



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 09-Mar-2017 | Report No: PIDISDSC19620



BASIC INFORMATION

A. Basic Project Data

Country Lao People's Democratic Republic	Project ID P160930	Parent Project ID (if any)	Project Name Lao PDR Southeast Asia Disaster Risk Management Project (P160930)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Mar 21, 2017	Estimated Board Date Jul 06, 2017	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Lending Instrument Investment Project Financing	Borrower(s) Lao People's Democratic Republic (Lao PDR)	Implementing Agency Ministry of Public Works and Transport, Ministry of Natural Resources and Environment, Ministry of Finance, Ministry of Planning and Investment	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to reduce the impacts of flooding in Muang Xay and enhance the capacity of the Government to facilitate hydro-meteorological services and disaster response. The Project constitutes a part of a regional program designed to help reduce the impacts of natural hazards in Southeast Asia.

Financing (in USD Million)

Financing Source	Amount
Global Facility for Disaster Reduction and Recovery	1.00
International Development Association (IDA)	33.00
Total Project Cost	34.00

Environmental Assessment Category
B-Partial Assessment

Concept Review Decision
Track II-The review did authorize the preparation to continue

Other Decision (as needed)

PLEASE NOTE: The ISDS was approved on November 06, 2015, by the East Asia and Pacific Regional Safeguards Coordinator and the GSU08 Practice Manager as part of the regional Southeast Asia Disaster Risk Management Project



(P149149), covering Cambodia, Lao PDR, and Myanmar. The project was then divided into three separate country PCodes. The task team was advised by the CMU to proceed with the preparation of the three projects without conducting additional Project Concept Note (PCN) reviews. To meet the requirements of processing steps in the Operations Portal, this ISDS is being resubmitted under the three separate country PCodes.

B. Introduction and Context

Country Context

1. **This project is part of a Southeast Asia (SEA) regional Series of Projects on Disaster Risk Management (DRM), involving Cambodia, Lao PDR, and Myanmar.** Southeast Asia is highly exposed to natural disasters and the recurrent extreme events are seen as directly linked to the persistent poverty in the region. Among SEA countries, Cambodia, Lao PDR, and Myanmar face particularly high annual average losses, in excess of 0.7 percent of their GDP. This Series of Projects, comprising the Cambodia, Lao PDR, and Myanmar SEA DRM Projects, seeks to strengthen the region's capacity and cooperation in the field of DRM. The projects incorporate three main common themes. First, disaster risk pooling will be promoted by seeking to establish the Southeast Asia Disaster Resilience Insurance Facility (SEADRIF) which would be the first regional catastrophe risk pool in SEA, to provide participating countries with immediate liquidity for rapid disaster response. Second, the projects will strengthen the respective Ministries of Finance and Planning as well as Line Ministries to mainstream DRM into policies and support systematic allocations for resilience. And third, integrated packages of structural and non-structural investments to increase climate and disasters resilience will be implemented. The approach combines investments at the country and regional levels (see Annex 6).

2. **Lao People's Democratic Republic (PDR), after rapid economic growth in the past decades, has reached lower-middle income status with a gross national income (GNI) of US\$1,730 in 2015.**¹ With an average annual growth rate of 8 percent between 2005 and 2015, the increase in Gross Domestic Product (GDP) is projected to remain around 7 percent over the next three years, driven by electricity generation and exports as well as services, construction and manufacturing.² While growth has traditionally been reliant on natural endowments, more recently, services expanded, including retail, tourism and transport. Public debt increased to nearly 70 percent of GDP, a high level for a country at Lao PDR's level of development.

3. **Poverty in Lao PDR has declined in recent years, but it remains relatively high with development benefits not equitably shared among the population.** Absolute poverty declined from 33.5 percent in 2002/2003 to 23.2 percent in 2012/2013, lifting half a million people out of poverty. However, inequality widened with the Gini coefficient increasing from 32.5 in 2002/03 to 36.2 in 2012/13, and the pace of poverty reduction and growth in consumption is modest by international standards.³ Moreover, many people remain close to the poverty line: data from 2013 shows about 80 percent of the population still lives on less than US\$2.5 per day and face a 10 percent chance of falling back into poverty⁴, particularly in the event of a shock.

