Community Engagement Framework

Scaling-up Participatory Sustainable Forest Management (SUPSFM)

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1. Introduction

Lao PDR is one of the least developed countries in Southeast Asia. The country has considerable natural resources in forests, water resources, and minerals and these are significant for cultural development, environment protection, and economic development. Its forests cover about 40% of the country, the highest percentage in Southeast Asia, but the total area of forest has declined dramatically from 70% of the land area of 26.5 million ha in 1940, to 49% in 1982, and to only 40% or about 9.5 million ha in 2010. Data on changes in forest cover suggest that during the 1990s the annual loss of forest cover was around 1.4% annually, giving an average annual loss of forest cover of about 134,000 ha.

In addition to the declining forest area, there has been a steady fragmentation of forests and a decline in the average growing stock within the residual forest, which have both reduced carbon values and had a negative impact on biodiversity. Annual emissions from deforestation and forest degradation were estimated at 95.3 million tCO2e in 1982, declining to 60.6 million tCO2e by 2010. For the period from 2012-20, the average annual emission is estimated at 51.1 million tCO2e.

This Scaling Up Participatory Sustainable Forest Management (hereafter referred to as SUPSFM) was developed to support the national Forest Strategy 2020 (FS2020) and ongoing efforts to protect and restore forest cover and to reduce forest carbon emissions and implement a national REDD+ program. The program themes have been developed to directly address the primary drivers of deforestation and forest degradation. The underlying idea is that grassroots forest managers operating in any and all forest areas will become more active and vigilant in protecting the forests in their areas from the various agents of deforestation and degradation, and will rehabilitate degraded lands using land management systems that will provide them with livelihood benefits, while enhancing carbon stocks. This is considered to be the case especially if more secure tenure rights are provided to them on land and forests that they manage.

Overview of PSFM Implementation in PFAs. The current implementation of Participatory Sustainable Forest Management (PSFM) in Production Forest Areas (PFAs) has its roots in village forestry, which was piloted in the late 1990s at large scale covering two state production forests (Dong Sithouane in Savannakhet Province and Dong Phousoi in Khammouane Province). The piloting of village forestry was undertaken by the Forest Management and Conservation Project (FOMACOP) with technical assistance provided by the Ministry for Foreign Affairs of Finland (MFAF) and financial support by the International Development Agency (IDA) of the World Bank (WB). The appropriateness of the developed village forestry systems and procedures has been shown by the inclusion of Dong Sithouane and Dong Phousoi in the FAO List of Exemplary Managed Forests in Asia in the early 2000s, as well as by the certification as sustainably managed forests of forest management units (FMUs) in the two forest areas by the Forest Stewardship Council (FSC) in 2005-2010 with extension in 2010-2015.

The piloting of village forestry was followed by the institution of participatory management of production forests for nation-wide application as an official government policy in the early 2000s. Many of the current PSFM concepts, systems, regulations and operating guidelines have been formulated based on the pilot village forestry model. PSFM was first applied in 2004-2008 in 8 PFAs, which have a total area of 0.66 million ha and are located in 4 provinces in Southern Laos. This was undertaken by the Sustainable Forestry and Rural
Development Project (SUFORD), which like FOMACOP were provided with technical assistance support by MFAF and financial support by IDA. MFAF and IDA continued their support through an additional financing phase, SUFORD-AF, expanding the application of PSFM to cover a total of 16 PFAs, which have a total area of 1.28 million ha and are located in 9 provinces in Southern and Central Laos.

As the completion of SUFORD drew near, the Lao Government (GOL) proposed the Lao Investment Plan to the Forest Investment Program (FIP) of the Climate Investment Fund (CIF) with the core objective of reducing GHG emissions from forests by reducing deforestation and forest degradation, conserving and enhancing carbon stocks, and sustainable management of forests (five GHG emission-reducing activities that together constitute REDD+). The Lao Investment Plan includes components on managing five categories of forest areas, i.e. PSFM in three categories of state forest areas (production/conservation/protection), village forestry in village-use forests, and smallholder forestry in land allocated to villagers, and includes a component to strengthen the enabling environment. The proposal was favorably considered by the FIP Steering Committee with funding provided for three projects, namely: (a) Protecting Forests for Ecosystems Services with the Asian Development Bank (ADB) as the designated Multilateral Development Bank (MDB) partner, (b) Smallholder Forestry with the International Finance Corporation (IFC) as the designated MDB partner, and (c) Scaling up PSFM (SUPSFM or the Project) with WB as the designated MDB partner. During the design of the project it was deemed necessary to introduce a landscape approach to facilitate dialogue and coordination among forest managers at the local level, Provincial and District level authorities and to facilitate the inter agency support to improve local communities livelihoods and tenure security.

2. Project Objective

The objectives of the Scaling Up Participatory Sustainable Forest Management (SUPSFM) project are building and expanding on the progress made under SUFORD and SUFORD AF but are substantially broader in that SUPSFM explicitly includes reductions in forest carbon emissions, increasing forest carbon sequestration through forest restoration and inter-agency coordination at the landscape scale.

The Project Development Objective is to execute REDD+ activities through participatory sustainable forest management in priority areas and to pilot forest landscape management in four provinces.

The PDO level results indicators will include:

1. Forest area brought under management plans
2. Forest area brought under forest landscape management
3. People in forest and adjacent community with monetary/non-monetary benefit from forest
4. Rate of forest cover loss/gain in target areas compared to untreated areas
5. Enhanced carbon storage from improved forest protection and restoration in selected PSFM areas
6. Reduced emissions from deforestation and forest degradation in selected PSFM areas.
3. Project Components

Component 1: Strengthening and Expanding PSFM in Production Forest Areas

There are 34 PFAs with a total area of 1.91 million ha located in the 9 SUFORD provinces in Central and Southern Lao; SUFORD provided support to 16 PFAs with a total area of 1.28 million ha. The Project will continue to support activities in the 16 PFAs covered by SUFORD, but will expand PSFM implementation to cover all 34 PFAs, while adding 7 more PFAs with a total area of 0.39 million ha located in 3 Northern Lao provinces. Thus the Project will support the implementation of PSFM in 41 PFAs with a total area of 2.30 million ha. Table 1 lists the 41 PFAs and provides some relevant information about them. Component 1 will have two sub-components, namely:

1. **Sub-component 1A – Developing Partnerships to Increase Implementation Capacity:** The sub-component is aimed at establishing mechanisms to ensure the availability of adequate and effective capacity for project implementation. The Project will take advantage of increased capacity in the natural resources and civil society sectors, as well as utilize from the outside those skills that are not available in the country.

2. **Sub-component 1B - Community Engagement in PSFM and Village Livelihood Development:** Investments in capacity and partnerships will permit the Project to engage effectively with communities and initiate PSFM management planning and implementation in PFAs. Approaches to strengthen tenure and expand sustainable livelihood options are embedded within the community engagement process.

Component 2: Piloting Forest Landscape Management

Forest Landscape Management (FLM) offers a cross-sectoral and integrated approach to manage development activities, minimize negative environmental impacts, mitigate climate change, and reduce poverty. Although this approach has not yet been implemented in Lao PDR, interest and support for working at the landscape scale is growing; ADB and KFW are both engaged in work on biodiversity conservation and corridors using PSFM as a model. This component is aimed at developing frameworks for managing forests at landscape scale and will pilot the application of the framework for a Northern Lao biodiversity corridor in cooperation with KfW and for a Southern Lao biodiversity corridor with ADB. FLM plan implementation will be limited only to PFAs within the forest landscapes in conjunction with Component 1.

