



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

Environment Protection Fund
LENS2 Sub-project Application

General Instructions:

- Applications can be submitted in Lao but need to be translated into English at stage of submission to WB for non-objection. Translations will be under SDA's responsibility and are funded as part of Sub-project's budget.
- Eligibility criteria are: (a) supports a GOL policy, strategy and/or an official plan; (b) contributes to at least one outcome indicator and at least one intermediate outcome indicator (see PAW/LENS2 results framework); (c) *for protected area and wildlife related sub-projects only:* contributes to a regional or global outcome such as cross-border cooperation, knowledge transfer or prevention of illegal wildlife trade; (d) aligns with project's geographical scope (central level and target provinces (Bolikhamxay, Khammouane, Houaphan, Xiengkhouang, Luang Prabang (PAW), Savannakhet, Vientiane and Xaysomboun (all LENS2)); (e) fits into one of the eligible EPF funding windows (PICE, CBI (PAW), WRM (all LENS2)); and (f) excludes activities in negative check-list in project implementation manual.
- Sub-projects will be approved for the duration of the proposal but are subject to annual sub-grant agreements, which will be signed, based on previous years' performance. The defined annual performance triggers relate to input (use of funds and governance) and outputs and will be defined in the AWPB.
- Only one sub-project at a time per central department, or per provincial office division, or per faculty or per autonomous institution or partnership is permitted.

EPFO Sub-project number:

1. Sub-project delivery agency (SDA) <i>(name/address)</i>	Department of Environment and Social Impact Assessment (DESIA) Ministry of Natural Resources and Environment (MoNRE) Vientiane, Lao PDR
2. SDA focal point <i>(name/function/contact details)</i>	Ms. Phakkavanh PHISSAMAY Director, Division of Administration and Planning (DAP) Mr. Lamphoukeo KETTAVONG, Deputy Director, Division of Administration and Planning lamphoukeo@gmail.com , Tel: 22441478 Ms. Oulapheng INTHAVONG, Planning and Administration Division, DESIA INTHAVONG2015@gmail.com , Tel: 54155505

3. Geographic scope <i>(can be more than one option)</i>	<input type="checkbox"/> International level <input checked="" type="checkbox"/> Central/national level <input type="checkbox"/> Provincial/district level. Please indicate target provinces: <input type="checkbox"/> Protected area. Please indicate (NPA, protection forest, conservation forest and name):
4. Sub-project title	Capacity Building for enforcement of environmental and social impact legislation
5. Amount requested (US\$)	\$1,879,229
6. EPF's eligible funding window <i>(please check only one window)</i>	<input checked="" type="checkbox"/> Policy Implementation and Capacity Enhancement (PICE) <input type="checkbox"/> Community Biodiversity Investment (CBI) please check if CEF applies
7. LENS2 Project development objective¹	To help strengthen selected environmental protection management systems, specifically for protected areas conservation, enforcement of wildlife laws and environmental assessment management.
8. Sub-project related sectoral and institutional context, challenges and priorities <i>(Describe role of SDA, current capacity and activities related to PA/wildlife/env. and social safeguards, challenges and priority needs and approach proposed to address priority needs/gaps).</i>	<p>(1) Environmental and Social Impact Assessment (ESIA) system in Lao PDR</p> <p><i>Legal and institutional framework:</i> In Lao PDR, the Environmental Protection Law (EPL) (which was established in 1999 and revised in December 2012) defines key principles, regulations, and institutional frameworks related to (a) protection, conservation, rehabilitation, and management of environmental quality and natural resources; (b) control of pollution from various sources; (c) prevention and mitigation of potential negative impacts of investment activities/projects; (d) promotion of clean technology and green environment and active participation of key stakeholders and general public; and (e) sustainable financing through operation of EPF. To prevent and mitigate the potential negative impacts of investment activities/projects, the EPL 2012 calls for the establishment of regulations requiring for the preparation of an Environmental and Social Impacts Assessment (ESIA) report or an Initial Environmental Examination (IEE) report including its Environmental and Social Management and Monitoring Plan (ESMMP). If the activity/project requires land acquisition and/or resettlement of peoples and/or assets, the principles and procedures described in the Compensation and Resettlement Decree (CAR) (revised Decree 84/PM) will be applied. An Environmental Compliance Certificate (ECC) will be issued by responsible agency to indicate government approval of the ESIA/IEE report and the proposed measures to mitigate the potential negative impacts of the proposed investment projects (private and public). The ECC will be valid for 2-5 years depending on natural of the project.</p> <p>Before 2010, the EIA/ECC process was implemented according to the EIA 2003 regulation which assigned the responsibility for management of the EIA system to sector agencies. In 2009 DESIA was established as part of the Water Resource and Environmental Administration (WREA) of the</p>

¹ This is the proposed LENS2 PDO. Until LENS2 project becomes effective, sub-projects for LENS2 will not be processed for approval.