¹ World Bank. 2016. *Economic Update. East Asia and the Pacific. Growing Challenges*. April.

² World Bank. Forthcoming. Lao PDR Systematic Country Diagnostic. Note: World Bank. 2016. *Economic Update. East Asia and the Pacific. Growing Challenges* indicated GNI of US\$1,805.

³ World Bank. Forthcoming. Lao PDR Systematic Country Diagnostic.

⁴ World Bank. 2015. *Drivers of Poverty Reduction in Lao PDR. Lao PDR Poverty Policy Notes*. October.



4. **Disasters in Lao PDR disproportionately affect the poor.** Lao PDR is exposed to high climate and disaster risks and the economic development puts more people and assets at risk. Floods, storms and droughts are the most prevalent hazards, which are expected to become more severe under the influence of climate change (see Annex 5). Three of the five costliest natural disasters have taken place since 2009, including two floods in 2013 (CREED, 2016). The 2015-16 El Niño has been one of the strongest on record and has impacted Lao PDR through lower yields, reduced hydropower production and damages from storms. A preliminary financial risk assessment⁵ estimated high annual economic losses for Lao PDR due to natural disasters, equivalent to 0.7 percent of GDP.⁶ Related to floods, Lao PDR could face yearly average costs for emergency response of US\$10 million and these costs could exceed US\$36 million once every 10 years (10 percent annual probability).⁷ The poor have been suffering the brunt of the consequences in the aftermath of disasters, due to their overexposure, higher vulnerability and reduced ability to recover. Disasters impoverish the poor and entrap them in the poverty cycle⁸. In the last years, poverty could have declined more rapidly had a large number of vulnerable households not fallen back into poverty, after shocks⁹.

5. **To reduce disaster impacts, a comprehensive approach with pre- and post-disaster measures is needed.** In particular, resilient urban risk management, early warning, and post-disaster financing are needed to sustain economic progress. While Lao PDR is still mostly a rural country, the country is urbanizing rapidly. The urban population increased by 40 percent between 2005 and 2015, and between 2000 and 2010, it recorded the fastest rates of urban spatial expansion in East Asia – reaching 7.3 percent.¹⁰ If not managed, urbanization will lead to an accumulation of people and assets in hazardous areas and unsafe structures. At the same time, investments in early warning systems, which have been proven to have a high return rate¹¹, are needed to protect the livelihoods of communities and mitigate agricultural and other shocks in the event of a disaster. Finally, appropriate risk financing instruments, which help the Government of Lao PDR (GoL) to quickly respond to a disaster, are lacking. These instruments are needed to, for example, finance social protection for the most vulnerable in post-disaster situations.

Sectoral and Institutional Context

6. **Recognizing the links between development, sustainability and resilience, Lao PDR has incorporated disaster and climate resilience into its policies but challenges in the implementation remain.** The World Bank has been supporting DRM mainstreaming in Lao PDR with a technical assistance program since 2010, focusing on integrating climate resilience into strategic plans and investment planning of critical ministries. The Government integrated climate risks and measures in the 7th National Socio-Economic Development Plan (NSEDP) 2011-2015 and has scaled up its focus on DRM even more in the 8th NSEDP for 2016-2020. Key sectoral policies and strategies in the environment, transport,

⁵ World Bank / Global Facility for Disaster Reduction and Recovery. 2012. *ASEAN. Advancing Disaster Risk Financing and Insurance in ASEAN Member States: Framework and Options for Implementation*. Among ASEAN countries, Lao PDR faces the highest estimated 100-year loss measures as loss of 11.7 percent GDP, rising to 13.9 percent GDP in simulation of a 200-year Probable Maximum Loss.

⁶ World Bank / Global Facility for Disaster Reduction and Recovery. 2012. *ASEAN. Advancing Disaster Risk Financing and Insurance in ASEAN Member States: Framework and Options for Implementation*.

⁷ This assessment of emergency response cost is based on a preliminary actuarial analysis using historical data on the total number of people affected by floods since 1974 as reported in the international EM-DAT database. It assumes that (i) all affected people receive emergency relief; (ii) the total emergency response cost is US\$80 per person.

