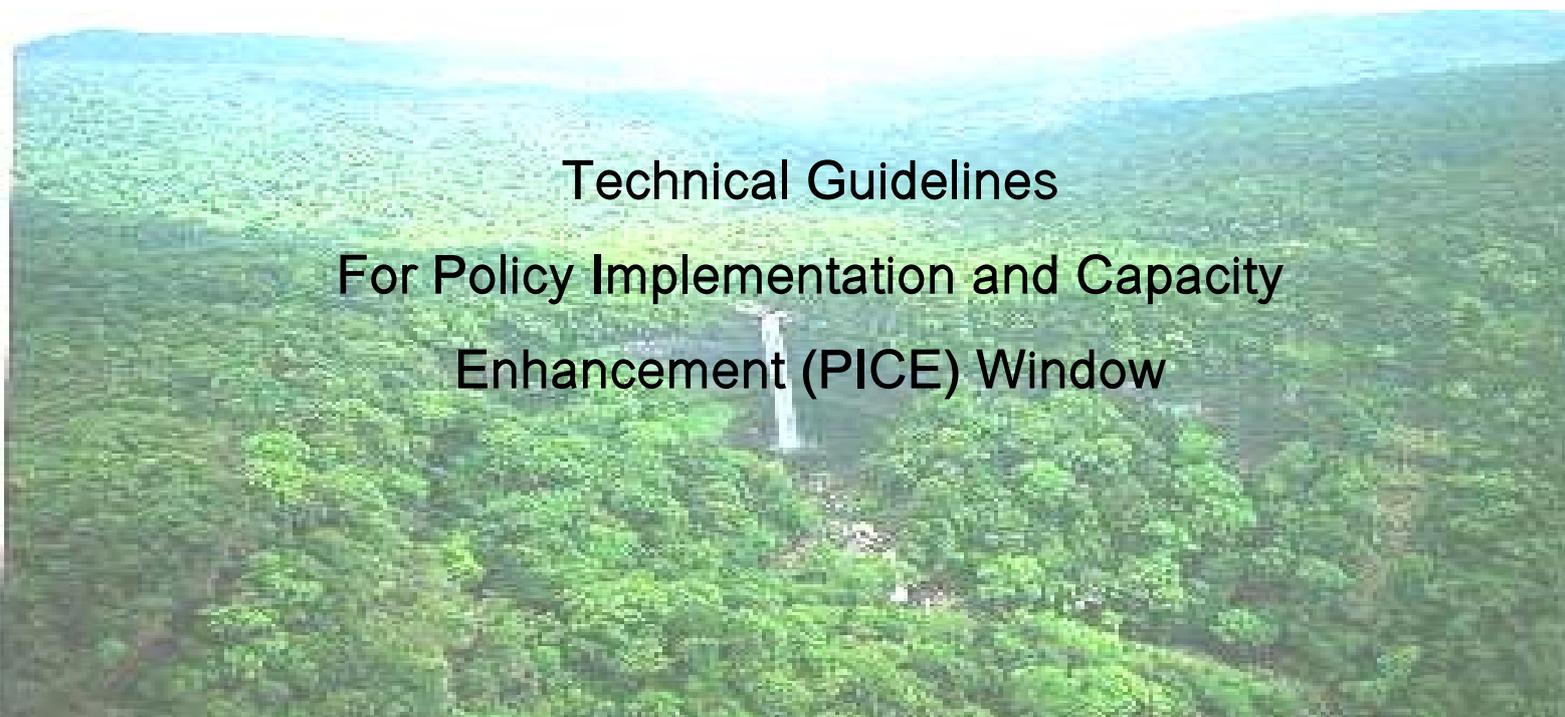




LAOS PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY AND PROSPERITY

ENVIRONMENT PROTECTION FUND (EPF)
LAO ENVIRONMENT AND SOCIAL PROJECT (LENS)

WORLD BANK GRANT NO. H177-LA



Technical Guidelines
For Policy Implementation and Capacity
Enhancement (PICE) Window

DEVELOPED BY THE WINDOW MANAGEMENT UNIT

March, 2007



Laos People's Democratic Republic
Peace Independence Democracy Unity and Prosperity