1. **Sub-component 2A: Developing Methodologies and Frameworks for Forest Landscape Management:** This sub component will support the development and adoption of a landscape approach for forest and biodiversity resources management in four provinces in northern Lao PDR. Support will be provided to convene stakeholder discussions and consultations at district, provincial and national levels to produce key components of a forest landscape framework, including but not limited to, definition of roles and responsibilities, inter-agency coordination mechanisms, revenue generating opportunities and conflict resolution mechanisms.

2. **Sub-component 2B: Establishing Forest Landscape Pilots:** Support will be provided under this subcomponent for implementation of CEF and PSFM
planning in village use forests. Support will also be provided for designing provincial pilots based on the mechanisms and frameworks developed under subcomponent 2A.

**Component 3: Enabling Legal and Regulatory Environment**

This component will include sub-components on strengthening legal and regulatory frameworks, strengthening forest law enforcement and governance, and creating public awareness for climate change and REDD+. This component will cover the following sub-components:

1. **Subcomponent 3A: Strengthening Legal and Regulatory Frameworks:** This subcomponent will support development of legal and regulatory frameworks for implementation of PSFM and frameworks for FLM. Support will be provided for improved monitoring and reporting on timber revenue benefit sharing, domestic timber processing and sales, tracking the share of timber coming from certified sources and international timber trade. Regulatory frameworks for communal tenure over forestland shall also be strengthened.

2. **Sub-component 3B: Strengthening Forest Law Enforcement and Governance:** The subcomponent will strengthen forest law enforcement and governance through Department of Forest Inspection (DoFI) implementation of the National Forest Law Enforcement Strategy 2020. Targeted support will be provided for priority issues such as monitoring salvage logging and improving capacity for assessing environmental compliance.

3. **Sub-component 3C: Creating Public Awareness for Climate Change and REDD+:** This subcomponent will support GoL efforts to create public awareness for climate change and REDD+ by designing a national communication strategy and a public awareness campaign.

**Component 4: Project Management**

This component will cover project management at the national and sub-national level, Technical Assistance (TA), and Monitoring and Evaluation.

A significant portion of capacity development, institutional development and related technical support under this project are funded by the Government of Finland (GoF) who committed to implementing respective activities in line with this CEF. For this purpose, it was agreed that all members of the Finnish funded TA team should have a basic understanding of Bank safeguard policies and that this criteria be added to the ToR of the members of the Finland TA team. The Bank task team members with relevant expertise will support the TA team on safeguard implementation and monitoring.

This project will be implemented as part of the broader FIP Plan in Lao PDR that also allocates FIP resources for implementation by ADB and IFC. IFC- and ADB-funded projects will follow their respective safeguard policies/ standards, which are compatible with the Bank safeguard policies. The SUPSFM project has programmatic linkages with both these projects. The Protecting Forests for Ecosystem Services Project co-financed by ADB has a strong focus on Protection and Conservation forests; and the Smallholder Forestry Project co-financed by IFC focuses on smallholder farmer woodlots. Joint activities with ADB will be conducted in selected southern Lao provinces in protection and conservation areas adjacent to
the SUPSFM PFAs. Coordination among FIP MDBs is led by the World Bank and includes efforts to promote an enabling policy environment; participation in annual program review forums; and joint planning at the field level for effective implementation. In northern Lao the project will coordinate with a new project supported by KfW, which will operate in conservation and protection forest areas adjacent to SUPSFM PFAs. SUPSFM will also coordinate with KfW in the provinces of Luangnamtha and Bokeo to ensure positive synergies.

The Dedicated Grant Mechanism (DGM) aims to provide grants to indigenous peoples and local communities in 8 FIP pilot countries in order to strengthen their participation in the development of the FIP investment strategies, programs and projects as well as other REDD+ processes at the local, national and global levels. Referring to the FIP Draft Operational Document, activities that will be financed by DGM include but are not limited to: i) training in information and communication technologies, development of specific related technical skills (wood processing, wood-based energy etc.) and enterprise management (eg. ecotourism, non-timber forest products enterprises, etc.); ii) traditional management and use of forests that maintain high carbon stocks and conserve biodiversity; community-led forest landscape restoration, agro-forestry production systems, reforestation and plantations; and iii) sustainable management and economic development of natural forests as well for restoration of previously degraded or converted forests. In Lao PDR, the DGM will be executed by the Lao Non-Profit Associations (NPAs) on behalf of the ethnic communities and will complement the government's FIP investments. The Department of Forestry (DoF), as a member of the DGM National Steering Committee, will work closely with the NPAs to ensure complimentary and alignment of priorities districts, activities and target groups with this project as stated in the draft DGM Operational Document.

4. **Objective and Key Principles of this CEF**

This Community Engagement Framework (CEF) aims to ensure that all project beneficiaries are consulted on, and meaningfully participate in, project design and implementation. Participating communities will play a key role in defining management and mitigation actions which may be needed to address any negative impacts that could arise from project-supported interventions, including changes in access to and use of forest and related resources. The CEF aims to achieve this overarching objective based on the following four core principles:

1. All communities will be approached in the spirit of constructive collaboration and made aware of the project’s purpose and potential benefits to participating communities. It will be made clear at the outset that communities have the option to refuse to participate.

2. All project beneficiaries, regardless of their ethnic group or social status, shall be engaged in a culturally relevant way on the basis of a free, prior, and informed consultation aimed at establishing broad-based and sustainable community support for the project.

3. The community engagement process will take account of ethnic differentiation to ensure that project implementation, including consultations, is inclusive and carried out in the appropriate language(s). Communication throughout the project cycle will use appropriate information, education, and communication (IEC) materials to respond to issues of language and ethnicity, literacy / illiteracy, gender, and social vulnerability.
4. All project-affected people will have the opportunity to participate and benefit from the project through participation in the preparation and implementation of Community Action Plans (CAPs).

This CEF implementation manual provides key provisions and procedures to address the World Bank safeguard policies on, Indigenous Peoples, (OP 4.10) and Involuntary Resettlement, (OP 4.12) in a single framework. It does this by integrating three important safeguard features: (1) an Indigenous Peoples Planning Framework (or Ethnic Group Planning Framework in Lao context) is provided to ensure that projects are developed with support and input from participating communities; (2) a process is provided to manage project-related changes in access to or the use of forests and related resources; and (3) a Resettlement Policy Framework is provided to manage any (unlikely) instances of involuntary land acquisition for project purposes. The CEF sets out provisions and procedures to ensure that any negative impact on livelihoods, caused by land acquisition or restrictions in access to resources, will be avoided, or minimized and compensated by means of sustainable solutions as set out in participatory Community Action Plans. The CEF is based on free, prior and informed consultations with project beneficiaries and affected people, including but not limited to ethnic groups. All participating communities will receive project benefits in a culturally appropriate and gender- and inter-generationally inclusive manner. Where broad community support is not established based on the free, prior and informed consultations, project activities will not be implemented. In summary, the CEF is a voluntary and collaborative process in which participating communities play a key role in the design, implementation, and monitoring of interventions to raise participants’ income and well-being while enhancing the sustainability of forests and related resources.