⁸ World Bank. 2016. *Unbreakable: Building the Resilience of the Poor in the Face of Natural Disasters*.

⁹ World Bank. 2015. *Drivers of Poverty Reduction in Lao PDR. Lao PDR Poverty Policy Notes*. October.

¹⁰ World Bank. 2015. *East Asia's Changing Urban Landscape: Measuring a Decade of Spatial Growth*. Urban Development Series. Washington, DC: World Bank.

¹¹ Jha, A., Stanton-Geddes, Z, eds. 2013. *Strong, Safe, and Resilient: A Strategic Policy Guide for Disaster Risk Management in East Asia and the Pacific. Directions in Development*. Washington, DC: World Bank; p. 78.



education and agriculture sector have integrated climate and disaster considerations. For example, the Ministry of Natural Resources and Environment (MONRE) has introduced a chapter on Disaster Risk management and Climate Change in its Vision 2030, Strategy 2025 and Action Plan 2020. The Ministry of Planning and Investment (MPI) has issued a ministerial decision in 2017 to establish a public investment review process that takes into account climate and disaster risk considerations.

7. **Gaps to ensure a comprehensive approach to DRM remain.** Implementation of the strategies is challenging due to limited financial and human resources. Mainstreaming of DRM principles into development across sectors is not systematized and the focus in the Government remains on disaster response. The role of MPI and the Ministry of Finance (MOF) in DRM is limited although the leadership of both ministries is critical in prioritizing and supporting strategic risk reduction investments. In 2013, the Department of Disaster Management and Climate Change under MONRE has become the secretariat of the National Disaster Prevention and Control Committee, previously anchored with the Ministry of Labor and Social Welfare. These changes resulted in coordination and implementation challenges.

8. **Increasing the resilience of cities is an important part of strengthening comprehensive DRM in Lao PDR.** The Department of Waterways (DOW) of the Ministry of Public Works and Transport (MPWT) is responsible for urban flood control, navigation, and river bank protection. DOW is struggling to protect growing Lao cities from floods and flood mitigation activities focus mainly on emergency works. Flooding is exacerbated by the fact that land use planning is not informed by disaster risk assessments and land zoning is not enforced. Due to the highly interdependent nature of systems in cities, disasters result in cascading impacts, in which the availability of basic services is easily disrupted. In its five-year investment plan (2016-2021), DOW included the flood risk protection of Muang Xay, the capital of Oudomxay Province, as one of its highest priorities. The city, a critical transport hub located in the mountainous areas of Nam Ou River Basin, is subject to large scale flash floods every four to five years. The lack of strategic planning, insufficient flood control measures, rudimentary early warning and public alert systems, and delayed recovery emergency budget have led to high costs of these events. An upcoming Law on Urban Development, prepared by the Department of Urban Planning and Housing (DUPH) within MPWT, will require all cities to prepare an urban development plan which is an opportunity to address some of the growing disaster and climate risks facing the emerging urban communities.

9. **Upgrading observing networks, capacity building, real-time collection of data and dissemination of reliable forecasts and weather information to different users need to be improved for effective DRM.** Early warning and hydrological and meteorological (hydromet) services are provided by the Department of Hydrology and Meteorology (DMH) of MONRE, with an annual budget of US\$300,000, personnel of 245, and a limited observation network given the size of the country. While DMH provides a basic level of services, it lags behind Southeast Asian countries in its core capacities and forecasting technology. It cannot meet its quality, upgrading and maintenance needs, or the demand for improved services and products. For example, DMH's has only limited capacity to forecast flash floods which constraints its ability to provide timely warning to the communities affected, and it has no capacity to receive user feedback. With previous World Bank support, DMH prepared strategic, legal and operational documents for hydro-meteorological services and early warning systems to clarify the roles and responsibilities of DMH and strengthen the institutional set up and collaboration.