Environment Protection Fund (EPF)
Lao Environment and Social Project (LEnS)

**Technical Guidelines for
Projects to be Funded by
Policy Implementation and Capacity Enhancement (PICE)
Window**

Developed by the Window Management Unit
March, 2007

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1 INTRODUCTION

General Guidelines

This guideline intends to instruct all applicants, who will prepare proposals to be funded by the Lao Environment and Social (LEnS) Project during the fiscal years of 2006 to 2010 which is probably continued to the next phase. LEnS shall provide two sub-components grants (Policy implementation and capacity enhancement and Community and biodiversity Investment) to support environmental implementation and strengthen capacity for environmental agencies, institutions, local authorities and community to avoid/minimize negative impacts from hydropower and mining development projects as well as to protect and conserve the rich natural resources in three central provinces (Borikhamxay, Khammuane and Savannakhet).

Objectives of the LEnS Grant

The Project Development Objective (PDO) is to *strengthen the management of environmental and social issues in the use of natural assets in Lao PDR for enhancing quality of growth and reducing poverty*. Specifically, the project aims to strengthen institutions and instruments for assessment, monitoring and compliance for environmental and social sustainability, and broaden the constituency for environmental change.

Expected Outcomes

The overall expected outcome is improved policies and instruments, which are understood by stakeholders, institutionalized within government agencies and system, and implemented by technically competent staff. Out of this expected outcome, the framework of expected project results including expected outputs, output and outcome indicators can be seen in Project implementation Plan.

2 PICE GRANT ACTIVITIES

PICE Window will fund proposals submitted by national, provincial or district government agencies, academic/research institutions and civil-society to undertake activities within at least one of the 5 activities detailed below:

Activity I: Environmental and social monitoring and policy implementation support (Safeguard monitoring support)

Expected Benefits. The Safeguard monitoring support sub-component strengthens the capacity of national agencies and selected provinces to develop, implement and monitor environmental and social safeguard policies. The expected benefits from this sub-component are:

- increase effectiveness of safeguard policy implementation, monitoring and evaluation;
- increase environmental support of provincial environmental management plans;
- higher quality of investment portfolio;

- increase community participation in environmental and natural resources management; and
- improve credibility of environmental authorities.

Scope of Grants. Any national or provincial government agency involved in monitoring social and environmental safeguards, including the hydro and mining sectors, are eligible for funds under this component to carry out activities consistent with their mandate. Activities forming the basis of applications include the preparation of technical guidelines, development and implementation of pilot studies, and technical advice on specific aspects of safeguard monitoring.

Support is also provided for the three target provinces in Central Lao to implement Provincial Environmental Management Plans, and adopt a provincial environmental performance index. The performance index will provide a composite measure of staff capacity, budget levels, engagement of civil society, project compliance with environmental regulations, and indicators of general environmental health, potentially combining indicators already identified in the National Environment Strategy and Action Plan NESAP and the National Environment Performance Assessment under the GMS Project assisted by UNEP and the ADB. The provincial plans outline priority natural resource management issues within the province and a five-year action plan to address these. The emphasis is on encouraging the provinces to produce straightforward, operational plans and budgets within the limits of their capacity to facilitate further grant applications where appropriate, rather than extensive, consultant-led reviews of environmental issues.

The Project focuses on translating the provincial environmental profiles and priorities into budgeted action plans. Where adequate knowledge of provincial environmental challenges does not already exist, funds will also be provided to conduct a review workshop as developed under the SEM Project. The production of plans is led by PSTEOs through extensive consultation with other arms of provincial government. The plans are subsequently to be used as a basis for drawing up provincial proposals for further support under the Project, and/or other applicable windows within the EPF. Tracking of the provincial environmental performance index may be used to support these applications. The production of simple Provincial Environment Monitors to disclose index trends and assess progress against environmental plans may also be supported.

