic and other relevant data about the community, in particular of sub-communities or persons whose livelihoods are negatively affected and eligible for special assistance;
- Specific measures to assist beneficiary communities, at large, and negatively affected people, in particular, in their efforts to improve, or at least restore, their livelihoods in real terms, while maintaining the sustainability of natural resources;
- Implementation arrangement and schedule, sources of funding including from the project and own contribution by beneficiary communities;
- Grievance mechanism;
- Arrangements for participatory monitoring and evaluation; and

- Clearly delineated land use zones vis-a-vis the PAs, the list of livelihood activities to be engaged in specific zones, and the number of households involved in each activity, as identified under the PLUP and CAP processes.

79. The CAP should demonstrate Broad Community Support (BCS) to the alternative resource allocations it proposes, and the endorsement by locally recognized leaders, ethnic group elders, and various vulnerable people including women and ethnic groups in mixed villages. As such, CAP serves as the Plan of Action as required under OP/BP 4.12 with regard to restriction of access, or Ethnic Group Plan required under OP/BP 4.10 where ethnic groups are affected by the project, as applicable. The Technical Team should validate the consistency of draft CAPs with the project consultation and participation process, which will be a requirement for the official endorsement of CAP.

80. *Community Conservation Agreement (CCA)*: The CAP is complemented and reinforced by CCA⁹ which is a tool to help villagers manage and utilize the area in and out of the PAs in accordance with the GoL policy and the requirements of the villagers as well as to define (1) alternatives to traditional activities which are detrimental to the PAs; and (2) new livelihood activities identified by villagers, which have positive impacts on biodiversity conservation or PA management. The preparation of the CCA will proceed alongside the development of CAP and based on the PLUP. The CCA would specify conservation actions to be undertaken by the villagers and benefits that will be provided in return for those actions (see also [Annex 3](#) for detailed guidance on the Community Conservation Agreement).

81. The objectives of preparing and implementing CCA are:

- To define the rights and responsibilities of villagers in and outside the PAs;
- To facilitate the sustainable protection, utilization and management of village on village-level natural resource management;
- To define the roles and responsibilities of the VDC and village people in and outside the PAs;
- To record the conditions and rules which apply to protected areas management based on the PLUP and the PA Management Plan;
- To develop understandings between the VDC, the villagers and SDA on PAs management practices and regulations within or outside the village land boundaries;
- To promote VDC and villagers involvement and commitment in appropriate protected area management;
- To document the sanctions which will apply if the conditions and rules of the agreement are broken by VDC, villagers or outsiders.

82. The CCA has to comply with the PA Management Plan which will be prepared by the PA unit responsible for the management of the entire PA under their jurisdiction through a participatory process where the PA zones are renegotiated if requested. The subproject will support SDA to prepare PA Management Plan which may or may not be developed before PLUP is completed and CAP and CCA are prepared according to this CEF. Where PLUP is conducted and CAP/CCA are developed before the PA Management Plan is developed and/or endorsed, the three participatory plans will form the basis of and be attached to the PA Management Plan. Where the development and endorsement of PA Management Plan precede the development of the participatory plans, PA Management Plan may be modified based on the result of PLUP, CAP and/or CCA which will be attached to the modified PA Management Plan. [Box 5.1](#) highlights actions to be carried out to ensure consistency between the PA management plan (or at least the PA zoning) and the villages PLUP (and associated CCA).

⁹ The wording for CCA can change depending on the preference of communities or the practice in place.

Box 5.1 Specific Action on PA Zoning
<ul style="list-style-type: none"> • When a PA has no zoning and no management plan, then the PLUPs are carried out and the PA zoning (and possible the PA management Plan), when done at later stage, takes into account the PLUP as input to the zoning; • When a PA has a Zoning Plan (and a management plan), then the PA zoning is an input to the PLUP and the PLUP should be in conformity to the PA zoning (e.g.no agriculture planning in PLUP in PATPZs)

Stage 4: Implementation of CAP

83. The implementation of the CAP will be supported with financial and technical assistance only after the signing of the CCA between village and SDA through the provision of funds, good or services to the village.

84. Immediately after adoption of the PLUP, CAP and signature of the CCA, the SDA will make available to the VDC the first payment for the implementation of the CAP. After participatory monitoring and evaluation is undertaken and found to be satisfactory per the agreed indicators then the second payment will be made.

85. The development and livelihood budget line will fund the implementation of the main priorities identified in the CAP. Annex 2 provides a negative list of activities which would not be eligible under this budget line as well as a “preference” list which is not exhaustive. In essence, these funds cannot be used for activities that are harmful to people or to the environment.

86. The conservation budget line will help strengthen the villager’s capacity to manage and support the conservation of biodiversity in their land and in the PAs. Specifically, focus will be on activities that enable the communities to meet the terms of the CCA. This may include surveillance of villager’s adherence to the PLUP, contribution to law enforcement in the PA, resource monitoring, etc.

87. Based on the monitoring of the CAP implementation, and compliance to the CCA (see Annex 3), in subsequent years, the first fund allocation will be replenished according to the terms of the CCAs. The SDA will handle procurement and payment transactions to suppliers of work, good and services. Based, on the performance of the first allocation, on good governance and mostly on compliance with the CCAs, a follow-up allocation will be provided.

GRIEVANCE REDRESS MECHANISMS (GRM)

88. ***Basic Principles:*** Grievances may result from project activities. Under this LENS 2 project, like under the original PAW project, they will be resolved following a grievance mechanism that is based on the following key principles:

- Rights and interests of project participants are protected;
- Concerns of project participants arising from the project implementation process are adequately addressed and in a prompt and timely manner;
- Entitlements or livelihood support for project participants are provided on time and in accordance with the above stated Government and WB safeguard policies;
- Project participants are aware of their rights to and realize access to grievance procedures free of charge;

- The grievance mechanism will be in line with existing policies, strategies, and regulations on grievances as defined by GoL, which require project owners/proponents to set up grievance mechanisms starting from the village level¹⁰, and also follow recent legislation under Decision No. 08/MOJ, dated 22 February 2005 that seeks to strengthen conflict resolution at the grassroots level, by establishing Village Mediation Units (VMU); and
- The grievance mechanism will be institutionalized in each village by a selected group of people, involving Ethnic Groups, women, and representatives of other vulnerable groups in the village.

89. *Village Mediation Unit (VMU) Functions:* VMUs assist the village administration authority to enhance knowledge of and compliance with State laws in the village. It acts as the disseminator of laws and regulations in the village, encouraging people of all ethnic groups within the community, to respect and comply with laws and regulations. It closely coordinates with the judicial and other bodies involved (GRID, 2005: 25).

90. The Grievance Redress Mechanisms (GRM) under the project builds on and seeks to strengthen existing government systems (such as VMUs) combined with existing local structures (especially for ethnic groups) but primarily include measures to ensure concerns and grievances of project beneficiaries and affected people will be adequately addressed. The GRM consists of four steps as follows:

- *Step 1. Village level.* The first step in case of a grievance is to report to the VMU, a village level institution that involves traditional and spiritual leaders and has a proven track record for resolving minor conflicts at the village level. The VMU will be in charge of documenting the grievance by using the form provided and signed/fingerprinted by the grievant for processing. The project will develop grievance registration forms, similar to the Form 1 developed under SUPSFM project, for use by complainants and record by VMU. The VMU will keep the Village Grievance Logbook. The Technical Team and consultants will strengthen the capacity of VMUs especially on gender equity and their knowledge of the project including on safeguard requirements.
- The VMU will be required to provide immediate confirmation of receiving a complaint and should complete an investigation within 14 days of receipt. Then, within 5 days after receipt of the grievance, the VMU should meet the Complainant to discuss (mediate) the grievance and will advise the complainant of the outcome. If the grievance is either a valid grievance that requires investigation and action/compensation or if the Complainant is not satisfied with the response, the issue is transferred within one month to the next level, led by the District Grievance Committee (DGC), for further action.
- *Step 2. District level.* Grievances that cannot be resolved at the village level will be brought to the District Steering Committee (DSC) that will have 30 days after the receipt to review all available information from the investigation by VDCs and Technical team, and analyze / investigate each case. Within 30 days, the DSC invites the Complainant to discuss the grievance and the Grievant is informed of the outcome of the investigation and the decision.
- If the Complainant is satisfied with the outcome, the issue is closed, and will provide a signature as acknowledgement of the decision. If the Complainant is not satisfied with the outcome, the Complainant may submit an appeal to the DSC if there is additional relevant information for reconsideration.