10. **Linked to the shortfalls in disaster risk reduction, the emergency response cost for disasters, particularly floods, can lead to a significant short-term funding gap which results in a diversion of public funds.** The GoL has established a State Reserves Fund under the State Reserve Department (SRD) at MOF and allocates a contingency budget, but it remains exposed to catastrophic events, relying heavily on international donor assistance for response, relief and recovery. A comprehensive Disaster Risk Financing and Insurance (DRFI) strategy or policy would help the GoL



systematically manage the financial impact of disasters and improve its rapid response financing capacity. Given the limited ability of the GoL to access domestic and international credit sources, access insurance markets, or raise tax revenue after disasters, recovery and reconstruction costs of previous disasters have been partially met through budget reallocation by line agencies and donor assistance. These mechanisms are unpredictable, cause delays in Government response and take money away from other development priorities. Significant costs from disasters remain unaddressed and have to be absorbed by affected populations, often resulting in the most vulnerable being worse off. Regional cooperation on DRFI, envisioned also under the ASEAN Agreement on Disaster Management and Emergency Response (AADMER), remains nascent: a regional program that would enable participating countries to access sovereign disaster risk response financing does not exist.

11. **The proposed project will address key identified needs through an integrated approach to DRM with engineered and non-engineered risk reduction investments.** To strengthen risk assessments and risk reduction, it will help pilot the concept of integrated urban flood risk management in Muang Xay and strengthen the institutional capacity of the implementing agencies. To support preparedness and help avoid unnecessary damage and losses, the project will support the modernization of hydromet and early warning systems on national level, with physical installations in the Nam Ou River Basin, where Muang Xay is located. Both types of investments will serve as examples for other cities and river basins in the country. Besides facilitating early warnings, the non-structural investments will provide data to support long term planning. And to strengthen financial protection, the project will help devise a comprehensive approach to DRFI, helping to develop a national DRFI strategy and enabling access to sovereign disaster risk insurance.

Relationship to CPF

12. **This project will directly contribute to the implementation of Lao PDR's 8th NSDEP and help the country fulfill regional and global commitments.** The NSDEP identifies "preparedness for natural disasters and risk mitigation" as an output under one of its projected outcomes of "Protection of Natural Resources and the Environment". To achieve this output, the NSDEP specifically identified target actions including: modernization of the hydromet network and warning system, risk reduction plans for cities, and establishment of sustainable financial mechanisms to manage natural resources. At the regional and global level, the project results will support Lao PDR contribute to its international obligations on DRM within the AADMER and Sendai Framework, and support the achievement of the global Sustainable Development Goal 13, which is to take urgent action to combat climate change and its impacts.

13. **The World Bank Group Country Partnership Framework (CPF) for Lao PDR for the period FY17-FY2021, currently under preparation, highlights the need to invest in disaster and climate resilience.** The Lao PDR Systematic Country Diagnostic of 2016 identifies as one of the 11 priority areas "Putting in place strengthened disaster risk management to reduce risks and better deal with climate change". The proposed project will strengthen DRM and directly contribute to the achievement of this priority action. The project complements planned resilient investments in the transport sector under the planned Lao Road Sector Project (LRSP) II, and institutional and policy reforms envisioned under the proposed Green Resilient Growth Development Policy Credit. The project is fully aligned with the World Bank East Asia Pacific Regional Strategy¹², presented to the Board in February 2016. The proposed project particularly links to the strategic pillars: (ii) Infrastructure and Urbanization through investments in urban flood risk management, and (iii) Climate Change and Disaster Risk Management through physical and capacity investments in flood risk reduction, early warning, and DRFI.

¹² World Bank. 2016. East Asia and the Pacific. Overview - strategy. Website accessed September 2016.



C. Proposed Development Objective(s)

14. The Project Development Objective (PDO) is to reduce the impacts of flooding in Muang Xay and enhance the capacity of the Government to facilitate hydro-meteorological services and disaster response. The Project constitutes a part of a regional program designed to help reduce the impacts of natural hazards in Southeast Asia.

Key Results (From PCN)

15. The achievement of the PDO will be measured through the following key indicators:
- I. Percentage of urban population in Muang Xay protected from floods; of which are female (%);
 - II. Data collected from hydro-meteorological networks are accessible on a centralized online hydro-meteorological data management platform with validation procedures (Y/N);
 - III. Lao PDR has information and capacity to access sovereign disaster risk insurance (Y/N).