Activity II: Integrated River Basin Management

Expected Benefits. The LEnS Project provides support to all stakeholders involved in integrated river basin management (e.g. Water Resources Coordination Committee (WRCC), STEA, MEM, MAF, local governments, and private operators) to develop and implement an integrated approach to the management of cumulative impacts in Nam Theun/Nam Kading River Basin. The expected benefits from this component are:

- establishment of management framework for Nam Theun/Nam Kading river basin;
- increase participation in river basin management from local community; and
- increase transparency and accountability of river basin management.

Scope of Grants. The cumulative impact analysis that was conducted for the NT2 Project, concluded that the full suite of hydropower projects (four projects totaling 2100 megawatts by 2012) when developed would have significant cumulative impacts in the basin encompassing these two rivers and their major tributaries. The mitigation of cumulative impacts falls outside the obligations of the four private sponsors and the GOL has agreed to assume responsibility for addressing them. The GOL sees the benefits of a long-term, basin-wide strategic approach to integrated water resources management, which would involve the key stakeholders in planning and decision making roles. Currently, coordination among national-level agencies such as MEM, MAF, STEA and Provincial and District Administrations to implement a integrated approach is still limited.

As such, the GOL is committed to (i) establishing a permanent river basin management entity, which will be responsible for formulating and implementing a planning, monitoring and regulatory framework; (ii) devising a financing mechanism for funding mitigation actions resulting from cumulative impacts of the four hydropower projects; and (iii) developing and implementing the mitigation measures through relevant agencies. The Project will provide support in the form of capacity building grants, consultant services, training and consultation workshops to implement the above three activities. The Project will encourage and facilitate the involvement of local governments and civil society in these activities and ensure that plans and frameworks for river basin management will be disclosed and feedback from a diverse group of stakeholders will be sought and considered.

Activity III: Hydropower Sector Policy Support

Expected Benefits. The Hydropower Sector Policy Support sub-component provides support for all relevant stakeholders to implement the National Policy on Environmental and Social Sustainability of the Hydropower Sector in Lao PDR (June 7th, 2005, see Annex IX). The expected benefits from this component are:

- improve the sustainability of hydropower projects,
- reduce negative impact from hydropower development projects; and
- create opportunity for payment for ecological services where the payment can be used for to finance environmental and social responsible activities.

Scope of Grants. Proposals should develop planning and capacity for implementation. Proposals from MoEM and STEA are most likely, and it is anticipated that proposals would typically be developed by these main institutions in cooperation. Third parties may also be invited to participate in the development and implementation of proposals, where able to contribute appropriate expertise.

Specifically, there are commitments made within the Policy that would benefit from the provision of additional support. These relate to the development of plans and schedules for the application of policies to existing hydropower developments, and for the institutionalization of the process, i.e. the definition of responsibilities and procedures. Capacity building and the development of practical local models would also be supported in technical aspects of implementation, including the development of watershed management (similar to the NT2 watershed) and design and implementation of local consultation strategies and guidelines.

Activity IV: Social Safeguards Management (resettlement policy support)

Expected Benefits. The LEnS Project also support the strengthening of the GoL's capacity to implement the Decree on Resettlement promulgated on July 7, 2005. This involves in particular the ability of the Division of Social and Environment Impacts Assessment with responsibility for resettlement within the Department of Environment, other relevant institutions, capacity in three central provinces, and developing guidelines and other technical instruments. The expected benefits from this component are:

- reduce possible impacts from resettlement caused by development activities;
- increase knowledge and awareness of the resettlement management;
- increase involvement of community to the resettlement management.

Scope of Grants. The Project further assists in the refinement of policies that improve livelihood opportunities for ethnic and other vulnerable groups, and support activities that will enhance their implementation. Awareness raising and dissemination of laws and rights concerning resettlement, and associated social issue, such as protection of the rights of women and ethnic groups are supported. Activities may also include support for capacity building in the area of social impact assessment and monitoring, public consultations and participatory planning approaches.

Applications are accepted from government agencies at all levels, including research institutions. Civil society and mass organizations may also apply for support, and are encouraged to participate in government led proposals. Possible activities include: development of guidelines and training material for social impact assessments and the preparation of social development plans (or Resettlement Action Plans and Ethnic Minority Development Plans); development of courses in social and cultural analysis in relation to development at NUOL; development of guidelines and training for public consultations and participatory planning approaches; awareness raising and educational campaigns among others.