¹⁰GoL Decree 192/PM requires that the project owners/ proponents put in place a fair and equitable grievance redress mechanisms. Specific requirements are described in Part VI of the Decree's Implementing Regulations, and as part of the Technical Guidelines in more detail.

- Within 14 days, the DSC will collect facts and reinvestigate, and will invite the Complainant to discuss the appeal. The Complainant will then be informed of the outcome of the investigation and the decisions made. If the Complainant is still dissatisfied with the outcome, he/she can then submit his/her complaint to the Provincial Steering Committee. The DSC will also be in charge of compiling all grievances into a District Grievance logbook.
- *Step 3. Provincial level.* In case of strong or unresolved grievances, such as land grabbing cases, these will be referred to the Provincial Steering Committee (PSC) that will be chaired by the Vice Governor of the province. Members of this committee will include the District Governors of participating districts, division heads of participating line agencies, and representatives of LWU and LNFC. The Provincial National Assembly should also be involved in acknowledging the grievance and advocating for suitable resolution.
- The PSC will collect facts and reinvestigate, and will invite the Complainant to discuss the outcome of the investigation and the decisions made. If the Complainant is still dissatisfied with the outcome, he/she can then submit his/her complaint to the National Project Steering Committee. The PSC will also be in charge of compiling all grievances into a Provincial Grievance Logbook.
- *Step 4. Central level.* Grievances that cannot be solved at the provincial level will be sent to the Project Steering Committee (NPSC) chaired by the Vice Minister of MONRE at the central level and members will include Director General/Deputy Director General level representatives of participating agencies in various ministries (MAF, MONRE, WMPA, MPI, etc.), as well as national leaders of mass organizations like LWU and LNFC. The WB Task Team may participate as an observer. Complainants are also allowed to report their grievances directly to the National Project Steering Committee or the National Assembly. All staff involved in project implementation, in particular SDA and Technical Teams, will provide any necessary assistance so villagers feel free to report grievances. Outstanding grievances that remain to be closed, if any, will be monitored through participatory M&E, technical audit and other monitoring and evaluation mechanisms of the project.

91. In parallel to the project grievance mechanism, the project participating/ affected people are able to raise concerns through the participatory M&E process and seek for resolutions at the district level meeting where consultants hired directly by the project will also participate. They will also be encouraged to report any outstanding grievances to annual technical audit team which includes expertise in social issues. Also, importantly, complainants are allowed to report their grievances directly to the National Project Steering Committee or the National Assembly.

F. MONITORING AND EVALUATION

92. Monitoring and evaluation (M&E) is an integral process of this LENS 2 project where information is collected, in strategic points during the project cycle, and provided to stakeholders of ongoing interventions of their progress and status of achievements vis-à-vis targeted outcomes. The information gathered is analysed to determine the impacts of interventions, issues that cropped up and possible mitigating measures to address these. This LENS 2 project will follow the same approach used under the original PAW project and use two prong approaches to M&E: participatory M&E and standard subproject M&E.

PARTICIPATORY MONITORING AND EVALUATION

93. The project employs a community based approach to addressing safeguard requirements, in that it seeks to positively enhance the livelihood of affected communities at large, without regard to the level of impacts that may fall upon individual households. This is because the project objective of strengthening environmentally and socially sustainable management of protected areas, protection forest area, and conservation of natural resources and wildlife is untenable unless the livelihood of communities in and around PAs becomes sustainable; where negative impacts result from restrictions of access to natural resources, they will be mitigated through measures developed in consultation with

affected communities and households and included in the CAP. Nonetheless, the risk remains that some households, in particular vulnerable households, may face the scale and scope of impact that the project livelihood support may not be sufficient to compensate. The project may then not be able to achieve the safeguard objective of restoring livelihood of all affected people.

94. In order to address the risk, and also to give participating villagers opportunities to suggest any measures that may enhance project benefits and further strengthen sustainability of affected people's livelihood, the project will carry out Participatory M&E. Those villagers who are negatively affected by the project, especially vulnerable groups, will be given opportunities to voice the concerns they may have or the hardships they may be experiencing. A village wide meeting will be held on a quarterly basis, under the facilitation of VDC and Kumban, where villagers discuss concerns and grievances, as well as measures to enhance project benefits. Where villages consist of hamlets that consist of formerly independent villages, meetings will be held at the hamlet level. Village Grievance Committees will participate and report the grievances or concerns registered in the reporting period as well as outstanding grievances that are yet to be resolved. All hamlets that constitute villages should be represented at the village wide meeting.

95. The baseline data collected under the Stage 2, especially regarding the welfare and livelihood status of vulnerable people, will be revisited and households whose livelihood levels are considered to have lowered in comparison with baseline data will be identified. Measures to assist them to restore livelihood will be explored together with VDC and Technical team, and additional support will be provided to implement them. VDC and Technical team will be sensitized on gender issues, and separate meetings will be held for female villagers, with the participation of LWU representatives, so that voices of female villagers will be collected and recorded. Monitoring indicators of participatory M&E will also include those related to village different ethnic groups in mixed villages. Technical team member with experience in community participation will be asked to participate too. The results of village meetings will be recorded in the minutes and kept in the project file of the Kumban Office.

96. An annual meeting will be organized at the village level including both a representative of VDC and another villager nominated by villagers, will present their perspectives and opinions collected at the village level meetings. If the VDC representative is a male, then the second village representative should be a female, or vice versa. If a village consists of multiple sub-villages or hamlets (e.g. in ethnically mixed villages), at least one representative of each hamlet will participate. The district level meetings will be organized by DAFO and supported by the project hired consultants.

97. At the meeting, village representatives will be encouraged to share their perspectives on project performance, give suggestions for improvement, raise outstanding grievances and request support to assist those households who are struggling to adopt new livelihoods or whose livelihood is considered to have declined. Measures to improve project performance, resolve outstanding grievances and help villagers restore livelihood will be discussed and agreed for implementation. Minutes will be taken and kept in the project files, and progress on agreed actions will be reviewed in the meeting to be held in the following year.

SUBPROJECT MONITORING AND EVALUATION (M&E)

98. The Project has three indicators measuring its performance in community support: (a) number of community grant beneficiaries to be gender-disaggregated, (b) proportion of income originating from wild resources, (c) number of communities which have completed the PLUP and are compliant with the conservation agreement. A project indicator measures the maintenance of the proportion of wild resources income of targeted communities.

99. Subproject implementation will be regularly supervised and monitored by the relevant Technical Team. The SDA will prepare bi-annual progress reports and describe their observations on project performance including issues related to safeguards and any plans for village consolidations, which will be kept in the project files for to facilitate adaptive management and World Bank supervision. Gender and ethnicity disaggregated monitoring indicators will be developed and used. The EPF will supervise and monitor the process at least once per year and include the results in the Project

annual reports to be furnished to the World Bank. The Project Monitoring and Evaluation Advisor will be appointed at the central level who will coordinate project monitoring that will be done at the provincial level.