D. Concept Description

Component 1. Integrated Urban Flood Risk Management (US\$12 million IDA Credit)

16. This component will strengthen flood protection and resilient urban planning in Muang Xay. It will be implemented by DOW of MPWT, in coordination with DUPH of MPWT.

17. *Sub-component 1.1. Structural Investments (US\$11 million)* will finance flood protection infrastructure in Muang Xay, including river bank protection, dikes, canal improvements, including river short cuts, sluice gates, pumping stations, and river side parks.

18. To reduce flood hazards in Muang Xay the discharge capacity of the rivers passing through the city will be increased to reduce peak flood levels. This will be achieved by upgrading of embankment schemes, improving river channels, and constructing sluice gates preventing backflow of river water to the city. The embankments will protect the highly populated parts of the city from frequent flooding, including the important National Road 13. The detailed designs will be developed taking into account good practice in urban architecture to ensure that the infrastructure investments are accompanied by social benefits. For example, all-season access to the river is envisioned along with tree planting and a river side park.

19. *Sub-component 1.2. Non-structural Investments (US\$1 million)* will finance the development of resilient urban design solutions and strengthening land-zoning under flood risk pressure in Muang Xay. On national level, it will support institutional capacity-building on integrated urban flood risk management. Improved land use planning more broadly will take into account flood management in the river sub-basin, exploring approaches to allow room for the river in low-density areas, while protecting against flooding in high-density areas. Particular attention will be given to the creation of green and socially attractive solutions and the compensation for loss of existing green infrastructure.

Component 2. Hydromet Modernization and Early Warning Systems (US\$10 million IDA Credit)

20. Implemented by DMH under MONRE, this component will improve the delivery of weather, climate and hydrological services and end-to-end early warning system at a national level by upgrading the entire hydromet value chain in Lao PDR with particular emphasis on timeliness, improved quality and quantity, and user friendliness of services.



Physical investments will be financed in the three provinces of the Nam Ou River Basin, namely Luang Prabang, Oudomxay, and Phongsali.

21. *Sub-component 2.1. Strengthening Early Warning Systems and Service Delivery Systems (US\$5 million)* will support the development and implementation of a Service Delivery Strategy. Early warning services will be strengthened by developing localized and impact based warning products, disseminating timely warnings through diversified communication channels, ensuring last mile connectivity and enhancing stakeholder collaboration. Priority services will be identified for weather sensitive sectors such as agriculture, energy, and disaster risk management. A centralized online hydro-meteorological data management platform with validation procedures and a quality management system will be introduced to provide consistency in the process of service production and delivery. A business plan will be developed to strategize cost recovery from value added services, for example, from the aviation and power sectors.

22. *Sub-component 2.2. Modernizing the Observing, Forecasting and Communication Systems (US\$5 million)* will support the expansion of the hydro-meteorological network in coordination with efforts from development partners. New stations will be aligned with the DMH Master Plan and integrated into existing systems through a system integrator service contract. Provincial offices and their facilities will be upgraded. Forecasting procedures will be improved to ensure effective use of global and regional products. In particular, efforts will be made to strengthen cooperation with Thailand and Vietnam to access regional products. The verification of forecasts will be systematized, recorded and publicized on a regular basis. Data communication and IT systems will be upgraded to enhance communication between DMH, stakeholder organization, DMH provincial and district offices. Staff planning and capacity development program will be developed to identify gaps in skills to operationalize the new systems. Technical and management trainings will be conducted to strengthen capacity of staff at HQ, provincial and district offices.

Component 3. Financial Planning for Disaster Resilience (US\$5 million IDA Credit + US\$1 million TF Grant)

23. Implemented by SRD in MOF, this component will help increase the financial resilience of Lao PDR against natural disasters and the Government's capacity to meet post-disaster funding needs.

24. *Sub-component 3.1. Strengthening National Financial Resilience (US\$1 million TF Grant)* will build capacity in MOF to systematically mainstream disaster and climate resilience into public investment planning, in coordination with MPI and other relevant line Ministries. It will finance regional South-South cooperation with Cambodia and Myanmar on integrating DRM into development across sectors. It will also build capacity on disaster risk finance within MOF, support the preparation and implementation of a national disaster and climate risk finance strategy, and facilitate the country engagement in the preparation and establishment of a regional disaster risk pooling vehicle, such as the proposed Southeast Asia Disaster Resilience Insurance Facility (SEADRIF), designed to provide participating countries with affordable post-disaster rapid response financing. This sub-component will be financed through a recipient-executed trust fund grant.