Activity V: Environmental Education and Awareness

Expected Benefits. This sub-component fosters the development of a next generation of environmental specialists, managers and leaders to ensure that current momentum towards improved environmental management and institutional development in Lao PDR is maintained in the long-term. The expected benefits from this component are:

- increase in human resources with environmental and natural resources management knowledge and skills;
- increase public awareness of environmental and natural resources management.
- Induce behavioral change toward conservation and sustainable natural resources management.

Scope of Grants. STEA, together with its Environment Education and Awareness Core Team has developed a National Environmental Education and Awareness Strategy and Action Plan focused on developing formal school curricula and disseminating environmental messages through mass organizations. STEA is receiving support from the SEM project for the implementation of this plan. Support from the Project focuses on concentrating on the vital first step of sparking interest in the environment through experiential learning activities that

directly expose young people to the natural world and focus on building enthusiasm and empathy as much as formal knowledge.

Applications are accepted from government agencies and institutions involved in education and environmental work, and mass organizations. Involvement of media and civil organizations experienced in environmental education would be encouraged in the development of proposals, especially for larger grants. Examples of potential activities to be funded include: development of conservation and ecology classroom and field courses at the NUoL, development of field guides, development and piloting of an informal experiential learning curriculum for secondary schools, learning-by-doing activities involving mass organizations and communities, and strengthening of environmental awareness and attitudes surveys.

3 PROPOSAL PREPARATION AND APPROVAL

Type and Allocation of Grants of PICE Window

Through the PICE Window, the EPF is providing two types of grants:

- **Smaller grants (< US\$10,000):** Proposed activities shall be implemented in the time period of not more than one year. The proposals of this grant can be either from local (district, provincial) and national levels.
- **Larger grant (>US\$10,000):** Proposed activities could be implemented in the time period up to 2010 and mostly in the national and provincial levels.

What can not be Funded by the PICE Window?

Applicants should be aware that certain activities are not eligible for funding through the PICE Window. Excluded are:

- Any activity requiring a full Environmental Impact Assessment (EIA) under either national regulatory framework or world bank safeguard policy;
- Sub-projects involving land acquisitions, loss of physical assets or physical displacements of populations;
- Supplying for big equipment such as vehicles (car, pick up, etc), goods and equipments;
- Big civil work;
- Activities adversely effecting ethnic groups (including their business, occupation, work, place of residence, habitat or standard of living).

Application and Review Procedures

Step 1: Marketing of the grants: the WMU will conduct marketing of available grant funding, disclosure of rules, eligibility criteria, review procedure and complaint mechanisms. In this step, the WMU will conduct launching workshop and brainstorming for relevant candidates on the application preparation and procedures.

Step 2: Discussion and consultation for the potential proposals: The PICE technical officer and provincial facilitator will facilitate those who interest in

preparing the proposals – initial discussions with possible applicants. In this step, the flexibility for preparing proposals will be given to all applicants; whether they will prepare by themselves accordingly to the basis requirements provided in the preceding sections or with the assistant/ facilitation of WMU team. To make sure that the proposed activities are potential for implementation and consistent with environmental and social safeguard policy, the key concept of proposal will be raised up for discussion with WMU. Meanwhile, the identification and initial screening for negative impacts need to be taking to an account. And screen potential projects for safeguard requirements.

Step 3: **Preparation of application form (filling standard application form):** The interest applicant/organization will continue to develop the key concept discussed in the step 2 accordingly to the technical guideline. The importance of this step, the applicant should possess:

- eligibility criteria of LENS/PICE;
- available grants;
- national/provincial strategic and action plans of the sector development, particularly for PICE sub-components;
- potential for implementation (participation of relevant government agencies, local authority, and community).

Step 4: **Submission:** the first draft of applications will be submitted to the provincial facilitator (for those applications from provincial and district levels) and PICE technical officer (those applications from national level) for initial review and feedback. Each proposal will be given comments and feedback within *one week* by the provincial facilitator (if the proposals were prepared by the provincial and district levels). If the proposal was filled properly¹, it will be submitted to the WMU for review and feedback (*two week*). If the proposal does not meet the basic requirements, it is need to re-prepare again through step 3, otherwise it will go for further screening and approval.