	<p>Prime Minister Office. In early 2010 an EIA decree (Decree 112) was promulgated centralizing the responsibility for management of the EIA/IEE process to the Department of Environment and Social Impact Assessment (DESIA) which was established in 2009. With technical assistance and financial support from development partners² the EIA/IEE process, including a number of technical guidelines were developed during 2010-2013 and trainings were provided to DESIA staff and the provinces. Given rapid development of large hydropower projects and its significant negative impacts on local communities, local environment, and biodiversity DESIA also developed a Standard Environmental and Social Obligations (SESO) and includes it as an annex to the Concession Agreement (CA) of hydropower projects and SESO negotiation has been applied to all hydropower projects before with CA signing or ECC signing since mid-2010. In 2013, the Lao Front for National Construction (LFNC) who is responsible for overseeing the wellbeing of ethnic groups in Lao PDR has issued a national guideline on consultation with ethnic group. Below list key guidelines that were developed based on the EIA decree in 2010 and they are being applied:</p> <ul style="list-style-type: none"> • Guidelines on implementation of compensation and resettlement decree; • General guidelines on EIA preparation; • Guidelines on EIA preparation for agricultural project; • General guidelines on IEE preparation; • Guidelines on public involvement, 2012; • Guideline on monitoring of ECC compliance; • SESO for hydropower projects and agricultural project; • National guideline for consultation with ethnic groups. <p>During 2011-2012, DESIA has been transferred to the Ministry of Natural Resources and Environment (MONRE). In line with the Party and the Government policy on decentralization (Sam Sang), MONRE established an ESIA regulation and an IEE regulation. DESIA is responsible for implementation of the ESIA process while the provinces and the Vientiane Capital are responsible for the IEE process.</p>
	<p>(2) Role and responsibility of DESIA</p> <p>As assigned by MONRE³, DESIA is responsible for development of policy, regulations, guidelines, related to EIA/IEE including providing technical support to the Provincial Office of Natural Resources and Environment (PONRE) to ensure effective management of the ESIA process including monitoring and reporting. To perform these functions, DESIA is divided⁴ into 2 Divisions and 4 Centers: Division of Administration and Planning (DAP), Division of Environmental Management and Monitoring (DEMM), Center on Information and Public Relations (CIPR), Center on Impact Assessment of Agriculture, Forestry, Industry, and Infrastructure Project (CIAIP), Center on Impact Assessment of Energy Project (CIAEP), and</p>

² Mostly from the Government of Sweden and Finland through SEM and EMSP projects and the World Bank through LENS project (see scope in the background provided under the DESIA Functional Capacity Index).

³ Per MONRE decision on Establishment and Activities of DESIA, No. 3337/MonRE dated 25/05/2012

⁴ Per the order No. 3337/Monre; This structure is being revised in 2014

	<p>Center on Impact Assessment of Mining Project (CIAMP). Below list key functions of these divisions and centers:</p> <ul style="list-style-type: none"> ● DAP is responsible for the overall planning and administration of DESIA including budget management. ● DEMM is responsible for development, management and implementation of legal aspect, monitoring and evaluation of compliance according to the ECC condition or the environmental and social obligations of development projects including development of monitoring guidelines, prepare plan and conduct monitoring, and coordination with other agencies/provinces, and responding to complaints. ● CIPR is responsible for ensuring compliance with public involvement and information disclosure as required by the ESIA regulation. ● CIAIP, CIAEP, and CIAMP are responsible for review of the ESIA reports and the ESMMP for their responsible investment projects, including development/upgrading of technical guidelines and negotiation of SESO and other appropriate conditions for the issuance of ECC. <p>Current staffing is 123 (women 51 persons) comprising 73 technical officials, 50 supporting officials. All DESIA divisions and centers will play a key role in the implementation of DESIA subproject for LENS2.</p>
	<p>(3) Issues and challenges</p> <p><i>Rapid development of investment projects and need for ensuring of effective mitigation of negative impacts.</i> In Lao PDR, during the past 7 years development activities in the country have been rapidly increased, especially those related to hydropower and mining which is the key driver for socioeconomic development for Lao PDR. In 2015, about 33 ESIA projects have received ECC comprising 12 hydropower projects, 06 mining projects, zero road projects, and 15 other projects (plantation, industries, hotel, etc.). During 2009-2015, about 302 ESIA projects have received ECC comprising 109 hydropower projects, 72 mining projects, 21 road projects and 100 other type of projects. Of the 109 hydropower projects received ECC which 18 SESOs was signed.</p> <p>Most hydropower project is made through an Independent Power Producer (IPP) process with a combination of public and private investments and they are large scale and located in upstream and sensitive areas and owned by foreign investors (from Vietnam, China, Thailand, Japan, Korea, etc.). These projects have created significant negative impacts on local environment and local population especially when resettlement is required.</p> <p>There are also concerns among agencies and staff regarding roles and responsibilities of key agencies in the IPP process, including clarity/quality of the CA, consistency between SESO and the ESMMP, the GOL-Developer-Contractor relationships, lack of auditing arrangement, and difficulty in understanding various legal documents due to limited knowledge and experience on the legal terms and English language. Efforts are being made by DESIA and agencies of the Ministry of Energy and Mines (MEM) to discuss and clarify the IPP and ESIA process through</p>

the implementation of the policy on sustainable hydropower (PSHD) under another WB-support project⁵. However given limited budget and human resources of the government, effective implementation of these regulations remains a major challenge.