Community Action Plans (CAP) will be developed which will clearly assess and provide measures to enhance positive project benefits and avoid or mitigate potential adverse effects. In areas with ethnic groups, the CAP will serve as an Indigenous Peoples Plan (or Ethnic Group Plan (EGP) in Lao context) required by OP 4.10. Section 10 of this CEF provides detailed steps to ensure that CAP will address all safeguard policy requirements to serve as an EGP where project participants are characterized as ethnic groups. In cases where project activities may result in restrictions of access to natural resources, the CAP will also serve as a local action plan to address any changes or restrictions in resource access. Section 10 also provides step-by-step processes and procedures to ensure that a CAP meets all policy requirements under OP 4.12 with regard to restriction of access to natural resources.

A Resettlement Policy Framework (RPF) is attached to this CEF in Annex 1. No land acquisition is expected because any civil works will be constructed on un-encroached state land. Detailed designs will be adjusted to avoid such impacts. If however, circumstances make land acquisition unavoidable, an Abbreviated Resettlement Action Plan will be developed using measures provided in the RPF.

This project will be implemented as part of the broader FIP Investment Plan in Lao PDR that also allocates FIP resources for implementation by ADB and IFC. Consistent with the FIP guidelines, IFC- and ADB-funded projects will follow their respective safeguard policies and project processing procedures. The Protecting Forests for Ecosystem Services Project co-financed by ADB and FIP has a strong focus on Protection and Conservation forests; the Smallholder Forestry Project co-financed by IFC and FIP focuses on smallholder farmer woodlots. The ADB project will be conducted in selected southern Lao provinces in protection and conservation areas adjacent to the SUPSFM PFAs. FIP MDB coordination is
led by the World Bank and includes efforts to promote an enabling policy environment; participation in annual program review forums; and joint planning at the field level for effective implementation. In Luangnamtha and Bokeo provinces in northern Lao PDR SUPSFM will collaborate with a new project supported by KfW that will operate in conservation and protection forest areas adjacent to SUPSFM PFAs. Finnish parallel financing for technical assistance will be implemented following World Bank safeguards policies.

5. The Legal and Institutional Setting

5.1. Lao Peoples’ Democratic Republic Laws and Regulations

Constitutionally, Laos is recognized as a multi-ethnic society, and Article Eight of the 1991 Constitution states, “All ethnic groups have the right to preserve their own traditions and culture, and those of the Nation. Discrimination between ethnic groups is forbidden.” Article 8 of the Constitution reads:

“The State pursues the policy of promoting unity and equality among all ethnic groups. All ethnic groups have the rights to protect, preserve and promote the fine customs and cultures of their own tribes and of the nation. All acts of creating division and discrimination among ethnic groups are forbidden. The State implements every measure to gradually develop and upgrade the economic and social level of all ethnic groups.”

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

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

The Ethnic Groups Committee under the National Assembly is charged with the responsibility to draft and evaluate proposed legislation concerning Ethnic Groups, lobby for its implementation as well as implementation of socioeconomic development plans. Ethnic Group research is the responsibility of the Institute for Cultural Research under the Ministry of Information and Culture. The lead institution for ethnic affairs is the mass (political) organization, the Lao National Front for Construction (LNFC), which has an Ethnic Affairs Department.
For the social safeguards, therefore, the legal and administrative framework is in place to ensure the rights of different ethnic groups are protected. Women’s rights to equality are also entrenched in the constitution and more recent legislation. Also, basic legal and policy frameworks exist to support social safeguards implementation in the Lao PDR.

The Letter on Forest Management Policy mentioned above contains specific policy intentions regarding “community participation in forestry”: …the GOL has adopted the principle that villagers in forest areas, organized in village forestry associations or other forms of appropriate groupings, should participate in forestry planning and operations at the field level, within the dispositions of the Prime Minister’s Order on Decentralization, and share in the benefits derived from the forest. The Forestry Law (2007) also recognizes villagers’ customary rights to forest use, and the Land Law makes provision for communal titling of land.

The first Production Forest Areas (PFAs) were created under Prime Minister (PM) Decree 59 in 2002, and the total number and area of PFAs were increased under additional decrees issued in 2006 and 2008. Subsequently the Ministry of Agriculture and Forestry (MAF) issued regulations on forest management. A timber revenue benefit sharing decree was issued in 2012. The PM Order on Decentralization (2001) and the Law on Local Administration (2003) make the Province the strategic unit, the District the budget-planning unit, with villages as the implementation unit with, however, the village enabled to “formulate development plans.”

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

A new legislation is currently under preparation in a draft Land Policy (to be followed by a Land Use Master plan and an updated Land Law scheduled for later in 2013), which recognizes customary land management rights, collective management and community management rights. Although exact definitions of such rights are not yet available in detail, the SUPSFM project will assess the nature and scope of customary land use and management under the Community Engagement Framework, and in more detail through the Participatory Land Use Planning (PLUP, see Section 9.3). The SUPSFM is designed based on the existing land and forestry laws but the project will update the design and implementation plan if required, depending on the opportunities presented by the revised laws on land and forestry.

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

6. **Social and Environmental Safeguard Policies of the World Bank**

A total of seven World Bank safeguard operational policies are triggered by this project. This includes two World Bank social safeguard policies, namely, OP 4.10, on *Indigenous Peoples* and OP 4.12, on *Involuntary Resettlement* and five environmental safeguard policies, namely Environmental Assessment OP/BP 4.01, Natural Habitats OP/BP 4.04, Forests OP/BP 4.36, Pest Management OP 4.09, and Physical Cultural Resources OP/BP 4.11.

This CEF sets out principles and processes that will be applied under the Project and the procedures needed to fully meet the requirements of World Bank social and environmental safeguard policies. A key principle is to seek the support and involvement of all project-affected communities in project activities, facilitate their active participation, and ensure that any adverse impacts are avoided or adequately mitigated while positive impacts are optimally developed in the CAPs. All project affected people, without regard to ethnicity, will receive project benefits in a culturally appropriate and gender- and inter-generationally-inclusive manner. Specific requirements concerning safeguard policies and how provisions are incorporated into the CEF are discussed below.

6.1. **Environmental Management Plan (OP4.01; OP4.04; OP4.36; OP4.09; OP 4.11)**

An Environmental and Social Impact Assessment (ESIA) has been completed and an Environmental Management Plan (EMP) has been prepared that provides operational guidance for project implementation (to meet the requirements of OP 4.01). HCVF assessment will be undertaken during the forest management planning process (OP 4.04). In addition relevant forest management manuals will be revised to address natural habitat issues specific to northern provinces. The SUFORD project has significant experience and has had a positive impact on sustainable forest management. Project experience, field-tested technical forestry guidelines, and manuals will enhance positive impact in relation to OP 4.36. OP 4.36 is being triggered as additional PSFM areas are being added, and new areas in northern highland provinces will be brought under forest landscape management. Areas under certification will be consolidated and expanded in old PFAs; new PFAs will be brought under forest management plans. Key technical manuals and guidelines related to forest planning, implementation, harvesting, and monitoring will be reviewed and revised as appropriate to reflect the inclusion of diverse eco-systems in the project and to address sustainable forest management requirements. For OP 4.09 the project does not promote pesticide use and integrated pest management will be encouraged. Mitigation steps and guidelines including a negative checklist and project screening procedures have been provided in the EMP. A Chance Find procedure has been included in the EMP to address OP 4.11, on Physical Cultural Resources.