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

101. The SDA in close consultation with local government and project beneficiaries will establish a set of practical monitoring indicators in line with the project objectives. Indicators will cover at least the following aspects of the project:

- Budget and time frame of implementation
- Delivery of project activities (project inputs)
- Project achievements in developing alternative natural resource use and livelihoods development (project outputs and outcome)
- Consultation, Grievance and Special Issues
- Monitoring of benefits from project activities
- Any issue on livelihood or assets that remains unaddressed.
- Prior to project completion, an impact assessment will be carried out and those households whose livelihoods remain to be restored sustainably will be identified, other impacts that remain to be addressed will be determined, and measures to close the gaps will be explored, so that the project meet the safeguard objective of restoring the livelihood of all affected people. The baseline livelihood and welfare data collected under the Stage 2 will be used to determine the level of livelihood restoration.

F. CAPACITY DEVELOPMENT OF PROJECT IMPLEMENTATION AGENCY

TRAINING

102. The project clearly recognizes the importance of successful community engagement and participation to achieve its objectives. Accordingly, a substantial budget is allocated for activities related to community engagement by SDA and Technical Team. Such community engagement activities will be preceded by capacity-building exercises. The modules will be selected and designed to ensure relevance and usefulness to participants in relation to the project.

103. Government mass-based organizations such as the LFNC and the LWU will be assisted to strengthen their knowledge and capacities on the conduct of surveys and consultations; on issues of ethnic minorities; on issues related to gender awareness and participation; and the preparation of CAP.A Training Team will be established which may be composed of local and international consultants and resource persons who can infuse into the modules localized knowledge and expertise. For effective training management, the participants will be divided in batches. Each module will have a limited number of participants to enable the resource persons to effectively convey the necessary information, and for participants to better absorb the knowledge being shared and actively engage in the process by sharing information and experiences.

104. Each training module will take 3-5 days. The methodology will cover both lectures and practical application, to the extent that participants will be immersed in demonstration exercises in pre-selected areas/villages in the provinces involved. Under the supervision of a local or national consultant, the participants will be immersed in the actual work of community planning or monitoring

and evaluation in a demonstration village to experience first-hand how the modules are being operationalized in actual situations. Prior to returning to their respective areas, participants will be tasked to formulate action plans on how they plan to implement learnings from the training modules. The action plan will include follow through activities after each community engagement to find out if expected outputs were delivered such as the draft CAP based on process undergone in the villages.

105. In addition, LENS2 staff and other implementing agencies may receive capacity building inputs in relation to social assessment, appraisal and management to help them understand the social risks attached to different investments and the appropriate social mitigating measures that can be taken to minimize impacts on the target-community and neighboring areas. In addition, they would require training to equip them with skills they can use to appraise subprojects on key social criteria and ensure that they are socially sound.

BUDGET

106. The budget of about \$200,000 for the CEF training and monitoring is spread over a 5 year period (2015-2018).

	2015	2016	2017	2018	2019	
Total						200K
Prepare materials (IOC for resources persons/printing etc.)	5,000	5,000	5,000	5,000	5,000	25K
Conduct training the trainers and M&E (in VTE) 1 time/year	5,000	5,000	5,000	5,000	5,000	25k
Training at village level for 8 provinces	30,000	30,000	30,000	30,000	30,000	150k

107. The budget for the CEF implementation is spread over a few sub-project. The current estimated budget is around US\$ 3.2 million spread over three sub-projects: DFRM Capacity Building (US\$251,000), Nam Et Phou Louey NPA (US\$1.5 million) and Nakai Nam Theun NPA (US\$1.5 million). Should As other sub-project in support of PA are identified, an additional budget will be allocated. It is estimated that over the life time of the project more than US\$8.0 million will be mobilized for CEF implementation in more than five PAs.

G. CONSULTATION AND DISCLOSURE

108. In mid-July 2014, EPFO conducted safeguard consultation with local authorities and communities including ethnic peoples on the proposed LENS2 in a sample of five of the eight eligible provinces (VTP, BLKX, KM, SVK, and XSB). Information provided and discussed included project objective, description, and component, potential impacts (positive and negative) of the project, draft ESMF, and draft CEF including draft documents were translated and distributed. Most of the participants fully support the LENS2 project and considered that the proposed ESMF and CEF processes are appropriate and can be applied on the ground. It has been agreed that during the preparation of specific subproject to be proposed by potential SDAs and the preparation of the environmental management plan or other plans as required by the CEF, additional consultation will be carried out by respective SDAs in close consultation with the local authorities and people likely to benefit and/or affected by the subproject. The subproject will clearly define details on the CEF process in line with the subproject activities including identification of the responsible entity, budget, and the grievance procedure. The subproject proposal, the ESMP, and the CEF will be disclosed in Lao language at the provincial and district offices. Minutes of the safeguard consultation has been prepared and disclosed in the eight provinces.

ANNEX 1: RESETTLEMENT POLICY FRAMEWORK (RPF)

A1.1 INTRODUCTION AND OBJECTIVE OF THE RPF

1. LENS2 seeks to strengthen the participatory management of local communities in conservation of biodiversity, protection forest, and protected areas (national, provincial, and villages) that may involve land acquisition, restriction of resource access and/or use of the subprojects to be financed under LENS2. No major civil works that require significant land acquisition will occur. Minor civil works may be conducted including the construction or repair of office buildings, stores, check points, and other modest structures that will contribute to an effective management and implementation of project activities. Most such construction will be conducted within public lands without requiring acquisition of or loss of access to private land. Since exact locations where such civil works are to be conducted will be determined only during implementation, the possible minor land acquisition cannot be fully ruled out. The Resettlement Policy Framework (RPF) of the PAW project was therefore amended into this new RPF to set out policies and procedures to be applied when private land has to be acquired under LENS2.

2. The RPF seeks to ensure that land acquisition, if necessary, will be implemented according to the laws and regulations of Lao PDR as well as the World Bank Operational Policy (OP/BP) 4.12 (*Involuntary Resettlement*). Specifically, the RPF will apply when the subproject requires the involuntary taking of land resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location. Those impacts due to the involuntary restriction of access to areas resulting in adverse impacts on the livelihoods of the affected persons are addressed in the main body of this CEF.

3. The OP/BP 4.12 aims to achieve the following objectives: (a) Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs; (b) Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons affected by the project to share in project benefits. Affected persons should be meaningfully consulted and have opportunities to participate in planning and implementing resettlement programs; and (c) Affected persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

4. This RPF aims to meet the objectives of the OP/BP 4.12 through the following principles:
 - Under the project, all efforts will be made to avoid, or minimize if unavoidable, involuntary resettlement. Where it is not feasible to avoid resettlement, resettlement activities will be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons affected by the project to share in project benefits. Affected persons will be meaningfully consulted and be provided with opportunities to participate in planning and implementing resettlement programs.
 - Affected persons will be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.
 - Affected land, or assets such as structures, trees and standing crops, will be compensated at their replacement values.
 - No physical relocation of households or subprojects that impact more than 200 persons are allowed under the project. If, based on the result of field survey, such significant impacts would occur, alternative locations would be sought or designs be adjusted so such significant impacts would not occur.

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

A1.2 RPF PROCEDURES

(i) Land acquisition checklist:

5. The SDA will review detailed designs of the proposed infrastructure and determine if any land acquisition or asset loss is necessary using the land acquisition checklist that will developed and attached to the PIM¹¹. The checklist will include the following, at a minimum.