There are also concerns regarding quality of the ESIA, IEE, and social impacts assessment reports and adequacy of the prevention and/or mitigation measures including clarity on the legal obligations and commitment of the project developer. The EPL (2012) requires that the IEE or EIA/SEA to be conducted only by the qualified consulting firm or consultants who registered with MONRE to ensure accountability of the reports and the proposed mitigation measures. However, limited number of qualified national consultants makes it difficult to ensure quality of the ESIA/SEA study that is practical and effective in the Lao context. For large and complex project, hiring international consulting firm appears to be the only choice while inputs of good national consultants will also be necessary.

Need for developing/updating regulations and guidelines. As mentioned above, recent policy, legal and institutional reforms and establishment of MONRE in 2012 and the ESIA/IEE regulations in late 2013, the responsibility to manage the IEE process including issuing of ECC has been delegated to the province/PONRE while MONRE through DESIA is responsible for the ESIA process including approval of an Environment and Social Management and Monitoring Plan (the ESMMP)⁶ and/or SESO before the issuance of ECC. Implementation experience suggested that upgrading of the ESIA/IEE legislation from ESIA/IEE ministerial instruction to ESIA/IEE Decree/law will be necessary to ensure effective enforcement of the ESIA/IEE requirements. DESIA has planned to prepare ESIA/IEE law and submit to the National Assembly in 2018. The current regulations and guidelines have to be updated and in some cases new development will be necessary to facilitate effective implementation of the ESIA/IEE process by DESIA and/or the provinces.

Limited public involvement and information disclosure. In Lao PDR, public involvement and information disclosure is considered an integral part of the ESIA/IEE process. The 2010 EIA decree as well as the 2013 ESIA/IEE regulations⁷ gave high priority for ensuring effective involvement and a guideline on public involvement was issued in 2012. DESIA and provinces will be responsible for ensuring that public involvement and public information disclosure related to ESIA/IEE is implemented effectively. It is also MONRE policy to ensure transparency of the ESIA/IEE process.

⁵The technical assistance project for hydropower and mining sectors (HMTA additional financing), financed by the WB and in cooperation with IFC.

⁶ The terms EMP or EMMP, ESMP were used in the past.

⁷ Item 2.16 of the 2013 IEE regulation and the Item 2.20 of the 2013 requires that the following information will be publically disclosed: (i) information related to the project and the project owner; (ii) social and environmental impacts of the project; (iii) commitments and measures to mitigate the environmental and social impacts; (iv) the ESIA report (or the IEE report) including other reports that were prepared by the project owner and submitted them to the government authorities; (v) results from monitoring and implementation progress of all the measures; (vi) the budget to be provided for the EIA preparation and for the implementation of the environmental and social management and monitoring measures as specified under the ESMMP; (vii) any breach of any obligation or measures committed by the project owner; and (viii) other information requested to be disclosed by the government authorities to the public.

	<p>Limited capacity of DESIA and PONRE. At present there is a number of ECCs issued to the investment projects that was recorded by DESIA. The records suggested that in addition to hydropower, development of industries and urban services has also been increasing and this trend will be continued given rapid development and connectivity in the region. Most DESIA staff has environmental or social background but they are young and inexperienced while those working in the province as part of PONRE are struggling with rapid development and overwhelming issues on the ground. Given that most of the regulations and guidelines were prepared with assistance from international consultants although translation into Lao and trainings were provided, additional on-the-job training on the application and compliance monitoring will be necessary for DESIA and PONRE staff. Most of the current guidelines also need to be updated in line with the new 2012 EPL, the 2013 ESIA/IEE regulations, and the proposed new ESIA Decree/law. Recent approval of the revised decree on resettlement and compensation (decree 84) on 05 April 2016 has also assigned the responsibility to DESIA to oversee and monitor the implementation of the resettlement plans and compliance with the new CAR decree. Current capacity of DESIA and the provinces are considered inadequate to ensure effective management of the ESIA/IEE systems in Lao PDR.</p>
	<p>(4) Priorities and needs</p> <p>Building DESIA capacity for forging effective implementation of the ESIA and IEE regulations including training of DESIA and PONRE staff. To address the issues and challenges mentioned above training and capacity building of DESIA has to be shifted toward forging effective implementation of the ESIA/IEE related regulations and guidelines including compliance monitoring and reporting of key investment projects taken into account the nature of impacts and location of the activities. For large and complex hydropower and mining projects, assistance from international consultant during negotiation and finalization of the ESMMP and/or SESO will be necessary. Ensuring effective coordination with concerned ministries and PONREs are critical for ensuring effective management and implementation of ESIA/IEE processes. To ensure effective enforcement of ESIA/IEE process, it is anticipated that development of a higher status of the ESIA regulation (to a decree or a law) may be necessary and the law development will be based on the result of assessment on the implementation of ESIA/IEE Ministerial instruction and consultation with concerned ministries, PONREs and key stakeholders. Rapid development in the country and the need for protection of natural resources and biodiversity, development of specific regulations and/or guidelines including training of DESIA/PONRE staff to forge effectively prevention and mitigation of potential negative impacts of projects and activities in protected areas, urban areas, and industrial complex are considered priority.</p> <p>Undertaking M&E of project with ECC/SESO and expanding EMMD: In 2015, DESIA has begun to strengthening its M&E function by establishing the EMMD and with technical assistance from EMSP (supported by Finland Government), a M&E checklist, and a EMMD web-</p>