Step 5: **Approval:** Small grant applicants will submit their proposals on standard form. Applicants for larger grant must follow standard guidelines, but the length of the application is not fixed. Both small and large grant proposals can be submitted to the WMU anytime.

The proposals for small grants will be authorized approval by the Window Manager within upon *one month* after official submission.

The proposals for larger grant application will have to be reviewed by two peer reviewers, endorsed by the Project Steering Committee (PSC), as part of their quarterly coordination meetings (*four times a year*), and approved by the EPF Board of Directors.

Step 6: **Implementation and monitoring:** implementation of sub-projects can be started after Agreements are signed between the WMU and the sub-project applicant, funds are available, and (for community grants) a sub-project

¹ Proposal filled properly means: it provided tangible output and outcome with clear objectives with the activities under the provided criteria.

account is opened by the community/government agencies representatives.
Time of implementation also depends on the types of activities and season.

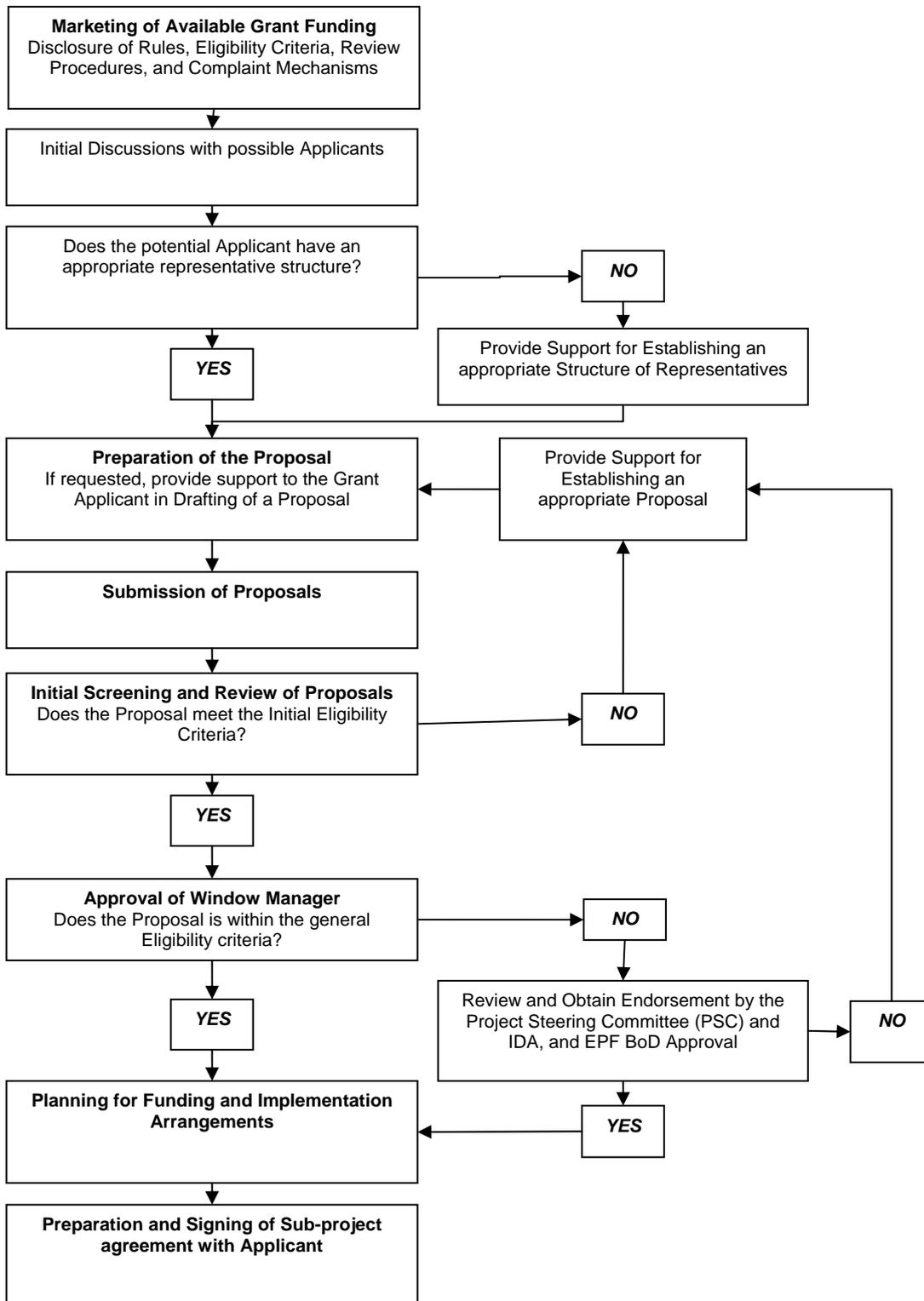
All of these steps are illustrated in Annex I.