Land Acquisition Checklist(*sample, to be finalized in the project Implementation Manual*)

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

(ii) Abbreviated RAP preparation:

6. If land acquisition or asset loss is unavoidable, after efforts have been made for avoidance, the SDA will develop, under the support of the Technical team and guidance of the Bank task team, an abbreviated Resettlement Action Plan (RAP) based on the requirements set out below. The details of what the abbreviated RAP should include will be provided in the PIM, but they will include, at minimum,

- 1) Inventory of project impact
- 2) Description of project affected people,
- 3) Applicable compensation policy and estimated budgets
- 4) Implementation procedure and schedule
- 5) Institutional arrangement
- 6) Detailed Entitlement Matrix

(iii) Consultation and participation:

7. The SDA will mobilize participatory approaches to become better steward of their land and its resources and benefit from such practice. This participation, which will be utilized for the monitoring of negative project impact and allowing a meaningful participation of affected people in the development

¹¹ The Project Implementation Manual (PIM) of the PAW has been under development.

of mitigation measures. The detailed processes and procedures to be used are described in the main body of this CEF. The Village Development Committee (VDC), who is the main counterpart of the project at the village level, will be sensitized for the safeguard requirements so they can self-monitor any minor impact that may occur under the project. The project will also employ participatory Monitoring and Evaluation (M&E) and put in place grievance redress mechanisms which build on but expand existing village leadership structures, so that any outstanding grievances will be addressed. Annual technical audit will assess and document if an abbreviated RAP is properly implemented, and if it finds any gap, it will be filled by the project.

(iv) Generic Entitlement Matrix:

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

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

ANNEX 2: THE “NEGATIVE CHECKLIST” AND “PREFERENCE LIST”

1. LENS2 supports activities at the village level through a participatory planning process based on their CAP with an aim to provide alternative livelihood of local population, especially the poor and disadvantaged, while enhancing positive impacts of the subprojects. This annex provides a list of prohibited item and/or activities that cannot be financed by LENS2 (ineligible or the “Negative Checklist”) given the scale of impact which goes beyond the capacity of communities to manage and which do not warrant the cost to mitigate them. The list of activities that should be promoted by LENS2 financing (Preference List”) is also provided in this annex.

A2.1 NEGATIVE CHECKLIST (PROHIBITED ACTIVITIES)

2. To avoid adverse impacts on the environment and people, the following activities are explicitly excluded from LENS2 financing:

1	New settlements or expansion of existing settlements outside the area defined by the PLUP or in any zone not gazetted for agriculture or habitation in the macro zoning of the NPA.
2	Creation of adverse significant impacts on local people including ethnic groups that are not acceptable to them, even with the mitigation measures developed in their participation.
3	Physical relocation and/or demolition of residential structures of households
4	Use of PAW subprojects or activities as an incentive and/or a tool to support and/or implement involuntary resettlement of local people and village consolidation. Project finance can be used in villagers that were consolidated only if the requirements provided in Section 9.1, Stage 1 of the CEF have been fully met.
5	Significant damage or loss to cultural property, including sites having archaeological (prehistoric), paleontological, historical, religious, cultural and unique natural values.
6	Construction of new roads, road rehabilitation, road surfacing, or track upgrading of any kind inside natural habitats and existing or proposed protected areas and in general any construction expected to lead to negative environmental impacts.
7	Introduction of non-native species, unless these are already present in the vicinity or known from similar settings to be non-invasive, and introduction of genetically modified plant varieties into a designated project area.
8	Forestry operations, including logging, harvesting or processing of timber and non-timber products (NTFP); however support to sustainable harvesting and processing of NTFPs is allowed if accompanied with a management plan for the sustainable use of the resources.
9	Forestry operations on land or in watersheds in a manner that is likely to contribute to a villages increased vulnerability to natural disasters.
10	Conversion or degradation of natural habitat and any unsustainable exploitation of natural resources including NTFPs.
11	Production or trade in wildlife products or other products or activity deemed illegal under Lao PDR laws, regulations, or international conventions and agreements, or subject to international bans.
11	The production, processing, handling, storage or sale of tobacco or products containing tobacco.
12	Trade in any products with businesses engaged in exploitative environmental or social behaviour; or engaged in any unauthorized activities especially those related to natural resources.
13	Purchase pesticides, insecticides, herbicides and other dangerous chemicals exceeding the amount required to treat efficiently the infected area and which are not on the national list of chemicals allowed to be used in country or if the pesticides are banned in line with WHO regulations . However, if pest invasion occurs, small amount of eligible and registered pesticides in Lao PDR is allowed if accompanied with a training of farmers or villagers to ensure its safe uses and World Bank’s clearance is needed. If the use of pesticide is necessary, the SDA will refer to the Pesticide Management Plan.

14	Purchase of guns; chain saws; asbestos, dynamites, destructive hunting and fishing gears and other investments detrimental to the environment and in general purchase of goods intended for a military purpose or luxury consumption.
15	Labor and working conditions involving harmful, exploitative, involuntary or compulsory forms of labor, forced labor ¹² , child labor ¹³ or significant occupational health and safety issues
16	Sub-projects or activities that require a full EIA (Category A).
17	New settlements or expansion of existing settlements outside the area defined by the PLUP or in any zone not gazetted for agriculture or habitation in the macro zoning of PAs.
18	Irrigation over 10 hectares and water supply capacity over 50 liters per second

A2.2 PREFERENCE LIST

3. The following activities will be promoted:

1	Protection and/or conservation of natural resources and habitats;
2	Community conservation of fish habitats, management of community forests and wildlife protection;
3	Re-vegetation and/or protection of soil or river bank erosion;
4	Improved use of fuel wood or promotion of environmentally sustainable alternatives fuel sources,
5	Home gardening, cultivation and domestication of NTFPs and medicinal plants
6	Various 'eco-agriculture' or 'mosaic landscape' activities that combine agricultural production to sustain rural livelihoods as well as protection of wild plant and animal species.
7	Strengthening ethnic groups' participation;
8	Awareness, ownership of local community to protect, to manage their forest areas, wetlands, wildlife as well as biodiversity;
9	Cleanliness, hygienic condition, and other public health;
10	Road safety conditions within communities, including those related to awareness, knowledge, and cooperation among local people;
11	Communication and capacity building linked to the above listed points;
12	Road maintenance to facilitate communication between villages;
13	Provision of utilities services such as water, electricity, energy provided that the investment is not harmful to the environment or the villagers;
14	Establishment of small enterprises to develop livelihoods activities compatible with the PA ecosystem such as NTPF transformation (dried fruits, harvesting bamboo shoots, crafts, ecotourism, etc.)
15	Improved agriculture and livestock rearing through extension or veterinary services, provision of improved seeds or stocks, etc.
16	Improved access to education or health through maintenance of facilities, payment of teachers salary, purchase of books, etc.
17	Irrigation up to 10 hectares and water supply capacity up to 50 liters per second