based database system⁸ have been established and being applied. The EMMD web-based consists of three components including projects received ECC (ESIA and IEE), monitoring projects, and database report. The system requires an internet connection and can facilitate connection and/or data/information sharing between MONRE (DESIA, DONRE, and EMU) and project developers. Given that the system can present record and report inspection findings/non-compliance issues of projects received ECC to DESIA and MONRE managers including actions to bring non-compliance projects back to compliance with ECC conditions. However, current DESIA capacity on this aspect remains weak and additional support from the IT expert as well as hardware and training will be necessary to ensure effective actions by project owners and the provinces. The EMMD system need to continue, regularly update and functional in DESIA and expansion into Provinces, particularly selected provinces. In addition to the newly develop EMMD web-based and DESIA website, it is also necessary to develop the overall DESIA database (web-based) that could accommodate information exchange and management of ESIA and IEE processes starting from submission of TOR to issuance of ECC as well as in connection with MPI database and MONRE database.

However, given limited budget available for M&E, implementation of the M&E activities remains limited and in addition DESIA did not receive M&E reports from all projects especially that are not monitored. Thus, adequate budget support on M&E will be necessary to ensure achievement of the subproject targets. Under the subproject, budget will be made available for M&E activities that can be carried out by DESIA. Given that PONRE will be responsible for undertaking routine M&E of the project while DESIA will undertake periodic monitoring, expanding the EMMD system to cover PONREs as well as providing training to PONREs on the EMMD operations will be necessary.

Given limited capacity of provincial staff, it is also necessary for DESIA to also play a leading role in providing training to PONRE on regulatory and monitoring functions at least during the next 2-3 years. DESIA will also play a key role in providing guidance and support to the National University of Lao (NUOL) in relevant curriculums related to ESIA, IEE, and SIA for the NUOL students. In addition, DESIA will coordinate with NUOL for arrange short course for DESIA and PONRE staff on technical knowledge related to ESIA/EIA. DESIA will conduct trainings on ESIA, IEE, and SIA legislation, procedures and monitoring including intern field monitors for DESIA, PONRE, DONRE and national consultants.

Building DESIA capacity on public information disclosure. DESIA have role to disclosure information on EIA as specify in the Environment Protection Law and ESIA/IEE Ministerial instruction to public. DESIA need to set up the system of disclosure and necessary public disclosure policy,

⁸ The EMMD system consists of five contents includes: (i) Project profile including project executive summary, date of ECC issues for approving ESIA/IEE and ESMMMP reports and project related documents. The data will be entered by DESIA for ESIA projects and DONRE for IEE projects; (ii) Inspection profile including team, type of inspection, documents related to such inspection. The data will be entered by DESIA/DONRE/EMU; (iii) Non-compliance issues (NCIs) including issue subject, description, photos, recommendations and deadline for corrective actions. The data will be entered by DESIA/DONRE/EMU; (iv) Corrective actions including description of corrective actions taken with photo and document for each NCI. The data will be entered by respective project developer; and (v) Verification, verifying if the corrective action taken by developer is acceptable or not. If acceptable so such NCI can be closed, if not rework required. This can be done by DONRE or EMU.

	<p>so DESIA need support from specific expert. In addition, training and capacity building to enhance DESIA capacity to facilitate public disclosure of ESIA/IEE processes are considered priority.</p> <p>Given the DESIA responsibility to oversee and monitor the compliance with the implementation of the new resettlement and compensation decree DESIA will also take actions regarding training and monitoring the implementation given high priority for hydropower projects, mining projects, and road projects.</p>
	<p>(5) Subproject approach</p> <p>Recognizing the Project Development Objective (PDO) Indicator and the Intermediate Outcome Indicators of LENS2 (<i>see Section 12</i>), the proposed DESIA subproject has been designed to improve DESIA capacity to force effective implementation and enforcement of the ESIA/IEE regulations and the CAR decree including development of ESIA/IEE Decree/law and updating and/or development of guidelines and building DESIA database and data management system that can accommodate the need for public information disclosure. Priority will be given to ensure achievement of the Project indicators and the expected functional capacity index (FCI) of the DESIA subproject and this will be closely monitored through the subproject administration and monitoring (<i>see Component 3 below</i>).</p> <p>The subproject activities will be implemented through the following 3 components(<i>see scope in Section 14 below</i>):</p> <ol style="list-style-type: none"> (1) Strengthening DESIA Capacity on Legislation, Planning, and Approval of the ESIA and ESMMP/SESO Reports; (2) Enhancing DESIA Capacity on Compliance Monitoring and Reporting including Full Operation of DESIA database; and (3) Subproject Administration and Monitoring.
<p>9. Sub-project objective <i>(only one sentence)</i></p>	<p>To further strengthen DESIA and its partners in enforcement of environmental and social legislation, planning, approval of the ESIA and ESMMP/SESO reports, compliance monitoring and EMMD system with a focus on the hydropower, mining and road sectors</p>
<p>10. GoL Policy/Plan/Strategy supported by Sub-project</p>	<p>The Proposed DESIA subproject supports the implementation of the Environmental Protection Law 2012 (Article 34, 43, 47, 50, 52, 55-58, and 79), Compensation and Resettlement Decree (revised version) and the ESIA/IEE regulations (dated 17 December 2013) as discussed in Section 8 above.</p>
<p>11. Sub-project Regional or global outcomes <i>(for protected area and wildlife related sub-projects only: e.g. cross border cooperation, knowledge transfer, prevention of regional illegal wildlife trade)</i></p>	<p>Due to multidisciplinary tasks of ESIA system, DESIA will work closely with other key agencies and share the regulations, guidelines, and results of the ESIA implementation and monitoring carrying out under the subproject with other countries through participation of regional/ international forum such as MRC, GMS, and other international forum related to ESIA/IEE as appropriate.</p>