### Summary of Applicable World Bank Policies

| Involuntary Resettlement (OP 4.12) | It is unlikely that the project will require significant acquisition of private land or land being used informally or customarily in participating communities. However, in such cases an Abbreviated |

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<th>Resettlement Plan will be prepared as described in RPF Annex. Local people affected by the project will benefit from more sustainable access to forest and other natural resources as well as project-supported actions for improved livelihoods. Nonetheless, short-term loss of livelihood could be unavoidable because adaptation to changes in resource allocation and livelihoods may be longer-term process. Some project activities may also include restrictions of access to natural resources in connection with protected areas. In line with OP 4.12, any loss from changes in livelihoods must be mitigated in Community Action Plans, which are developed in participation with project-affected communities.</th>
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<td>Indigenous Peoples (OP 4.10)</td>
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<td>Natural Habitats (OP/BP 4.04)</td>
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Forests (OP/BP 4.36)

Bank-supported projects in Lao PDR have contributed to the development of the legal and regulatory frameworks, financial incentives and capacity to undertake sustainable forest management planning at national, provincial, and local levels. The achievement and renewal of Forest Stewardship Council certification for a growing area of production forest in Lao PDR indicates sustained progress. Forest management plans will be prepared and implemented during the project implementation phase in line with both this policy and the PSFM Operations Manual that also constitutes the Lao National Code for Forest Management. Increasing the area of managed forest in Lao PDR and strengthening Forest Law Enforcement and Governance (FLEG) are expected to diminish the scope for unplanned and unsustainable logging.

Pest Management (OP 4.09)

Pesticide use during project implementation in connection with forest restoration and alternative livelihoods activities is anticipated. Mitigation steps and guidelines have been provided in the PMF part of the EMP which include a Negative Checklist and Project Screening Procedures. Pesticide use will be minimized and alternatives, including integrated pest management, will be explored.

Physical Cultural Resources (OP/BP 4.11)

Chance Find Procedures and Project Screening procedures have been developed in the EMP. Evaluation of cultural and archaeological significance will be undertaken as part of PLUP process and a PCRMP developed if needed.


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

1. Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
2. a collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
3. customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and
4. an indigenous language, often different from the official language of the country or region.

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

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

The policy requires that an Ethnic Group Plan (Indigenous Peoples Plan) is prepared when ethnic groups are present in, or have collective attachment to, specific areas supported by the project. For the SUPSFM project, the Community Action Plan (CAP) will serve as the Ethnic Group Plan. The CAP will include all the elements of an Indigenous Peoples Plan and be developed in a participatory manner under the guidance PSFM / VLD Teams and specialist consultants. It will describe the results of the participatory social assessment and demonstrate a free, prior and informed consultation process. It will set out the agreed measures to address any negative impacts as well as measures to enhance positive impacts and resource sustainability. The CAP will also describe how the communities have provided support for project activities, including how any community concerns raised during the consultations have been addressed. As described in the CEF below, the CAP will include a grievance mechanism and specify arrangements for participatory monitoring and evaluation during project implementation.


With regard to the Bank’s Involuntary Resettlement policy requirements concerning access restrictions to project PFAs, project-induced changes in access to or use of resources could result in impacts on income streams for community households. In such cases, the policy requires that an action plan or an equivalent instrument is developed in cooperation with affected communities. Where needed, this action plan will be incorporated into the CAP and will specify measures to be undertaken to sustainably restore, and where appropriate, to enhance affected livelihoods along with the arrangements for their implementation. As with all activities in the CAP, action plans for access restrictions will be developed with the participation of affected people.

The CEF is designed to fully involve relevant community stakeholders in the design and implementation of actions for management and mitigation of such impacts, including the eligibility criteria for communities and households that may face changes or restrictions of access to natural resources. Land will not be used where land owners or land users have not been consulted on the mitigation provisions set out in the Community Action Plans (CAP). Likewise, as a core benefit of the project, CAPs will be designed and implemented to

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1 Production Forest Areas (PFA) are designated state forest areas where, similar to other protected areas in Lao PDR, a range of restrictions are applied in order to protect the integrity of forests.
improve, or at least to fully restore, the income streams of those affected by changes in resource use or access.

The CAP will include the following where access restrictions arise:

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

The CAP will also describe the participatory process by which:

1. specific components of the project will be prepared and implemented;
2. the criteria for eligibility of displaced persons will be determined;
3. measures to assist the displaced persons in their efforts to improve their livelihoods, or at least to restore them, in real terms, while maintaining the sustainability of the park or protected area, will be identified; and
4. potential conflicts involving displaced persons will be resolved.

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

6.4. Resettlement Policy Framework (OP 4.12)

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

No significant land acquisition is expected because any civil works will be minor and every effort will be made to construct project infrastructure on un-encroached state land. Thus, detailed designs will be adjusted to avoid, to the extent possible, any potential impacts on land owned or customarily used or occupied by participating community members. If however land acquisition is unavoidable, an Abbreviated Resettlement Action Plan will be developed following measures provided in the RPF (See Annex 1). These measures have been costed and set out as implementation actions in the CEF.
7. Project Impact and Risks

The ESIA that was conducted as part of the project preparation consisted of two parts: a literature review of experience gained and lessons learnt under SUFORD and SUFORD AF projects; and field surveys conducted in new provinces where SUFORD or SUFORD AF is not yet implemented. The assessment of lessons learnt under previous projects provided important data and insights used in the development of this CEF because the new project aims to expand or extend the PSFM approach experimented under SUFORD and SUFORD AF.

According to the ESIA, if the appropriate measures are implemented, significant or irreversible negative impacts would not occur under the new project to the livelihood of project affected people, including ethnic groups, and no significant land acquisition is expected to occur. Physical relocation of people is also not expected. Potential negative impacts primarily concern the potential for loss of livelihoods due to restrictions or changes in access to the current use of forest and related resources. Such potential negative impacts, however, are expected to be effectively avoided or mitigated through the inclusive, participatory, and gender- and inter-generationally sensitive engagement with beneficiary communities, which focuses on improvement of income streams and living standards, as well as sustainable management of forests and related resources.

An assessment of the previous experience under SUFORD raised several challenges that were not fully addressed under SUFORD or SUFORD AF. The challenges, which must be fully addressed in order to adequately meet the safeguard objectives, are:

1. Free, prior and informed consultations were not adequately carried out leading to ambiguity about the degree to which broad community support (BCS) was achieved.

2. Engagement with project beneficiaries, especially with ethnic groups and women, was often inadequate, leading to a lack of clear understanding and ownership of PSFM.

3. Village Forestry Committees and Village Development Committees needed more clarity with regard to their expected roles. Some community members did not fully understand their rights and responsibilities under the law. Ethnic women’s roles in forest committees had not been adequately supported; women were not adequately and systematically involved in forest-related activities despite their interest in, and use of, forest resources.

4. SUFORD communities did not fully understand the benefit sharing principles or their entitlements under the law. SUFORD Toolkits and Manuals prescribed that the timber revenue was to be shared among all villages in a SFMA. However, the villages in a SFMA did not constitute an organic unit and inter-village sharing proved to be impractical during implementation.

5. Village development grants and Village Funds did not prove to be fully sustainable, because of financial and institutional difficulties. The revenue earned from interest on loans was low and unless commercial microfinance institutions were to step in there is no adequate support structure for VDF.
6. Ethnic villagers were seldom able to take full advantage of training, which was chiefly in the form of lectures. Training was not usually provided by experienced trainers and often took the form of top-down lecturing of participants. Training material was not provided or adapted to meet the capacity of participants.

7. Effective grievance mechanisms have to be developed. There were no formal mechanisms to manage conflicts or grievances under SUFORD or SUFORD AF.