¹²Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

¹³Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

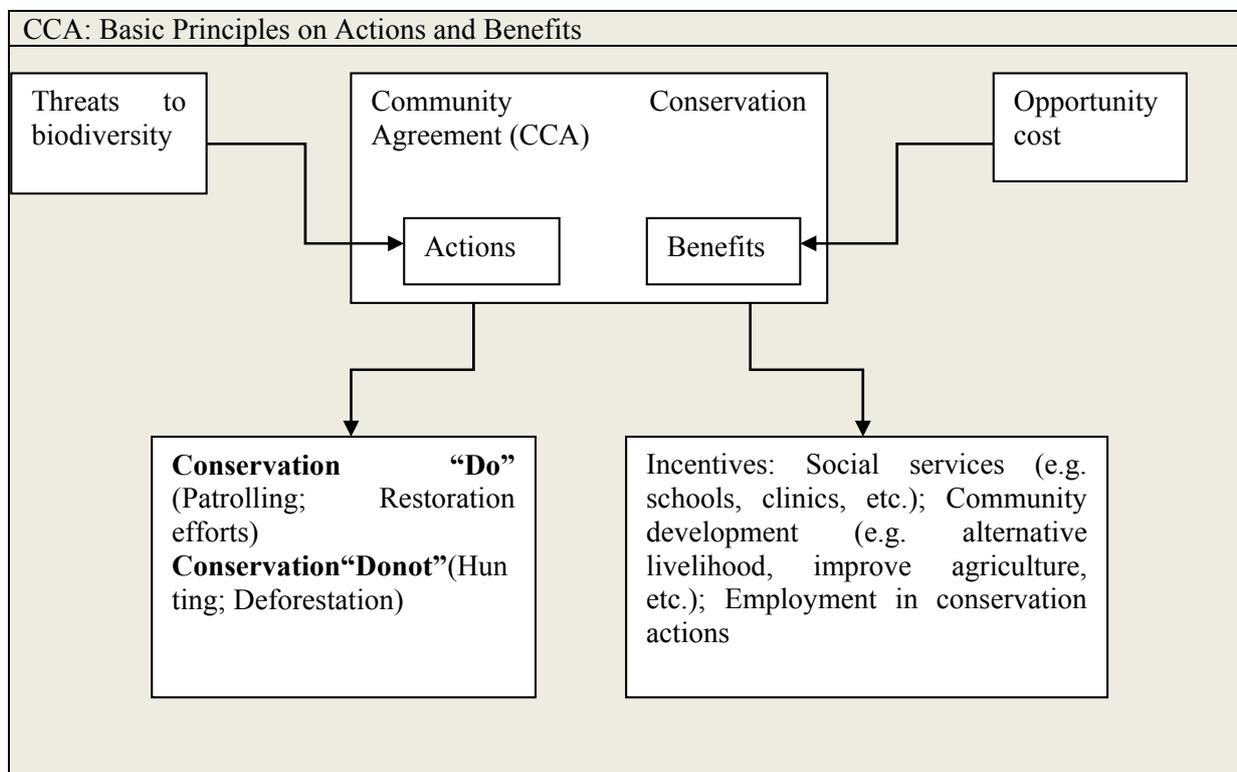
ANNEX 3- COMMUNITY CONSERVATION AGREEMENT APPROACH

A3.1 BASIC PRINCIPLES

1. Provided that the Participatory Land Use Planning (PLUP) is completed and the CAP design process is ongoing, the SDA and Technical Team (as available) will work with communities to develop Community Conservation Agreements (CCAs). Within the overall framework of the Protected Area Management Plan, together the PLUP, the CAP and the CCA are the “village instruments” that define the Community Engagement Framework (CEF) output, their implementation leads to the CEF outcome. CAP and CCA are designed to support and reinforce one another and will together lead to optimal project outcome – environmentally and socially sustainable management of protected areas and conservation of wildlife. Participatory processes under CAP will ensure broad community support and community ownership to CCA, and communities’ sustained compliance with CCA is supported through the disbursement of project funds to implement CAP in installments. This annex provides insight on key features of such CCAs.

2. The CCA specifies conservation actions to be undertaken by the resource users, and benefits that will be provided in return for those actions:

- The conservation actions to be undertaken by the resource users are designed in response to the threat to biodiversity to any zone of the protected area (PA) including the Village Area, Total Protection Zone (TPZ) or Community Utilization Zone (CUZ).
- The benefits are structured to offset the opportunity cost of conservation incurred by the resource users.
- In addition, the Conservation Agreement details the monitoring framework used to verify execution of the conservation actions, and the sanctions to be applied if conservation actions are not executed.



3. There is **opportunity cost of conservation**. It reflects the value of what resource users give up by not utilizing their resources under the business-as-usual scenario. This is the balance of:

- The income that would be derived from destructive resource use such as clearing for agriculture or timber extraction (*e.g.*, the value of crops or timber that would be harvested in the absence of conservation).
- The costs that would be imposed by destructive resource use (*e.g.*, reduced water quality, soil erosion, loss of culturally significant resources). The sum of foregone income from resource use minus the sum of avoided environmental costs is the opportunity cost. In some cases, resource owners may not recognize the environmental costs of resource use, resulting in a difference between actual and perceived opportunity cost; during engagement and negotiations the conservation investor can try to enhance resource owners' understanding of environmental costs to reduce this difference. In any case, to secure an agreement, the benefit package must be designed to offset the opportunity cost that resource owners believe they incur.

A3.2 CCA FEATURES

4. The following features will be considered by the SDA and Kumban as they design, implement and monitor the CCAs:

- *Verify shared understanding of agreement concept.* Before concluding the CCAs, the implementer must ensure that the engagement team has succeeded in conveying the conservation agreement concept to the representatives of the potential counterpart. Tools such as role playing can confirm that resource users are clear about the implications of entering into an agreement and how it would operate, to ensure that the potential counterpart is in a position to make an informed decision on whether to proceed.
- *Decision by both parties to continue.* Once the idea is presented, the SDA should have as much time as they need to communicate with their constituency and discuss the desirability of designing an agreement with the implementer. The SDA should seek to confirm that the decision made reflects the sentiment of the wider resource user group. At this point, the SDA should also consider if they wish to continue engagement. If the SDA and VDC decide to continue, they should agree on the process to be followed, including timeframe, steps, negotiating teams and roles and responsibilities. The product of this discussion is generally (but not always) a written document stating a joint commitment to work together to define a CCA according to the agreed upon process. This is *not yet* a commitment to specific conservation outcomes or activities - details of the actual CCA are developed later.
- *Designing the agreement.* Once the parties have agreed to work together, activities for designing the actual conservation agreement begin. The steps outlined below describe the key components of conservation agreements as well as several additional assessments that may be useful as agreement design proceeds. Either party is free to withdraw from the agreement design process if at any point in time they feel that a satisfactory agreement cannot be negotiated.
- *Components of the agreement.* All agreements should contain the following basic components, formulated jointly through a participatory negotiation process described below.

A3.3 Components of the CCA:

5. The CCA will comprise of the following four sections:

- **Section (1) Conservation commitments:** This section of the agreement explicitly defines the conservation outcome and the actions to which the parties to the agreement commit to achieve that outcome. Biological and other evaluations may be needed to help define the specific conservation targets and strategies, as well as the baselines necessary for the monitoring framework. The components of this section are:
 - Conservation outcome (*e.g.*, what species will be protected? If the outcome is a protected area, what are its size, location, legal status?,*etc.*)
 - Actions by the resource user (*e.g.*, create a community protected area, stop hunting a particular species, stop a destructive practice, don't grant logging rights, *etc.*)
 - Actions by the implementer (*e.g.*, capacity building, help in securing land rights, support in enforcement, *etc.*)
- **Section (2) Benefits provided to the resource user:** Determining what benefits are appropriate in a specific context can range from straightforward to complex, typically involving an iterative discussion to find the middle ground between community desires and what we can deliver. Key issues to define with regard to benefits include:
 - Value of the overall benefit package (*e.g.*, what amount of benefits is affordable and appropriate)
 - Type of benefit (*e.g.*, infrastructure, services, direct payments, enterprise, *etc.*)
 - If required, decision-making system for selection of investments (*i.e.*, benefit is direct payments to a community fund)
 - Mechanism for benefit delivery: A mechanism should be defined with the counterpart that transparently channels benefits to intended beneficiaries
 - Frequency of benefit provision.
- **Section (3) Compliance monitoring:** The success of the conservation agreement hinges on a credible monitoring framework to verify compliance with the commitments and justify sanctions in the event of non-compliance. Items to monitor include:
 - Compliance with conservation commitments (*e.g.*, no forest clearing, no hunting, no illegal mining, as well as performance with respect to conservation actions such as patrolling, boundary maintenance, *etc.*)
 - Effectiveness/equity of benefits management (*e.g.*, proportion of resource users receiving benefits, accountability for funds used, *etc.*)
 - Awareness, understanding, and satisfaction relating to the conservation agreement.