<p>12. Sub-project Outcome Indicators</p> <p>Select and list the related outcome and intermediary outcome indicators from the PAW/LENS2 Results Framework and describe additional sub-project specific outcome indicators.</p> <p>Outcome/impact is the longer-term benefit of particular goods or services to a target group.</p>	<p>In line with the LENS2 Results Framework, DESIA subproject outcome indicator will be:</p> <ul style="list-style-type: none"> ● Indicator #1: Increase in a score of functional capacity of DESIA (annual); ● Indicator #2: Project registered in environment impacts Category 1 that have up-to-date compliance monitoring report published in the DESIA website⁹ (annual) focusing on hydropower, mining, and road projects; ● Intermediate results indicator # 1.1: Direct project beneficiaries (of which 20 % of women) as measured by additional staff of DESIA: PONRE and DONRE having completed basic adaptive training (short course) (cumulative); ● Intermediate results indicator #1.2: Projects in environment impact Cat 1 and Cat 2 in the provinces targeted by the Project who have a valid ECC (annual).
<p>13. Sub-project main outputs (Goods or services provided by the sub-project's intervention (supply-driven) e.g. x staff trained; guidelines on x developed)</p>	<p>The subproject will be implemented through 3 components and the key outputs will be as follows:</p> <p>Component 1 (Strengthening DESIA Capacity on Legislation, Planning, and Approval of the ESIA, ESMMP, SMMP, and SESO Reports) including training and capacity building of DESIA, PONREs and DONRE staff: Key outputs will include:</p> <ol style="list-style-type: none"> 1.1 Submission the final draft of the new ESIA/IEE Decree/law for approval; 1.2 Completed updating of existing guidelines and/or development of new specific guidelines on ESIA preparation and monitoring for (a) mining projects, (b) hydropower projects, and (c) road projects. 1.3 Conduct training of DESIA and PONRE staff (8 provinces): <ul style="list-style-type: none"> ● Training on ESIA/IEE review for DESIA's key staff and PONREs ● Training on application of the technical and financial guidelines on SESO negotiation for DESIA, PONRE and DONRE staffs ● Training on Compliance monitoring for DESIA, PONRE and DONRE staffs; ● Training on database, GIS technology and information disclosure for DESIA's staff and PONREs ● Support DESIA's staff on short course training environment and social science which conducted by NUOL ● Support DESIA's staff on English language training 1.4 Completed setting up the ESIA/IEE network and conduct as series of consultation workshops. <ul style="list-style-type: none"> ● Establishing the Technical Panel (TP) for reviewing environmental and social impact assessment reports of investment projects in order to determine the issuance of environmental compliance

⁹ An Cat 1 (or EIA) project is Lao legislation is a project will potentially severe environment and social impact comparable to a World Bank cat A project.

	<p>certificate (ECC) as well as ensuring the TP to work effectively regarding its mandate;</p> <ul style="list-style-type: none"> Organising regular consultation workshops. <p>Component 2 Building DESIA Capacity on Compliance Monitoring and Reporting including Full Operation of DESIA database; Key outputs will include:</p> <p>2.1 Conduct compliance monitoring of projects received ECC including hydropower, mining and road projects. This component will increasingly support DESIA to conduct compliance monitoring starting at 5% in year 1st and up to 50 % in year 5th of 152 projects out of total 202 currently projects (including 79 hydropower projects, 52 mining projects and 21 road projects focused on projects with no EMP budget). Whilst around 50 projects will be monitored by using EMP budget (30 hydropower projects and 20 mining projects).</p> <p>2.2 Improving database and information disclosure.</p> <ul style="list-style-type: none"> ESIA database will be developed, EMMD will be updated and expanded into Provinces, particularly in selected provinces; EMMD web-based and DESIA website will be developed and function; Linking EMMD database and MPI database; Public disclosure procedures will be developed. <p>2.3 Dissemination of monitoring result.</p> <ul style="list-style-type: none"> Summary report of compliance monitoring will be published on DESIA website (update quarterly); Dissemination workshops on evaluation of monitoring result with key stakeholders annually. <p>Component 3 (Subproject Administration and Monitoring): Key outputs will include:</p> <p>3.1 Capacity to delivery output as defined in the item #26 including timely submission of progress report, financial management report, and other M&E requirement as agreed with EPF.</p>
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14. Sub-project Components and Activities:

List the components and main activities to produce outputs above. Do not use more than 5 components. Details will be in Annual Work Plan and Budget (AWPB) annex attached.