8. Recent field surveys pointed out that take-overs of land for concessions, policies restricting villagers’ access to land and timber resources, and a lack of adequate land tenure arrangements in the ethnic group villages with upland cultivation are resulting in confusion over forest and agricultural land management in some project areas. This undermines both customary systems and statutory systems which are supposed to replace them. These external developments and policies have been found to often adversely affect the livelihood and food security of local communities, including upland communities practicing rotational agriculture and shifting cultivation.

9. Monitoring and Evaluation mechanisms developed under SUFORD and SUFORD AF were not fully utilized. Many formats prepared at the central level were not shared until late in the project cycle, resulting in the lack of proper indicators to measure to which extent poor, women, and ethnic groups participated in project activities. Lao Front for National Construction (LFNC) and Lao Women’s Union (LWU) did not play a sufficiently active role in monitoring and evaluation. It was noted that other neutral parties such as CSOs could also participate in project monitoring to improve the quality of M&E.

10. Village Consolidation. Although Village Consolidation is not part of the project, the 8th Party Congress and Directive Order No. 9 of the Politburo, 8th June 2004, instructed that small villages\(^2\) should be merged in order to maximize the distribution of poverty reduction activities and accelerate economic development. The consequence has been an increase in land and natural resource disputes as well as social and cultural impacts particularly on more vulnerable communities. Village mergers frequently did not take account of the ethnicity of villages, nor of pre-existing customary land use rights. For example, of the ten villages in Luangnamtha surveyed under the ESIA, five were consolidated in previous years. This has mixed ethno-linguistic groups such as Khu, Akha, Tai Dam, Leu, Lao and Hmong into one village, with each having different languages, land use practices, perspectives on gender equity, property and inheritance practices, etc. Village headmen from one ethnic group appointed by local government may have no authority from the perspective of another group.

\(^2\) The “small villages” are defined as those villages comprised of less than 200 persons in upland areas, and those with less than 500 persons in lowland.
11. Numerous independent reports have indicated that land and resource tenure has not been inadequately addressed in consolidated villages. For this reason, the CEF does not allow or consider eligible project resources to be used in villages that are slated for consolidation. In villages that have already been consolidated project resources can be used if and only if land and resource tenure issues associated with the consolidation have been resolved to the satisfaction of villagers, and there is sufficient agricultural land or other means of livelihood for improving, or at least maintaining, their livelihoods.

12. Official lists of, and plans for, village consolidation will be provided to, and discussed with, the World Bank. Participatory consultations will be used to determine and document the status of consolidated villagers’ land and resource tenure on a case by case basis. If the consolidated village meets the criteria for project inclusion, a report will be submitted to the Bank providing information on the village consolidation process, the status of villagers’ land and resource tenure, available land for agriculture and natural resource use, and evidence that the villagers’ have provided their broad community support to the project. If outstanding issues are identified project officials will convey their findings to Provincial Authorities for their follow-up. Communities that are excluded due to unresolved tenure issues may be allowed to enter the program subsequently if Provincial Authorities can demonstrate that the issues have been resolved and communities confirm that the resolution process met standards of free prior informed consultation and that they have provided broad community support.

13. Concessions. Regarding risk of overlapping concessions, an inventory of concessions in project provinces will be periodically updated and discussions will be held with participating provincial governments and sponsoring ministries to avoid or minimize impacts in project financed areas. This effort will lead to creation of a transparent and coordinated institutionalized mechanism that would identify and resolve development overlaps through an enhanced information system, and linkages with key GoL institutions.

8. Project Participants and Institutions Roles and Responsibilities

The project will involve the following participants and institutions as key actors:

1. **Community members** are the primary participants and targeted beneficiaries in PSFM and VLD activities.

2. **Village Forestry and Livelihood Committee (VFLC).** Under SUPSFM, the Village Forestry Committees that were established under SUFORD and SUFORD AF will be strengthened to support both forest resource-related and livelihoods development activities. VFLCs will be headed by the Village Head as the Chairperson and will include a Deputy Chairperson, Secretary, and Treasurer. Village representatives of Lao Women’s Union (LWU) and Lao Front for National Construction (LFNC) will also participate in the VFLC. VFLCs will serve as the main local institution supporting the project at the village level. VFLCs will be in charge of organizing village teams to work
with the PSFM and VLD Teams. They will also support organizing self-help groups and nurturing their development into production groups and eventually into associations for village enterprises. The VFLCs will be central to participatory formulation of beneficiary selection criteria, selection of beneficiaries of village livelihoods grants (VLG), supporting the development of livelihoods, and management of the VLG and forest restoration grants. VELCs will play a central role in the village level monitoring of project implementation and participate (together with another villager selected by villagers) in district level meetings for participatory M&E.

3. **Village Mediation Units (VMUs)** were established in 1997 under a Decision of the Minister of Justice (No. 304/MOJ). New guidelines for the VMUs were issued by Decision No. 08/MOJ, dated 22 February 2005. The VMU is a village level institution which plays a role in resolving disputes. VMUs seek to mediate disputes based on negotiations and consensus, in line with both the state legal framework and acceptable local traditions. The VMUs have jurisdiction to resolve civil and family disputes, and minor criminal cases.

4. **District Project Management Office (DPMO)** will be established in each participating district in the office of District Agricultural and Forestry Office (DAFO) whose chief will also head DPMO. DPMO will supervise all project implementation within the district, including the implementation and monitoring of safeguard activities. Project Assistants to be hired by the project will also be housed in DPMO.

5. **PSFM and VLD** will be established for each village cluster and consist of two staffs from District Agricultural and Forest Office (DAFO) with relevant skills and one from Lao Women’s Union or Lao Front for National Construction. Each team will consist of three persons, whose members should in principle be permanently assigned to the team throughout the life of the project. This will facilitate building rapport with villages since the same team members will be assigned to a permanent set of villages. PSFM and VLD teams will include 2 female members who will ensure inclusion of women in the participatory process of developing and implementing the CAP. They will be housed in the Technical Service Centers (TSC), and will report directly to the head of DPMO who will coordinate all project activities to be conducted in respective districts. TSCs that have been established in focal villages in several village clusters by the Department of Agricultural Extension and Cooperatives (DAEC) will be used by the Project, or will be established by the Project in village clusters where a TSC is not yet established.

6. **PSFM Teams** will consist mainly of staffs from the District Forest Office (DFO) who have been trained in community forestry management techniques. The Project will initiate the assignment of DFO staff as Forest Rangers, who will be based in Forest Ranger Stations to be established in a focal village in each village cluster as part of TSC. This will bring forestry sector services closer to the villages. These DFO units will be monitored and evaluated periodically by villagers.
7. **VLD Teams** will be composed primarily of designated staff from the District Agriculture and Forestry Office (DAFO) who will be based in the TSCs and work closely with extension agents and other government officials providing agricultural and non-agricultural livelihood support to villagers. This will bring government extension services closer to the villages.

8. **Development partners** will include staff of national and regional universities, non-profit associations (NPAs), and mass organizations like the Lao National Front for Construction (LNFC) and the Lao Women’s Union. These partners will be employed in roles that suit their specific strengths and capabilities. For example, partnership with national and regional universities will be explored to assist with identification of possible livelihood options, and to carry out feasibility studies, including market studies, of identified livelihood options. Partnership with LNFC and/or LWU will be explored to introduce and jumpstart forest and livelihoods development activities in participating villages. The LWU will also address women's customary and statutory land use rights, to ensure that their livelihoods contributions to CAP preparation are not marginalized. NPAs that have proven expertise in effective community engagement in forestry will be involved to provide training and support to the PSFM and VLD teams. NPAs will also advise appropriate farmer organizations in the monitoring and evaluation of PSFM and VLD teams.