6. In addition to monitoring compliance with the agreement, the implementer must arrange monitoring of biodiversity targets and socio-economic conditions.

- **Section (4) Sanctions for unsatisfactory performance:** Benefits must be conditional on the counterpart's compliance with commitments specified in the agreement. Sanctions (adjustments in benefits) for non-compliance must be designed jointly by all parties to the

agreement to ensure that they are understood, viable, and appropriate to the counterpart's culture.

- Procedure for identifying agreement breaches.
- Penalties for agreement breaches - sanction systems should be progressive, such that increasing number/gravity of transgressions results in stronger penalties.

7. Conservation commitments, benefits, sanctions, and monitoring provisions are the defining elements of a conservation agreement. Additional standard provisions for any agreement will include clear definition of the parties to the agreement, the duration of the agreement, procedures for dispute resolution, and the like. When designing and drafting the agreement, seek legal advice to ensure that the agreement conforms to local laws as well as donor expectations.

Example of benefits that can be included in a CCA

Education:

- 1) Funding or supplementing salaries of teachers at local school
- 2) Supporting physical improvement of school and community cultural facilities
- 3) Scholarships for youth
- 4) Study and exchange visits to similar conservation and development initiatives both in the country and overseas as deemed appropriate.

Agricultural & livestock extension services:

- 1) Contracting a local NGO for technical support and training to improve agricultural productivity
- 2) Providing Water Buffalos to help plough rice paddies to improve productivity
- 3) Rehabilitating crop land with contracted tractors to allow for lowland paddy rice production
- 4) Alternative livelihood crop
- 5) Training in improved grazing techniques
- 6) Provision of dogs to guard livestock from predators
- 7) Enabling drilling of a water borehole or irrigation system

Alternative enterprises

- 1) Secure a buyer for crop such as cassava
- 2) Organize producers associations or artifacts or other commodity with existing market

Land tenure assistance

- 1) Technical assistance for legal designation of the reserve, including legal advice
- 2) Assistance to formalize rights for community
- 3) Revision of PLUP
- 4) Facilitation of community title

Financial compensation, cash for community development fund, *etc.*

- 1) Community solidarity fund to help support poor families, emergency support for sickness, *etc.*
- 2) Community development fund developed by community to help support the poorest families
- 3) Compensation mechanism, including the provision of compensation funds
- 4) Price premium for meat sold to maintain the livestock limits
- 5) Funding from private business partner for community fund that will support long-run benefit provision

Ecotourism development

- 1) Funding of comprehensive ecotourism development plan

Salaries for patrolling & monitoring

- 1) Salaries for patrol; community members take turns being patrol rangers
- 2) Equipment, training and salaries for rangers with patrolling group
- 3) Training for biodiversity monitoring and wages and equipment for monitors

NRM Planning

- 1) Assistance in creating a plan for protection and NRM plan

- 2) Assisting formulation of local community patrolling plan and regulations
- 3) Incentive investment or award such as provision of gravity flow system for conservation and protection of watershed around spring source of water and upstream area.

Communications

- 1) Establish mechanisms for the coordination and exchange of information

Measuring progress in achieving conservation outcomes (biodiversity monitoring):
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- 1) Monitor the community compliance with the CCA
- 2) Employment opportunity as an additional benefit under the agreement;
- 3) Cost effective data collection throughout the year or season
- 4) Enhanced knowledge, capacity and pride of community members.

A3.4 MEASURING ACHIEVEMENT

8. **Measuring progress in achieving conservation outcomes** (biodiversity monitoring): Efforts should be made to monitor biodiversity outcome of the subproject as much as possible. Biodiversity monitoring indicators and protocols should be defined as simple, measurable and realistic as possible during the initial implementation stage. Simplified protocols should be designed to track conservation targets regularly over time, taking into account seasonality when appropriate. Third party involvement in monitoring may be necessary to guarantee objectivity of data collection as well as analysis of progress in achieving biodiversity outcomes. In addition, agreements will often benefit in at least three ways from involvement of resource users in biodiversity monitoring:

- Employment opportunity as an additional benefit under the agreement;
- Cost effective data collection throughout the year or season; and
- Enhanced knowledge, capacity and pride of community members that can strengthen the agreement and solidify commitment to conservation.

9. For priority species, biodiversity monitoring will typically focus on abundance, measured directly through transects and plots. For protected areas, monitoring will concentrate on habitat quantity and quality. Data collection options will vary from case to case but may include satellite imagery, water quality tests, third party monitoring of major access points to the resource, *etc.*

10. **Measuring changes in socio-economic conditions of the resource users:** As with conservation outcomes, socio-economic monitoring indicators and protocols were defined during the initial implementation stage. Tracking socio-economic changes will show the contribution of the agreement to development as well as changes in resource users' perspectives on conservation and the agreement itself. Again, third party involvement is necessary to guarantee objectivity of data collection and transparency in reporting. For rigor, control sites should also be monitored if possible and cost effective, or the protocol can use regional statistical data (depending on quality and availability) to isolate the impact of the agreement on human wellbeing. The cost of data collection, which usually takes the form of household surveys and focus group discussions, can be reduced by involving local university students as enumerators. The following types of indicators should be considered when monitoring socio-economic changes:

- Awareness/understanding of the agreement (rules, benefits, duration, *etc.*) through interview and demonstration of CAP and CCA knowledge by subproject beneficiaries
- Overall satisfaction with the agreement
- Perceptions and attitudes towards conservation
- Community perceptions of changes attributable to the agreement

- Effectiveness of the benefits provided under the agreement (e.g., was rice production improved as a result of agricultural extension investment)
- Broad socio-economic changes (e.g., income, educational attainment, health, *etc.*)
- Effectiveness of decision-making institutions and processes (e.g., transparency, participation, *etc.*)

11. **Assessing compliance with agreement commitments:** As discussed previously, monitoring compliance indicators is essential to the effectiveness of a conservation agreement. Such indicators include:

- Conservation commitments, relating to both pressure (e.g., no gillnets, no traps, no snares, no logging, *etc.*) and response/management activities (e.g., patrolling, reforestation, *etc.*)
- Management of the agreement (e.g., appropriate use of funds, audited financials, reporting on conservation activities, *etc.*)
- Communications and information dissemination (e.g., awareness, understanding, and satisfaction relating to the conservation agreement)
- Finally, the implementation year concludes with feedback of monitoring information into the renegotiation process (whether for renewal of a short-term agreement or, if necessary, revision of a long-term agreement) and improved strategies for conservation management, delivery of benefits, communications, *etc.*

12. As the project matures, various processes should reach a stage where the implementer becomes less involved in day-to-day management. Standard procedures for benefit delivery, performance monitoring, *etc.* will evolve, such that implementer activities take the form of periodic application of established protocols rather than ongoing engagement. However, the implementer must continue to ensure that mechanisms are in place to allow prompt responses to implementation problems, community grievances, or the emergence of new threats to the stability of the agreement.

13. **Participatory M&E.** An essential part of the approach is the self determination of the community. This can only happen, if they themselves are able to detect compliance, or lack of compliance with the CCA and take corrective measures before non-compliance is detected by external monitoring.

14. **Sustainable funding.** Although annual costs may decrease as start-up/design/capacity-building activities conclude, most agreements will require sustainable long-term finance to cover ongoing conservation management, benefits, and monitoring. A number of options for sustainable finance are listed below. Since there are relatively few working examples of many of these options, implementers will need to be creative in developing additional opportunities, often combining options to meet the total recurrent need:

- Create an endowed trust fund such that agreement costs are covered by the interest yield on the endowment capital. This option is the most straightforward and stable.
- Harness an ecosystem service payment market (e.g., carbon sequestration, watershed protection, *etc.*).
- Convince a business to cover recurrent costs as an offset, *i.e.*, protection in compensation to the global community for damage they do elsewhere.