Component	Main activities
Component 1: Strengthening DESIA Capacity on Legislation,	This component will support consultants (international, regional, and/or national) to assist DESIA in strengthening legislation necessary for forging effective enforcement, planning, and approval of ESIA, SIA, ESMMP, and SESO reports including training and capacity building of DESIA and

<p>Planning, and Approval of the ESIA, ESMMP, SMMP, and SESO Reports</p>	<p>PONREs staff. Key activities may include meetings, training workshops, field visits, and/or development/updating of specific legislations and/or guidelines. Key specific tasks and activities will be, but not limited to, the following:</p> <p>Task 1.1: Submission the final draft of the new ESIA/IEE Decree/law for approval ; Key activities will be as follows:</p> <ul style="list-style-type: none"> • Review and assessment implementation on existing IEE/EIA Ministerial instruction • Desk review on IEE/EIA legislation from other countries • Drafting ESIA/IEE Decree/law which is being upgraded from IEE/EIA Ministerial Instruction • Conducting a series of meetings and/or consultation workshops with sector agencies, provinces, and the public on the drafted law and finalize the draft in consultation with the legal department, and finalizing the draft; • Submission of the final draft ESIA/IEE Decree/law for approval in 2018. Dissemination of new ESIA/IEE Decree/law and printing. <p>A national and/or an international lawyer will be hired to assist in the drafting and consultation of the final draft new ESIA/IEE Decree/law.</p>
	<p>Task 1.2: Completed updating of existing guidelines and/or development of new specific guidelines on ESIA preparation and monitoring for (a) mining projects, (b) hydropower projects, and (c) road projects. Key activities will be as follows:</p> <ul style="list-style-type: none"> • Review and update existing guidelines (ESIA, IEE, CAR implementation, and PI). This is to ensure consistency of the guidelines with current regulations and facilitate effective implementation of ESIA preparation, review, and approval of reports for projects in environmental sensitive areas (such as the national protected areas). • Develop specific guidelines given priority to hydropower projects, mining projects and road projects. • Consultation with key agencies, the provinces, and the public will be carried out. • Finalize and submit to MONRE for approval, including printing and dissemination <p>A national or an international expert will be hired to assist in the drafting and consultation of the final draft specific guidelines.</p>
	<p>Task 1.3: Conduct training for DESIA, PONRE and DONRE staff (8 provinces). Key activities will include:</p>

	<ul style="list-style-type: none"> • Conduct training on ESIA/IEE review for DESIA’s key staff and PONREs. • Conduct training on application of the technical and financial guidelines on SESO negotiation for DESIA, PONRE and DONRE staffs, including revision of the guidelines and conducting the negotiation. • Conduct training on Compliance monitoring for DESIA’s key staff, 8 province (PONREs and DONRE). • Conduct training on database, GIS technology and information disclosure for DESIA’s staff and PONREs • Support DESIA’s staff on short course training environment and social science which conducted by NUOL • Support DESIA’s staff on English language training <p>A national and/or an international expert will be hired to assist on delivery trainings.</p>
	<p>Task 1.4: Completed setting up the ESIA/IEE network and conduct as series of consultation workshops.</p> <ul style="list-style-type: none"> • Establishing the Technical Panel (TP) for reviewing environmental and social impact assessment reports of investment projects in order to determine the issuance of environmental compliance certificate (ECC) as well as ensuring the TP to work effectively regarding its mandate; • Organizing regular consultation workshops.
<p>Component 2: Building DESIA Capacity on Compliance Monitoring and Reporting including Full Operation of DESIA database</p>	<p>This component will support DESIA to undertaking monitoring and evaluation of ESMMP, SMMP, SESO/ECC including completion of M&E database system and development of DESIA database and data management including training and capacity building on public consultation and information disclosure. Key specific tasks and activities will be, but not limited to, the following:</p> <p>Task 2.1: Conduct compliance monitoring of projects received ECC including hydropower, mining and road projects</p> <p>Conducting ESIA compliance monitoring. The activities will be planned to ensure achievement of the expected targets as described in the results framework of the subproject including strengthening the M&E data management system to cover PONRE. The M&E activities will be conducted by DESIA and PONRE staff with assistance from a short term specialist (regional/national). Key activities will include, but not limited to the following:</p> <ul style="list-style-type: none"> • Planning and conducting compliance monitoring and reporting of ESIA projects. During 2009-2015, about 302 ESIA projects have received ECC comprising 109 hydropower projects, 72 mining projects, 21 road projects and 100 other type of projects. This