9. **Collaborating CSOs**

   In Lao PDR, Civil Society Organizations (CSOs) generally refer to international NGOs (INGOs), Lao Non-Profit Associations (NPAs) and Foundations. The NPAs are governed by the 2009 Decree on Associations. NPAs operating at the national level are required to report to the Department of Public Administration and Civil Service under Ministry of Home Affairs (MoHA), while those operating at the provincial level should be registered at and report to relevant provincial governments. The operation of international NGOs is governed by a PM Decree No. 71 dated 1998, and the Ministry of Foreign Affairs (MoFA) is responsible for the registration and monitoring of the NGOs operations in Laos. While historically civil society organizations have not been very active in Lao PDR, there are now more than 180 CSOs operating in the country. The Department of Forestry has realized the importance that the contributions CSOs can make in the project and is willing to explore possible partnerships under the SUPSFM project and a Dedicated Grant Mechanism (DGM) established under FIP.

10. **Technical Assistance Team** will work with the other project participants to provide capacity building and technical support in all stages of community engagement. Two Project Assistants will be hired: one with a PSFM background and another with VLD experience. They will be embedded at the district level for the duration of the project and backstop and provide technical advice to PSFM and VLD Teams by frequently participating in and providing hands-on support to community engagement. In parallel to the formal project monitoring and reporting mechanisms, they will also monitor and report directly to the project managers at the district level their findings from field visits and observed needs for further capacity development. Their monitoring reports will also be kept in the central monitoring databases.
9. Project Locations

Broadly, SUPSFM will be implemented in two types of PFAs. On the one hand, the project will provide continuous support to those PFAs where the original SUFORD and SUFORD AF were implemented and relevant FMPs have been developed under the participation of villagers and approved by DOF. The project will support the implementation of FMPs including the participatory review and verification of FMPs, identification of corrections that have to be made to FMPs and the provision of Forest Restoration Grants. Livelihood Grants
will not be provided in such PFAs since they already received Village Development Grants (VDG) under either of the previous projects, unless participatory Social Assessment finds remaining gaps in livelihood restoration in which case VDG will be provided to fill the gaps. On the other hand, the project will pilot the landscape approach in provinces where neither SUFORD nor SUFORD AF was implemented. In such provinces, VLGs will be provided to eligible communities that have completed Participatory Land Use Planning process and developed Community Action Plan, as per principles and procedures described in this CEF, in order to improve income streams in a sustainable manner or at least to restore them.

10. Detailed Consultation and Participation Process

An action plan will be developed and implemented as per steps described in this section in a participatory manner. OP 4.10 requirements will also be fully met through measures provided in this section, and a Community Action Plan that includes policy requirements for an Ethnic Group Plan will be developed and implemented under project support. Measures to address land acquisition are provided in the Resettlement Policy Framework (RPF) that is attached to this CEF.

10.1. Spatial Aspects of Community Engagement

Villages are the basic unit of community engagement processes. The PSFM and VLD Teams will engage with individual villages in PSFM and VLD activities, including village-use forest management and smallholder agroforestry. In ethnically mixed villages, CEF processes may be carried out and the PSFM and VLD Teams may engage with villagers at the hamlet level.

A Forest Management Plan (FMP) will be developed for each Forest Management Unit (FMU). The FMU will be composed of a number of villages usually within the same Kumban (cluster of villages). Representatives of individual villages will work with relevant DAFO officials for the management of their respective areas within the FMU on implementation of the FMP. The Project Assistants embedded at the district level and the project TA team will develop the capacity of VFLCs and coordinate between member villages and between VFLCs and DAFO to ensure that no village will dominate other FMU member villages.

A focal village will be identified in each cluster to serve as the home base of PSFM and VLD operations. A central location relative to the participating villages and forest areas in the cluster will be the main determinant in identifying the focal village. Location of TSCs will also be a factor to be taken into consideration.

A TSC campus will be established by the Project (if a TSC does not already exist in the cluster) in identified focal villages. Technical services of the government to all villages in the cluster will emanate from government staff based in the TSC campus. The TSC campus will house the Forest Ranger Station and the Forest Rangers that will make up the PSFM Team. The TSC campus will also house the TSC Unit of DAEC and the DAFO staff that will make up the VLD Team. Occasional community services offered by other government agencies, such as participatory land-use planning (PLUP) and land management services of the District Office for Environment and Natural Resources (DONRE) will also be based in the TSC campus. It is anticipated that synergies will develop as a result of interaction among government staff from different units who make use of the TSC campus as their home base for provision of technical services.
10.2. Roles of PSFM and VLD Teams in Community Engagement

Each of the numbered items provided below will involve a sequence of activities to be undertaken by the PSFM and VLD Teams together with villagers. Although PSFM and VLD support will be provided by different teams specializing in respective areas of expertise, the project will employ an integrated approach with the understanding that both PSFM and VLD project activities should be designed and implemented in a well-coordinated and synchronized manner, because sustainable forests cannot be achieved without sustainable livelihoods of people who depend on forest for their livelihood.

1. **PSFM.** A full comprehension of the significance of forest resources to economic survival is basic for the effective participation of villagers in setting PSFM objectives and priorities for forest management units (FMU) that overlap with the village, in zoning forest land for management, and in planning realistic and sustainable forest management activities for each zone.

2. **VLD.** Participation of villagers will be crucial in analyzing potential livelihood opportunities; deciding on the livelihood developments to be undertaken, and the beneficiaries to be selected. This will be undertaken following a set of criteria developed in consultation with the community that includes the poorer and vulnerable members, including female-headed households. Livelihood development plans must take account of gender, the role of children, and ethnicity to ensure inclusion in benefits.

In order to ensure synergy, both teams will report to and work under the direct supervision of the head of District Project Management Office (DPMO) who will ensure that the activities of each are synchronized and will complement each other. They will also be supported by development partners and the TA Team, as well as respective Project Assistants embedded in each DPMO who will work closely with both teams and make sure they coordinate with each other. A graphic model of the sequence of activities under PSFM and VLD has been developed (attached below). This model will be shared with villages to allow them to better understand the project approach to community engagement and track project implementation.
10.3. Community Engagement Process Stages

The following section describes concrete step-by-step actions to be taken to ensure that participating villagers are meaningfully consulted and participate in developing and implementing alternative and more sustainable livelihoods, while mitigating any negative
short-term impacts on livelihoods in a manner that is fully compatible with OP 4.10 and OP 4.12. Throughout implementation, LWU and LFNC officials at the district level and their village representatives will participate in the community engagement process. In order to ensure their meaningful participation in and contribution to the engagement process, a practical and straightforward guidance manual will be developed that will clearly explain, using visual presentations wherever possible, about project objectives and activities, community engagement process and safeguard requirements. Village representatives of LWU and LFNC will be key members of VFLC, and participate when important decisions are made with regard to the project and PSFM.

Stage 1: Selection of participating villages and team formation

1. **Selection criteria:** The main criterion in selecting participating villages is their customary use of forest and land resources in the selected PFA. Numerous independent reports have indicated that land and resource tenure has not been adequately addressed in consolidated villages. For this reason, the project eligibility criteria does not allow project resources to be used in villages that are scheduled for consolidation during the life of the project or that appear on official lists of villages to be consolidated in the future. In villages that have been consolidated in the past, project finance can be used if, and only if, land and resource tenure issues associated with the consolidation have been resolved to the satisfaction of villagers.