Selection Criteria for Larger and Smaller Grants

Grant funding can be made available upon: i) the review and approval by the EPF, and ii) the availability of PICE grant. To ensure that the proposals contribute towards the overall objectives of the PICE Window, basic selection criteria being applied include:

- Contribution of the proposal to the objectives of the PICE window and its activities.
- Complementarities with environmental capacity building measures being implemented in other projects. Duplication of efforts already underway will not be supported.
- Proposals for activities will be considered according to their appropriateness to the current stage of implementation of new and priority policies.
- Clear and assessable outputs and results.
- Feasibility of delivering outputs with the resources proposed.
- Demonstrated commitment of staff time and resources by implementing partners to ensure successful implementation.

Annex I – General Overview of the Application Process



Annex II - Standard Application Form for Smaller PICE Grants



Laos People's Democratic Republic
Peace Independence Democracy Unity and Prosperity

Environment Protection Fund

Lao Environment and Social Project

Standard Application Form for Smaller PICE Grants (<US\$10,000) (SF01)

Sub-project Title

Location:

Filled out by:

Date:

Attachments:

General Instructions:

- Applications can be submitted in Lao or English
- Applications can be of undefined length;
- Applications can not exceed US\$ 10,000.
- Project must be completed within one year after signing the sub-agreement.

For all small grant applications detailed technical specifications and site plans will only be required if necessary for safeguards purposes. Budget tables detailing procurement type, bills of quantities and implementation schedules may be developed with the WMU after project approval.

Applications will include the following (where applicable):

Project Summary

<u>Name of sub grant</u>	
Total subgrant cost	
Main objectives	
Main activities	
Outputs/outcomes	
Implement agency	
Benefishery	
Subgrant period	
Others	

1. Applicant and details of contact person.

2. PICE Window activity under which grant is sought (which of the five sub-activities do you apply for).

3. **Sub-project rationale:** describe the main reasons, why this subgrant need to be carry out at the mean time

4. **Objectives of the sub-project/project:** the objectives should intend to raise awareness and enhance capacity to relevant agencies/institutions/organizations to implement environmental and social policy.

5. **Describe the activities to be supported by the grant:** Including research conducting, building capacity for key performance agencies (workshop/training), implementation, publication and dissemination.

6. **Project outputs/outcomes:** list the outputs/outcomes of the project, particularly after project completion

7. **Project beneficiary:** indicate the targeted beneficiaries (who will be the beneficiary during and after project) and estimate the impact that the project will have upon them.

8. How will the project develop environmental capacity, understanding or effective policy implementation? Indicate how this relates to national, sectoral or provincial environmental plans and policies.

9. How will project impacts be assessed or measured, if any?

10. Explain how the positive impacts of the project (project sustainability) will be maintained or developed after the grant period?

11. Indicate the discussions and consultations that have gone into developing this proposal, and list the participants.

12. **If there is a pilot site,**

12.1. Describe the pilot area: Give the location, size of the area to be affected, and habitat type and/or current land use. Does the area have any specific natural, cultural or economic value? Is it within a national, provincial or proposed protected area? Does it have any archaeological, paleontological, historical, religious, spiritual or scenic value?