- Find a product that can be produced by the resource user, for which a company is willing to pay a “green” or sustainable production price premium based on compliance with the conservation agreement.
- Help communities develop and market a product which provides ongoing benefits, but for which some part of the marketing chain is managed by the implementer so that benefits remain contingent on satisfying the conditions of the agreement.
- Provide up-front support for income generation in exchange for long-term commitment to use that income to cover agreement costs.
- Benefit sharing with communities for harvesting timber or non-timber forest products in line with SUFORD2 approach to community based (production) forest management, where applicable.

15. ***Additional ways to reinforce agreements for long-term sustainability.*** When designing strategy for sustainability, the implementer should consider additional elements that help encourage/promote long-term adherence by the resource users to the agreement. Possibilities include:

- Maximize employment and income generated by the agreement
 - Jobs that flow from the conservation agreement and/or depend on the conserved resource (*e.g.*, rangers, biologists, guides)
 - Income opportunities linked to the conservation agreement, particularly those arising from the conserved resource (*e.g.*, non-timber forest products, ecotourism)
- Encourage acknowledgement of direct advantages provided by the agreement
 - Financial and in-kind value of the benefits themselves
 - Access to a reliable stream of benefits not tied to outside markets
 - Access to technical assistance, public services, *etc.* through the relationship with the implementer and other partners
- Encourage recognition of direct and indirect benefits generated by resource conservation
 - Ecosystem services from conserved resources
 - Avoided negative social impacts often linked to destructive resource use (*e.g.*, loss of traditional values, alcoholism, spread of disease, *etc.*)
 - Protection of cultural and religious values linked to healthy resource base
- Promote embracing of biodiversity as a value (*e.g.*, building pride).
- Participatory monitoring and evaluation to allow adaptive management.

ANNEX 4: BACKGROUND ON NEPL-NPA AND NNT-NPA

1. This annex presents some background for on the project locations of two pre-identified sub-projects which will use this CEF: NEPL-NPA and NNT-NPA.

A4.1 Background

2. LENS2 will achieve its goals through by building capacities and developing the institutions responsible for national conservation area (NPA) management and wildlife protection at the national level (DFRM and DOFI), while also providing targeted support to NPAs at the site level. Already two NPAs are selected: the Nakai Nam Theun (NNT) and Nam Et-Phou Louey (NEPL) NPAs. Other PAs may be added during the project implementation if such Sub-projects are proposed.

3. LENS2 will focus on *in-situ* conservation of watershed and wildlife and habitat at select highly bio-diverse and at threat PAs. Further, at the national and regional level the project will create harmonized wildlife/PA related enforcement standards, develop good practice applications, and share successful schemes towards protected area management and reduction of illegal wildlife trade. The project would build on the ongoing bilateral initiatives between Lao PDR and Vietnam to promote cooperation on controlling illegal forest products and wildlife trade as well as strengthen Lao PDR capacity to enhance its collaboration with global efforts with international organizations involved in the fight against illegal wildlife trade.

4. LENS2 aims to contribute to global, regional, national, and local public goods, as well as direct benefits to Government agencies and village communities. Regional and global benefits would also be derived from the national public benefits already described. Furthermore, with more effective trans-boundary protected area management in NNT and NE-PL, Vietnam's wildlife and protected areas would also be beneficiaries. With greater regional wildlife law enforcement, convictions and arrests, regional security would be improved by removing criminal networks (also involved in narcotics and arms trafficking). LENS2 provides some exclusively global environmental benefits, such as in preserving unique biological resources and reduced carbon emissions through avoided deforestation.

A4.2 Potentially selected protected areas

5. During project preparation, two NPAs were selected to receive subprojects: Nakai Nam Theun (NNT) and Nam Et-Phou Louey (NEPL) which are located in four provinces, namely: Luang Phabang and Houphane (for NEPL), Khammouane, and Bolikhamxay (for NNT). These NPAs are the largest forest landscapes in the country. The NEPL – with the Northern Indochina Sub-Tropical Moist Forests -- is a tiger range (5,959 km²) housing the last confirmed breeding population of tigers in Indochina (Lao PDR, Vietnam and Cambodia), while NNT – represented by the Annamite Range Moist Forests -- is home to the critically endangered Saola species (endemic to SaiPhouLuang - the Annamite Mountain Range between Lao and Vietnam) that have been protecting the Lao PDR from natural disaster such as rainstorms.

6. Under the national legislation, NPAs are divided in (a) Total protection Zone, (b) Multiple Use Zone, and (c) Buffer Zone. The demarcation into the three zones has already been completed in the two pre-selected NPAs. In NEPL, it has been completed several years ago and appears well accepted by the communities. In NNT, it was carried out several years ago, however, a new and less restrictive macro zoning plan was carried in 2012 at the request of communities.

7. The NEPL NPA has 14 villages inside the NPA management zone and 110 villages bordering the NPA, with a mean population of 428 people per village. Two main ethnic groups, namely, Hmong and Lao, were found to live in the 6 villages where a detailed socioeconomic assessment was conducted under ESIA. The livelihoods of the villagers in the area are very much associated with the

natural environment by way of agricultural production and shifting cultivation. There are few sources of alternative employment and settlements are highly scattered and often, in remote and inaccessible areas. Upland cultivation (also known as shifting cultivation) accounts for more than 80% of cultivation, which is evident by many cleared hillsides along roads in the village use zone. The most common cash crops grown by villagers are soya beans, Job's tear, sesame, and chili, while the most common livestock raised are cattle, pigs, goats, and poultry. NTFPs such as cardamom, sugar palm, rattan, mulberry fibre, chewing bark, bamboo shoots, and edible shoots and roots are other income sources. Most families are engaged in subsistence activities with little integration in the market economy. While rice is the staple food, meat and vegetables are raised or harvested from the forest both for consumption and for sale. Rice deficiency in the area is very high which means that, annually, there is shortage of over 880 tons of rice. To address this deficit, villagers search for other sources of income in order to buy more rice for their consumption. The most common problems experienced in the villages relate to livestock-raising issues and agricultural production. It was pointed out that the animals get affected by diseases, while there are specific limitations to higher productivity such as low soil quality, lack of land for planting and need for agricultural techniques. There are also issues with regard the condition of infrastructure which affects the transport of produce to the market.

8. The NNT NPA has a population of 6,900 presently clustered in 31 villages with a density of about 1.95 persons/km² and an additional 42 villages, in the so-called Periphery Intervention Zone (PIZ) which border the NPA to its north (Khamkeut District) and south (Boualapha District). A socioeconomic survey was conducted recently under ESIA in the area covered three enclave villages, i.e., Nahao, Thameoung and Songkhone. Over a three year period covering 2010-2012, the total population in the three villages did not increase considerably and even declined in 2012. The number of females in the village comprised nearly half of the population on a per village basis. In terms of ethnicity, the population in the three villages belongs to more than one ethnic group. There is access to education in the area but it was noted in all three villages that as the grade level becomes higher, that is from Grades 1 to 5, the lesser the number of female participation becomes. The only grade level where there was a relatively high number of female participation was in grade 2. The residents in the village sustain their livelihood through their dependence on agriculture where upland rice is most commonly produced, which may be due to the geographic characteristics of the area. Corn, cassava and other root vegetables are also produced in villages of NNT NPA. However, in all three villages, rice sufficiency is an issue as there remained substantial deficiencies in terms of the rice/carbohydrate requirement of the populace compared with the production yield. While crops remained to be the biggest source of income in Nahao, livestock was the larger source of income in both Thameoung and Songkhone villages compared to crops. Services also prove to be a significant source of income in all three villages given its share in the total income generated. Survey results likewise indicate that the residents derive income from NTFPs. However, most NTFPs are now in decline and thus, could threaten the livelihood of some residents in the villages as well as affect their consumption. Other major problems experienced by the residents in the three villages include insufficient rice; poaching of wildlife and timbers; erosion of the stream bank; and livestock disease epidemic.