2. Official lists of, and plans for, village consolidation will be provided to, and discussed with, the World Bank. The Participatory Social Assessment and PLUP procedures (outlined in the CEF) will be used to determine and document the status of consolidated villagers’ land and resource tenure on a case by case basis. If the consolidated village meets the criteria for project inclusion, a report will be submitted to the Bank providing information on the village consolidation process, the status of villagers’ land and resource tenure, available land for agriculture and natural resource use, and evidence that the villagers’ have provided their broad community support to the project. If outstanding issues are identified project officials will convey their findings to Provincial Authorities for their follow-up. Communities that are excluded due to unresolved tenure issues may be allowed to enter the program subsequently if Provincial Authorities can demonstrate that the issues have been resolved and communities confirm that the resolution process met standards of free, prior and informed consultation process that led to broad community support.

3. **Team formation:** Very early in the project period district authorities will be requested to identify line agency staff to become members of the PSFM and VLD Teams. The head of District Project Management Office (DPMO), together with the project hired Project Assistants, will provide oversight and guidance to ensure good coordination and synchronized implementation of VLD and PSFM activities.

4. **Orientation workshop:** After team formation, a workshop will be held in each province with PSFM or VLD Teams in attendance. These workshops will serve to orient the teams and familiarize them with the forestry and rural development objectives and components, PSFM and/or forest-based livelihood
development operations, project safeguard requirements, and a forestry-oriented village work policy.

5. **Socioeconomic and Value Chain Analysis:** Technical Assistance Team embedded at the district level and Development Partners with relevant capacities, together with VLD and PSFM Teams, will (i) collect and assess relevant demographic, socioeconomic and cultural data for representative groups of villages; (ii) identify major products produced inside and imported from outside the project areas, assess existing demand and potentials for growth; and (iii) take stock of current occupations, employment, and types of production such as contract or market-orientated farming or subsistence farming, the availability of technologies and finance, and other relevant opportunities and constraints that affect community livelihoods and allocation of natural resources. The socioeconomic and value chain analysis will provide and document general community profiles of beneficiary villages and collect and analyze externally determined market conditions and factors of production that affect but go beyond the capacity of villagers to control. The result of the analysis will be shared with villagers in Stage 2 to help them develop their own community profiles, reconstruct community histories and draw community maps, and discuss alternative resource allocations and livelihoods against the analysis of larger market conditions. All data collected and analysis made will be presented in a simplified form and using visual and graphical presentations rather than textual descriptions. The technical assistance team and staff of relevant Development Partners will help develop the capacity of VLD and PSFM teams so they will be able to carry out socioeconomic and value chain analysis on their own after the project. The results of the analysis will form part of the baseline data for the project.

**Stage 2: Community awareness and resources diagnostics**

**Community consultations on project aims and objectives:** The main topics to be addressed during the first visit of the VLD Team to the village will be to disclose and inform people of the project, its purpose, and its potential benefits as a first step in establishing broad community support to engage in the project. The project team will meet with community leaders, any relevant sub groups, including women and ethnic groups in mixed communities, and establish linkages needed to ensure participation of these groups. Care will be exercised so that all hamlets and minority ethnic groups in mixed villages, and particularly within consolidated villages, will be identified and their representatives including female leaders will be identified and participate in the initial meetings. During these initial meetings, the team will seek community cooperation and acceptance with carrying out household surveys needed to take stock of current demographic, social, and economic factors related to economic survival, living standards, and resource use on a gender- and age-differentiated basis. The initial meetings will be carried out over several days, normally between 3 to 5 working days as will be specified in the Operational Manual. A few days of interval will be set between the introductory meeting where the project is introduced and the subsequent meetings where socioeconomic data are collected, in order to allow communities to discuss internally and decide on participation in project implementation. Vulnerable households will also be identified, and demographic, socioeconomic and livelihood related data will also be collected about them. Vulnerable households will be defined based both on national definitions of poverty lines and community’s perception of what constitutes poverty and
vulnerability. The team should explain that this information is essential for development of appropriate and sustainable interventions for improvement of living standards. Community agreement to cooperate on data collection will be understood as significant first step in community support and participation. (Refusal to cooperate would indicate absence of broad community support to the project) Some of the data collected, including livelihood and welfare data of vulnerable households, will constitute project baselines, together with externally determined conditions that are assessed under Stage 1. The welfare and livelihood status of project affected people will continuously be monitored under the participatory Monitoring and Evaluation (M&E) and evaluated at the end of the project, so that the project can provide all necessary measures to help them restore their livelihood.

**Community Resource Profiles:** Beneficiary villagers will be assisted to develop Community Resource Profiles based on the result of Socioeconomic and Value Chain Analysis and household surveys. VLD team, under the assistance of the Technical Assistance Team and Development Partners with relevant capacities, will assist beneficiary communities in participatory assessment of available data. Such quantitative data are considered to provide useful inputs and broad bird views to communities to reflect upon their existing livelihood strategies and have clearer understanding on their strengths and weaknesses. The result of participatory assessment will be summarized in the Community Resource Profiles which provide key data related to economic survival, living standards, and resource use on a gender- and age-differentiated basis. The participatory processes to be used in the process will provide a basic platform for informed dialogue with the community and a basis for discussion of resource management issues as they affect the economic survival and social organization of potential participants.

**Stage 3: Participatory planning: consultations and agreements**

1. **Participatory land-use planning** (PLUP) will be conducted as a joint activity with the PSFM and VLD Teams. This team will be further augmented on land management issues by a member from the District Office for Natural Resources and Environment (DONRE). Each team will attend to specific topic modules according to their expertise and training.

2. VLD and PSFM Teams will work with the community to establish an organizational basis for collaboration and participation going forward. This will likely make use of existing social institutions, but roles, responsibilities, and plans going forward will be made explicit to facilitate implementation.

3. Overall, PLUP will serve as an important and nationally accepted methodology to recognize, identify and distinguish customary/indigenous land tenure systems by demarcating boundaries through identification of existing land use zones, excluding them from state forests and recognizing long term tenure and to reach agreements over who has traditional use rights of villagers to such lands. It is also rapidly becoming a mandatory prior step towards more formal land tenure. Biodiversity assessments of potential impacts will be undertaken as part of PLUP so that the findings can be addressed in the CAPs. PLUP will be applied in all project villages:

   3.1. In selected villages outside of, but adjacent to PFAs, community use areas will be identified and formalized through a Memorandum of
Understanding, which will be signed by community representatives and relevant DAFO representatives. MOUs will be the basis for future transference into more secure tenure documents allowable under revised legislation, such as leasehold agreements as a basis for community land titles or community leasehold agreements for village-use forests.

4. The PLUP process will involve the following steps:

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

5. Community Action Plan. Villagers will be assisted to develop alternative, more sustainable livelihoods based on a more sustainable use of forest and natural resources and an improved access to markets and other opportunities. Villagers will do so against the result of PLUP, which will clearly define boundaries of villages as well as between land use zones and the range of activities allowed in each zone, and in light of Community Resource Profile that illustrates current livelihoods and market conditions. VLD Teams will take the lead in assisting villagers carry through the participatory process, but the Project Assistant, LFNC, LWU and other NPAs active in project areas will assist VLD Teams through on the job training, technical guidance and other
forms of hands-on capacity development. VLD Teams based in the TSC will regularly visit villagers and provide hands-on support to villagers.