25. *Sub-component 3.2. Payment of Disaster Risk Insurance Premium (US\$5 million IDA Credit)* will assist the Government in securing access to sovereign disaster risk insurance by financing its premium for three years to an international risk carrier such as the proposed SEADRIF (to-be-established) or through the World Bank Treasury.

Component 4: Project Management (US\$3 million IDA Credit)

26. This component will support the day-to-day implementation of the project, and build institutional capacity to sustain the investments beyond the life of the project. It will cover project management, coordination, procurement,



financial management (FM), technical and safeguards aspects, monitoring and evaluation (M&E), reporting and knowledge exchange.

Component 5: Contingent Emergency Response Component (US\$0)

27. This component will allow for a reallocation of credit proceeds from other components to provide emergency recovery and reconstruction support following an eligible crisis or emergency. An Emergency Response Operations Manual will be developed with fiduciary, safeguards, monitoring and reporting, and any other necessary implementation arrangements.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The physical works under Component 1 will entail flood protection infrastructure in Muang Xay, Oudomxay Province, including riverbank protection and embankments, flood gates, weirs, river-side parks, and drainage canals. The city, a critical transport hub located in the mountainous areas of Nam Ou River Basin, is subject to large scale flash floods every three to four years, facing severe floods in 2008, 2013, and 2016. Oudomxay Province is home to multiple ethnic groups. The investments will benefit the population of the targeted province equally. The proposed flood protection infrastructure could have some impacts on natural habitats. Hydrologic studies will be undertaken and construction will be designed in a way to minimize any potential impacts. A positive impact of the investments will be strengthened flood resilience and resilient urban planning in Muang Xay.

Component 2 will include physical investments in the Nam Ou River Basin. The Nam Ou River spans 450km flowing south from mountains near the Lao-China border in Northern Laos to meet the waters of the mainstream Mekong River. The river crosses through the provinces of Phongsaly, Oudomxay and Luang Prabang, mountains, forested valleys and limestone karsts. The Component will finance the expansion of hydrometeorological network: hydromet stations will be installed and provincial offices and their facilities including ones in Luangprabang Province will be upgraded. The sub-projects may directly or indirectly impact communities which are home to members of some of these ethnic groups. The investments will benefit the population of the targeted provinces equally. A positive impact of the investments will be improved delivery of weather, climate and hydrological services and early warning communication.

Given that specific sub-projects and locations are not known at the time of appraisal, the Government will prepare an ESMF to provide guidelines to ensure that the project is implemented in an environmentally and socially sustainable manner in line with World Bank and Government safeguards regulations.

Component 3 on disaster risk financing and insurance will support the government to entrance fees and/or insurance premiums. The component does not finance any downstream physical investments but it finances the premium for the government to purchase catastrophe risk insurance for 3 years, therefore no safeguards are triggered by this component.

B. Borrower's Institutional Capacity for Safeguard Policies

The MPWT has the lead responsibility for implementation of the safeguards instruments. The DOW of MPWT in



association with the Provincial Department of MPWT Oudomxay Waterway Sector Project Implementation Unit (PIU) will develop and implement the abbreviated resettlement action plan/resettlement action plan in the respective footprint for each sub-project initiative according to the policies and procedures articulated in the RPF. Environmental considerations will be the responsibility of the implementing agencies and covered in the ESMF with appropriate tools. The environmental mitigation and management of the project activities will be monitored and reported on by the client with advice and guidance from the World Bank and the project consultants.

Given the challenges associated with implementing the World Bank’s safeguard’s policies, a social and an environmental safeguards consultant will be hired to work across the implementing agencies in order to ensure compliance with the World Bank’s policy on Involuntary Resettlement and Indigenous people, through implementing the EGEF, RPF and ESMF. This will involve preparing site specific resettlement action plans, social assessments and indigenous peoples plans, managing and facilitating the required consultation and disclosure processes with the relevant village institutions, as well as the grievance handling mechanism, and providing regular reports relating to implementation progress and challenges. Environmental monitoring procedures including but not limited to, ECoP’s and EMP’s (including site specific EMP’s) will be developed prior to implementation to ensure environmental standards are maintained.