9. The proposed NNT NPA sub-project may support about 70 villages, possibly more, including peripheral and enclave villages. The proposed NEPL NPA sub-project may support about 50 villages, possibly more, in and around NEPL NPA to be beneficiaries of project activities. The total approximate number of beneficiaries would be between 80,000 and 100,000. The final list of villages will be identified during implementation through a mixture of technical, environmental sustainable and consultation process. Precise data on the villages, location, population, gender, ethnicity, natural resource dependence, forest and habitat quality, and, wildlife resources and poaching, will be accessed early during the project preparation process. Funds will be provided for a diversity of conservation and livelihood activities.

Two potential SDAs

<i>Watershed Management and Protection Authority (WMPA)</i> is the SDA of the NNT NPA, which is a unique
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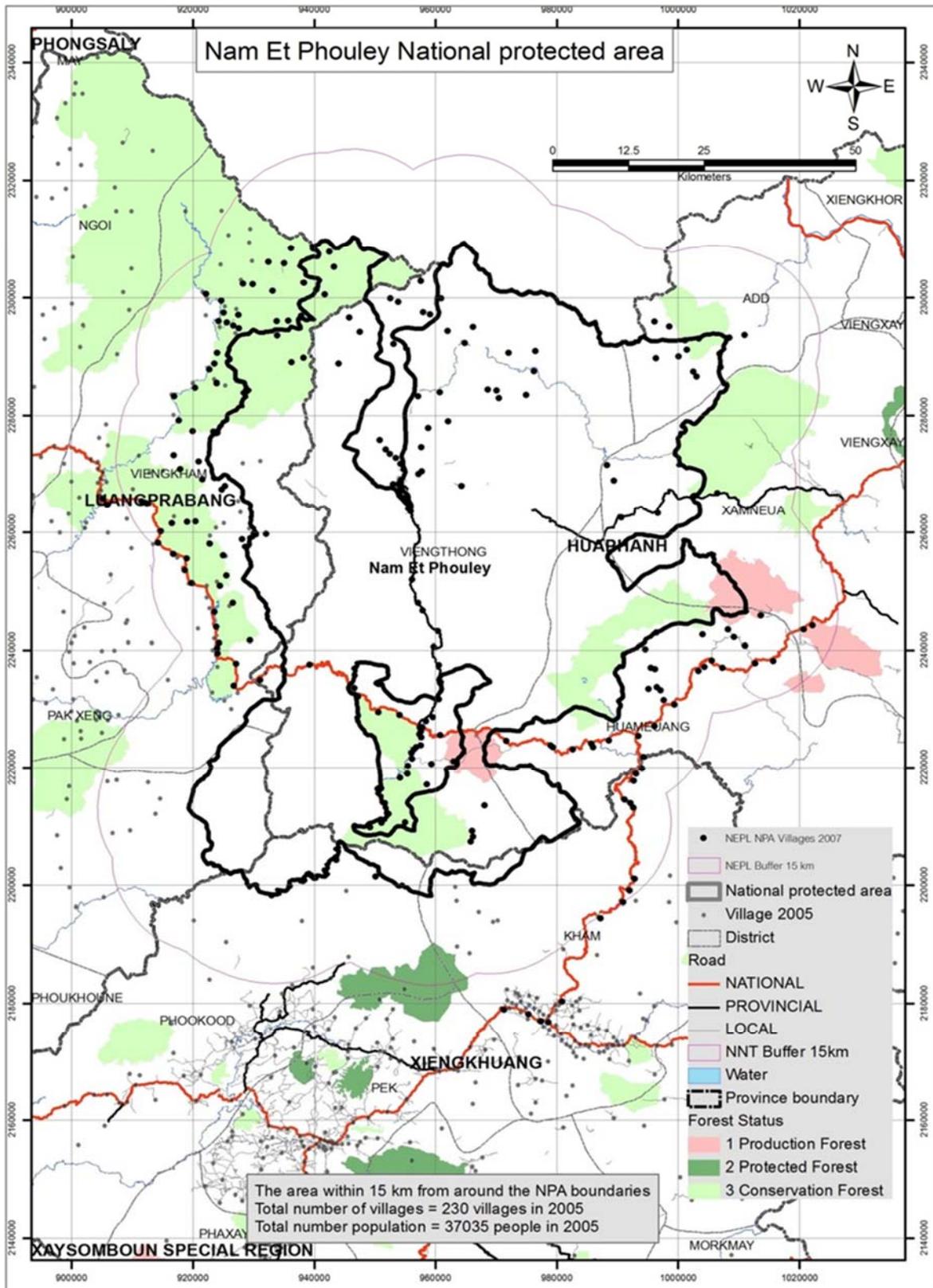
conservation organization first established under the Prime Ministerial Decree 25 in 2001, but operated under the mandate provided by PM's decree 471). This mandate includes responsibility for coordinating and implementing the conservation, maintenance and enhancement of PA and the watershed and to fulfill these following objectives (Article 6 in the Decree).

NEPL-PAMU is SDA for NEPL, which is physically located within the NEPL NPA Protected Area Office, and will be responsible for the day-to-day coordination and administration of the project on behalf of GoL. The NEPL-PAMU, as the main government partner of the project in the province and at the site level, will implement all project activities and ensure that the project is implemented in a timely manner and in line with agreements between the Bank and the GoL, including on safeguards. Specifically, the NEPL-PAMU, will carry out the following activities: preparation of work and budget plans; record keeping, accounting and reporting; drafting of terms of reference; identification and supervision of project consultants and coordination with suppliers; and, continuous liaison with project partners at both the central and local levels. In doing so, NEPL-PAMU will ensure all activities are implemented in line with this CEF. The NEPL PAMU will also closely coordinate with donor agencies and Development partners in NEPL, such as WCS, Climate Protection through Avoided Deforestation Project (CliPAD) to ensure that individual donor activities are complementary to each other and implemented cost effectively. The NEPL-PAMU also ensures that activities carried out in NEPL by other donors are compatible with provisions of this CEF.

10. Sub-project 2.1. Management of the Nakai-Nam Theun NPA. Proposed US\$2.80 million. This sub-project is proposed by the WMPA. The sub-project would finance TA, workshops, training, civil works, community grants and equipment in order to support (a) PA management such as design of management plan, patrolling, biodiversity monitoring, macro zoning, awareness raising, (b) implementation of the CEF in villages and livelihood development linked to land use planning and compliance to conservation agreements, (c) implementation of the NNT ESMP and (d) implementation of the MoU with Vietnam Vu Quang National Park authority for cross-border patrolling and establishment of a twinning arrangement with another park in the region with more experience and capacity.

Sub-project 2.2. Management of the Nam Et Phou Louey NPA. Proposed US\$2.80 million. This sub-project is proposed by the NEPL MU. The sub-project would finance TA, workshops, training, civil works, community grants and equipment in order to support (a) PA management such as design of management plan, patrolling, biodiversity monitoring, macro zoning, awareness raising, (b) implementation of the CEF in village and livelihood development linked to land use planning and compliance to conservation agreements, and (c) establishment of an MoU with Vietnam forest authorities for cross-border patrolling and establishment of a twinning arrangement with another park in the region with more experience and capacity.

Map A4.1 Nam Et-Phou Leouy NPA



Map A4.2 Nakai Nam Theun NPA