	<p>component will increasingly support DESIA to conduct compliance monitoring starting at 5% in year 1st and up to 50 % in year 5th of 152 projects out of total 202 currently projects (including 79 hydropower projects, 52 mining projects and 21 road projects focused on projects with no EMP budget). Whilst around 50 projects will be monitored by using EMP budget (30 hydropower projects and 20 mining projects).</p> <ul style="list-style-type: none"> • Summary of compliance monitoring report will be published on DESIA website. • Provide monitoring equipment and vehicles for monitoring. <p>To hire consultant to assist in the planning, M&E, reporting and deliver training on compliance monitoring (can be 1 International;/regional or 1 national firm). A full time national consultant will be mobilized to assist the subproject team in the overall coordination, planning, and submission of monitoring reports including assist in the activities to be implemented under Component 1.</p>
	<p>Task 2.2 Improving database and information disclosure</p> <p>Expanding M&E database to cover PONREs/VT city and DESIA database. Expansion of the current system to become DESIA database and connecting to PONREs and other agencies (MPI, MEM) including supervision the installation of hardware and training of all DESIA staff. Key activities will include, but not limited to the following:</p> <ul style="list-style-type: none"> • Develop ESIA database and update EMMD system and expansion into Provinces, particularly in selected provinces. • Develop EMMD web-based and DESIA website • Linking EMMD database and MPI database • Draft public disclosure procedures in line with the ESIA/IEE regulations (2013) including consultation with agencies and key stakeholders and the public. The final procedures will be submitted for MONRE approval and disclosed in the DESIA website. <p>Hire the IT expert to develop ESIA database and expand EMMD database to be function and connect to the database of PONREs and including develop public disclosure procedures, providing training to DESIA/PONRE staffs to operate the database system, and the provincial staffs to report to the system.</p>
	<p>Task 2.3: Dissemination of monitoring result : Key activities will include:</p> <ul style="list-style-type: none"> • Summary report of compliance monitoring will be published on DESIA website (update quarterly) • Dissemination workshops on evaluation of monitoring result with key stakeholders annually
<p>Component 3:</p>	<p>This component will support consultant, incremental operation cost, equipment and materials, translation, printing, etc. Key activities will</p>

<i>Subproject administration and monitoring</i>	include, but not limited to, annual preparation of AWPB, M&E report, fund flow, procurement (as agreed with EPF). A full time accountant will also be mobilized to work closely with EPF and facilitate effective fund flows including ensuring timely payment of eligible expenses and clearance of subproject advance and proper filing of various accounting documents. At the end of the subproject, a short term international or regional consultant will be hired to conduct an independent evaluation of the expected target of the subproject. The subproject account may be subjected to internal auditing by DESIA and/or EPF.
15. Sub-project direct beneficiaries	<input checked="" type="checkbox"/> Governmental staff (number of staff to be trained) Total number (1088) of which women (218) <i>Central level (560) of which women (112)</i> <i>Provincial level (336) of which women (68)</i> <i>District level (192) of which women (38)</i> <input checked="" type="checkbox"/> General public <input checked="" type="checkbox"/> Private sector (consulting firm) (10) of which women (1)
16. Proposed Start Date	1 September 2016
17. Proposed End Date <i>(duration in years)</i>	December 30 2020 (4.5 years)
18. Co-financiers <i>(source and amount (US\$) including in-kind contribution; per component if possible)</i>	DESIA , about \$75,000 in kind including staff salary, offices, utilities.
19. Complementary ongoing or planned projects /programs/ initiatives	<ul style="list-style-type: none"> On-going IFC-DEPP program (about \$120,000 during 2014-2016) will be continued until the end of 2016 focusing on development of Cumulative Impact Assessment (CIA) guidelines and improvement of SESO requirements to ensure effective implementation of SESO process/mechanism.

20. Implementation Arrangements

a. Describe the project management structure.

b. What additional staffing or technical assistance is needed to successfully complete the proposed project (e.g. M&E officer, accountant)?

<p>a. Project Management Structure/sub-project implementation team</p> <ul style="list-style-type: none"> The subproject will be implemented by DESIA team comprising responsible staffs from the 2 divisions and 4 centers as follows: <ul style="list-style-type: none"> The Division of Administration and Planning (DAP) is responsible for overall subproject implementation including administration and M&E and in consultation with other DESIA's divisions/centers will be responsible for capacity building activities related to the review of the ESIA reports and finalization of the ESMMP and/or SESO for investment projects in hydropower, mining, and road respectively; The Division of Environmental Management and Monitoring (DEMM) and relevant centers are responsible for undertaking activities related to develop legislation/specific guidelines and conduct compliance monitoring of the ECC condition or SESO including maintaining up to date monitoring database and prepare summary of compliance monitoring reports.
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- The Center on Information and Public Relations is responsible for the subproject activities related to the development of DESIA data management and public disclosure including maintenance database system, web-base, upload summary of compliance monitoring reports and capacity building on public involvement and information disclosure.

The Director General (Mr.Phouvong LUANGXAYSANA) of DESIA will be responsible for supervision of the subproject (project director) while the day to day subproject management and monitoring will be carried out by Division of Administration and Planning (DAP)

An internal Working Group (WG) will be established to facilitate effective coordination among these divisions and update the implementation progress and they will meet quarterly. The WG will also be responsible for ensuring effective coordination with line agencies and the provinces as appropriate. The WG will comprise but not limited to the responsible staff of each division/center as assign by the DG of DESIA.

b. Additional Staffing/Technical Assistance (TA)

The subproject will also hire one full time **accountant** to assist DESIA team in the overall subproject **coordination** and fund flows and one full time **project assistant** to assist in the overall **coordination and monitoring** including timely preparation of AWPB and progress reports in consultation with EPFO.