12.2. Will the activity causes any person or persons to lose property, resources or income?: If so, identify the person, the type and size of the impacts involved (e.g. land, trees, crops, houses and other structures), and any agreement reached on the nature and amount of compensation

13. Provide a budget for the total amount of the grant applied for: This must include quantities, unit prices and totals for each of the inputs paid for with grant money.

14. Provide institutional arrangement for implementation of the project: including setting up project management unit (project manager, key technical staff and other contributors), brief description of duties and responsibility of each actor of the project and the cooperation and coordination with relevant agencies.

Annex III - Standard Application Form for Larger PICE Sub Grants



Laos People's Democratic Republic
Peace Independence Democracy Unity and Prosperity

Environment Protection Fund
Lao Environment and Social Project

Standard Application Form for Larger PICE Sub Grants
(SF02)

Sub-project Title

Brief Description:

Location:

Filled out by:

Date:

Attachments:

General Instructions:

- Applications must be submitted in English
- Applications can be of undefined length;
- Applications will include the following (where applicable):
- Project must be completed within two years after signing the sub-agreement.

Applications will include the following (where applicable):

Project Summary

<u>Name of sub grant</u>	
Total subgrant cost	
Main objectives	
Main activities	
Outputs/outcomes	
Implement agency	
Benefishery	
Subgrant period	
Others	

1. Applicant and details of contact person.

2. PICE Window activity under which grant is sought (which of the five sub-activities do you apply for).

3. **Sub-project rationale:** describe the main reasons, why this subgrant need to be carry out at the mean time and review the baseline situation for each of the target beneficiaries.

4. **Objectives of the sub-project/project:** the objectives should intend to raise awareness and enhance capacity to relevant agencies/institutions/organizations to implement environmental and social policy.

5. **Describe the activities to be supported by the grant:** Including research conducting, building capacity for key performance agencies (workshop/training), implementation, publication and dissemination.

6. List outputs and outcomes, describing how these can be measured, and giving projected values for at the project mid-point and close.

7. **Project beneficiary:** indicate the targeted beneficiaries (who will be the beneficiary during and after project) and estimate the impact that the project will have upon them.

8. An explanation of how activities and objectives relate to priorities laid out in relevant policy and planning documents.

9. Sustainability: An explanation of how the gains from the project will be maintained after the grant period.

10. If there is a pilot site,

10.1. Describe the pilot area: Give the location, size of the area to be affected, and habitat type and/or current land use. Does the area have any specific natural, cultural or economic value? Is it within a national, provincial or proposed protected area? Does it have any archaeological, paleontological, historical, religious, spiritual or scenic value?

10.2. Will the activity causes any person or persons to lose property, resources or income?: If so, identify the person, the type and size of the impacts involved (e.g. land, trees, crops, houses and other structures), and any agreement reached on the nature and amount of compensation.

10.3. Where a community-based element is included, a summary of the results of a community impact assessment exercise to identify positive and negative conservation/environmental and social impacts, plus an explanation of why conservation/environmental benefits clearly outweigh costs.

10.4. Detail the process of consultation followed in developing the project. Where a community-based element is included, this must describe how the participation of different groups within the community, including gender and ethnic groups, was ensured in order to guarantee general support and input into the process. The ethnic composition of the community, any objections raised within the community and their resolutions must also be included.

10.5. Identification of any negative impacts on Project-Affected Persons, including temporary or permanent loss of property, land or access to resources

10.6. A bill of quantities for all materials to be purchased.

10.7. Technical specifications and site plan for any construction work.

11. Details of the contribution to the activities provided by the applicant in terms of manpower (institutional arrangement), materials or other resources.

12. A summary of implementation arrangements including who will carry out particular activities and a schedule.

13. Lessons learnt and approaches incorporated from previous experience and projects, if any.

14. Alternative project activities considered for achieving the same outcomes, if known, and why these were rejected.

15. Other sources of funding received, applied for, or available in the absence of the grant.

16. A detailed budget of the total amount of the grant applied for, including quantities, unit prices and totals for each of the inputs paid for with grant money, and procurement categories for each budget line.