C. Environmental and Social Safeguards Specialists on the Team

Sybounheung Phandanouvong, Martin Henry Lenihan, Peter William Crawford

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Significant negative environmental impacts are not anticipated and impacts will be limited mainly to dust, noise, household business disturbance, and waste during construction. These issues are moderate and site specific. They can be managed by applying good construction practices. The use of materials for the construction will be monitored.
Natural Habitats OP/BP 4.04	Yes	Natural Habitats are land and water areas where (i) the ecosystems' bio-logical communities are formed largely by native plant and animal species, and (ii) human activity has not essentially modified the area's primary ecological functions. Natural habitats will be impacted under Component 1 as in part the flood prevention measures require, out of necessity, the removal of flora from sections of the riverbanks which will be essential to prevent flooding. Compliance will be ensured through application of the ESMF at the planning stage of project initiatives and offsets. No critical habitats will be impacted.
Forests OP/BP 4.36	No	No activities financed under this project are anticipated in forest areas.
Pest Management OP 4.09	No	The project will not lead to an increased use of pesticides.



Physical Cultural Resources OP/BP 4.11	TBD	This policy is TBD at this stage until scope of works is known as project advances preparation. There is a possibility that physical cultural resources could be found during eventual construction of infrastructure that is to be studied and designed through this project, especially in the indigenous people’s areas. For such a case, a chance-finds-procedure would be included in the Environmental and Social Management Framework (ESMF).
Indigenous Peoples OP/BP 4.10	Yes	Oudomxay province is home to multiple ethnic groups. The sub-projects may directly or indirectly impact communities which are home to members of some of these ethnic groups. The World Bank’s policy on indigenous people is triggered. An Ethnic Groups Engagement Framework (EGEF), acceptable to the World Bank, will be prepared to address potential adverse social impacts to the ethnic minorities that may occur due to the implementation of the project, and in order to ensure members of these ethnic groups benefit from the project in a culturally appropriate way. The EGEF requires that special measures be established to ensure that the interest of ethnic minorities are protected. The identification of potential impacts and mitigation measures will be based on a social assessment and a process of free, prior, and informed consultation, in accordance with the requirements of OP 4.10.
Involuntary Resettlement OP/BP 4.12	Yes	There may be minor land acquisition and possibly the relocation and resettlement of project affected people and their households due to the construction of riverbank protection and embankments, flood gates, weirs, river-side parks, and drainage canals, and hydromet stations. The World Bank’s policy on Involuntary Resettlement is triggered. Because the exact location these investments is unknown at preparation and designs will not be prepared until implementation, it is not possible to identify site specific resettlement impacts. A Resettlement Policy Framework (RPF), acceptable to the World Bank, will be prepared by the client, and will apply to all subprojects in order to address potential adverse social impacts due to involuntary acquisition of assets and changes in land use. The RPF will include provisions for compensation and rehabilitation assistance, and if land donation is involved, procedures for land contributions.



Safety of Dams OP/BP 4.37	TBD	If this policy is triggered will be decided once the scope of investments are defined further in project preparation. The applicability of the policy will be analyzed during the ESMF preparation as the project may construct weirs. If triggered, compliance will be achieved by ensuring that competent professionals design and oversee construction of the weirs.
Projects on International Waterways OP/BP 7.50	Yes	As the project may have an impact on tributaries of the Mekong Basin, the project triggers this policy, and will issue a riparian notification as per OP/BP 7.50 utilizing, as appropriate, to the Mekong River Commission mechanisms.
Projects in Disputed Areas OP/BP 7.60	No	No activities are planned in disputed areas.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Feb 29, 2016

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

Safeguards instruments will be prepared before project appraisal; minimum two public consultations will take place during the ESMF preparation – one at the ToRs level and another one when the draft ESMF is available for disclosure.

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Note to Task Teams: End of system generated content, document is editable from here.