Hiring of qualified **short term consultants (national, regional, and/or international)** will also be necessary to assist DESIA in the development, consultation, and/or other activities that required specific expertise and draft TORs will be prepared during implementation. Hiring of a national/regional/international lawyer is considered priority for facilitating the development of ESIA/IEE Decree/law and discussion with the legal department. Short term international expert on negotiation of SESO will be hired to provide on-the-job training and preparation of guideline especially for a complex hydropower and mining projects will be made during the first 2 years. Recruitment of all consultants will follow the WB procurement guidelines specified for LENS2 projects and the process will be made in consultation with EPF. If needed the subproject will recruit a small number of graduate students to assist in implementing the activities.

21. Summary Budget

Detailed activity plan and budget for total period and year one must be attached in annex. Provide a summary of the budget as part of the proposal. Note that the sub-project will be approved for the entire duration but the sub-grant agreement will be signed on a yearly basis based on previous year performance (and agreed triggers as defined in section 26). **For approved sub-projects, a procurement plan will be developed by EPFO.**

Components	LENS2 US\$	Other direct and parallel co-financing (as applicable with source and in US\$)	Total Subproject US\$
Component 1	617,800	\$25,000 GOL contribution in kind	642,800
Component 2	886,650	\$25,000 GOL contribution in kind	911,650

Component 3	128,940	\$25,000 GOL contribution in kind	153,940
Base cost	1,633,390	75,000	1,708,390
Contingency (10%)	170,839		170,839
Project Total	1,804,229	\$75,000	1,879,229

22. Sustainability

The subproject is designed to strengthen **DESIA** capacity to effectively manage the implementation of ESIA regulation by providing technical assistance and funding support for improving quality and effectiveness of the ESIA review and approval process as well as for compliance monitoring of the ECC/SESO of project Category A in hydropower, mining, and transportation including providing technical guidance and training to the provincial and district staff as needed. As part of the ECC/SESO process, there are laws and regulations clearly required that the private investors will be responsible for the project monitoring cost and this practice is being implemented. DESIA is working with Ministry of Finance (MOF) to establish a clear and transparent procedure for the utilization of the budget and fund flow process to DESIA as well as the provinces to ensure that adequate budget will be provided for ESIA monitoring activities.

23. Environment and Social Management Plan (ESMP)

The subproject will not create any negative social or environmental impacts. Activities will be related to technical assistance, field/study visits, consultants, meetings, training, workshops, and/or procurement of equipment and office supplies and other incremental costs that would strengthen **DESIA** capacity to ensure quality of the ESIA/SIA review and ECC conditions that are effective and implemented.

No negative activities in ESMF list are funded under this subproject. DESIA will conduct consultation with key agencies, provinces, and other stakeholders during the development of policy, regulations, and/or guidelines. All activities initiated under this funding will comply with the WBG safeguard policies and procedures, this includes legislative consistency with these standards.

24. Community Engagement including gender issues at community level

(Check if compliance with the Community Engagement Framework (CEF) is needed and follow guidelines on steps to be obtained from EPF website.)

Not applicable. However, activities to be carried out under the capacity building on public involvement would enhance active involvement of local communities especially those to be affected by a development project in line with the MONRE technical guideline on public involvement.

25. Gender issues (mainstreaming)

National Commission for the Advancement of Women (NCAW) was established in 2003 to drive national policy and to promote gender equality and empower women and a National Strategy on the Advancement of Women for 2011-2015 has been established.

Gender consideration and equal opportunity and active involvement of DESIA staff both men and women in the DESIA subproject will be applied. It is expected that training and staffing opportunities included under this subproject will benefit a proportion of women (with an aim of at least 20%). DESIA staff will

participate in gender sensitivity training to be conducted by the World Bank and/or LENS2 project as requested. During the implementation of the subproject record will be made to provide information on men and women that are benefit or involve in the implementation of the subproject.

26. Agreed Annual Performance Triggers

For information find below the list of agreed targets that must be achieved to trigger approval of next year's funds:

Agreed triggers:

- Compliance with fiduciary and safeguard requirements (at least Moderately Satisfactory in year 1 and Satisfactory in subsequent years).
- Compliance with reporting requirement (number, quality and timeliness) (at least Moderately Satisfactory in year 1 and Satisfactory in subsequent years).
- Year 1, at least 50 % of activities in AWPB completed. Year 2 and after, at least 75 % of activities in AWPB completed.
- All outcome targets for current year are measured, evaluated and show progress toward target.
- AWPB produced for the new fiscal year cleared by WB and approved by EPF Board.

27. Document Checklist

Please ensure to attach the following based on templates (excel file) provided:

- x Sub-project results framework (entire period)
- x Sub-project detailed budget entire period (2a. per component and 2b. per category)
- Sub-project detailed activity work plan per component year 1
- Sub-project Environmental and Social Management Plan (ESMP) **if applicable**

Signature

Submitted by:

Date:

Approved by:

(Head/DG of SDA or equivalent)

Edits to a submitted application prior approval not requiring re-submission, accepted by SDA and EPF, are summarized below: *(Please list application form reference number (e.g. #20) or annexes and date of EPFO communication on accepted changes to SDA).*