Under the participatory processes, existing patterns of forest and land resource use will be assessed; strengths and weaknesses of existing production systems be examined; and existing and future markets, available technology and other externally determined conditions be evaluated. Based on such assessments, villagers will develop the Action plan for alternative allocations of natural and forest resources that are environmentally sustainable and will result in at least equal or higher level of livelihoods. Necessary technical and financial supports will be identified, and where project supports are needed and where villagers’ own contributions are feasible will be assessed. Efforts will be made and solutions be explored to avoid short term negative impacts on livelihoods, and measures to mitigate unavoidable negative impacts on community members, in particular vulnerable households, will be identified. Villagers will also be assisted to develop internal rules for customary forest use based on the reassessment of community rules and existing conditions. The results will be pulled together in a Community Action Plan (CAP), which will be jointly signed by DAFO and villagers as a memorandum of understanding. The exact issues to be addressed in CAP will be defined in the Operational Manual, however, they will include at least the following:

1. Existing sources of income and land/forest use patterns, disaggregated for gender, ethnicity and other meaningful social units;
2. Types of forest products extracted by men and women, their seasonality, use and value to livelihoods;
3. The nature, scope and seasonal timing of access restrictions;
4. The anticipated social and economic impacts of these restrictions (fallow land under rotational agriculture will be included when determining impacts);
5. List of alternative income streams and their potential to sustainably enhance or at least restore income;
6. The demographic, socioeconomic and other relevant data about the community, in particular of sub-communities or persons whose livelihoods are negatively affected and eligible for special assistance;
7. Specific measures to assist beneficiary communities at large and negatively affected people in particular in their efforts to improve, or at least restore, their livelihoods in real terms, while maintaining the sustainability of the natural resources;
8. Implementation arrangement and schedule, sources of funding including the project and own contribution by beneficiary communities;
9. Grievance mechanism;
10. Arrangements for participatory monitoring and evaluation; and
11. Clearly delineated forests and land use zones, the list of livelihood activities to be engaged in specific zones, and the number of households involved in each activity, as identified under Participatory Land Use Planning and Community Action Plan process.

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

6. **Forest Management Plan (FMP)** will define a range of processes and procedures for the management of respective forest types. While CAP will be developed during the first year of project engagement with participating villages, FMPs cannot be developed simultaneously because the development of forest inventories, the identification of High Conservation Value Forests (HCVF) and other key aspects of FMP need longer time to complete. FMP will be developed for each forest category, including village-use forests for which alternative livelihood activities may be identified under CAP. FMPs for state forest categories will include the regeneration of degraded forests where some livelihood activities may be planned under CAP if allowed under existing laws. It is therefore important that FMP and CAP mutually complement each other without contradiction or overlap.

7. The participatory mechanisms developed under the project will help ensure that FMP will be planned and implemented without overlap or contradiction with CAP. Firstly, FMP for village-use forests will be developed by villagers themselves, under the facilitation of PSFM Team. PSFM Team will organize village meetings to provide inputs to FMPs for state forest categories, and endorsement by VFLC will be required for FMPs of any forest category. Project Assistant embedded at the district level and DP with experience in community participation will coordinate between member villages that collectively develop and implement FMP and between member villages and DAFO, so that decisions will be made on an objective and equitable basis.

8. Secondly, the Community Resource Profile developed under Stage 2 will identify and put on record existing use of forest resources and lands, and PLUP processes will clearly delineate those parts of land and forest currently or customarily used by villagers and exclude them from forest zones where tighter restriction will be applied on the range of livelihood activities allowed. During the FMP development process and when VFLCs are asked to endorse FMPs, relevant parts of Community Resource Profile and PLUP will be consulted to ensure consistency.

9. Thirdly, VLD Team will also occasionally participate in the FMP planning process to ensure that FMP will not contradict with CAP, and the validation of draft FMP by respective VLD Team in the same cluster will be required before it is finalized.

**Stage 4: Implementation of CAP**

1. **Financial and technical assistance for the implementation of CAP.** The project will provide livelihood grants in the amount of $8,000 per village for the implementation of CAP. VLD Team will provide continuous and hands-on technical advice to villagers with regard to livelihood development. Villages will also be eligible for Forest Restoration Grants in the amount of $2,000 per village to help villagers strengthen the management capacity for, and support the assisted natural regeneration of, Community Forests as per
CAP. Forest Restoration Grants will also be available for the assisted natural regeneration of state forests from which Communities will benefit from benefit sharing mechanisms, as described in CAP and agreed with DAFO by their signing of CAP. Leaseholder agreement to be made for use of State forests under benefit sharing mechanism will also define the rights and responsibilities of villagers with regard to the use of state forests.

2. Participatory Monitoring and Evaluation (M&E). The project employs a community based approach to addressing safeguard requirements, in that it seeks to positively enhance the livelihood of affected communities at large, without regard to the level of impacts that may fall upon individual households. This is because the project objective of strengthening sustainable forestry is untenable unless the livelihood of forest dependent communities at large becomes sustainable; where negative impacts result from restrictions of access to natural resources, they will be mitigated through measures developed in consultation with affected communities and households and included in the CAP. Nonetheless, the risk remains that some households, in particular vulnerable households, may face the scale and scope of impact that the project livelihood support may not be sufficient to compensate. The project may then not be able to achieve the safeguard objective of restoring livelihood of all affected people.

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

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

5. An annual meeting will be organized at the district level where village representatives, including both a representative of VFLC and another villager nominated by villagers, will present their perspectives and opinions collected at the village level meetings. If the VFLC representative is a male, then the second village representative should be a female, or vice versa. If a village consists of multiple sub-villages or hamlets (e.g. in ethnically mixed villages), at least one representative of each hamlet will participate. The district level meetings will be organized by DAFO and supported by the consultants embedded at the district level. At the meeting, village representatives will be encouraged to share their perspectives on project performance, give suggestions for improvement, raise outstanding grievances and request support to assist those households who are struggling to adopt new livelihoods or whose livelihood is considered to have declined. Measures to improve project performance, resolve outstanding grievances and help villagers restore livelihood will be discussed and agreed for implementation. Minutes will be taken and kept in the project files, and progress on agreed actions will be reviewed in the meeting to be held in the following year.

6. **Project Monitoring.** Project implementation will be regularly supervised and monitored by the relevant Technical Service Centers. Technical Assistance Team embedded at the district level will prepare quarterly progress reports and describe their observations on project performance including issues related to safeguards and any plans for village consolidations, which will be kept in the project files for to facilitate adaptive management and World Bank supervision. Gender and ethnicity disaggregated monitoring indicators will be developed and used. The National Project Management Office (NPMO) will supervise and monitor the process at least once per year and include the results in the Project annual reports to be furnished to the World Bank. The Project Monitoring and Evaluation Advisor will be appointed at the central level who will coordinate project monitoring that will be done at the provincial level.

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

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

1. Budget and time frame of implementation
2. Delivery of project activities (project inputs)
3. Project achievements in developing alternative natural resource use and livelihoods development (project outputs and outcome)
4. Consultation, Grievance and Special Issues
5. Monitoring of benefits from project activities
6. Any impact on livelihood or assets that remains unaddressed.

9. **CEF Implementation completion.** Prior to project completion, an impact assessment will be carried out and those households whose livelihoods remain to be restored sustainably will be identified, other impacts that remain to be addressed will be determined, and measures to close the gaps will be explored, so that the project meet the safeguard objective of restoring the livelihood of all affected people. The baseline livelihood and welfare data collected under the Stage 2 will be used to determine the level of livelihood restoration.

11. **Grievance Redress Mechanisms**

Grievances may result from project activities. They will be resolved following a grievance mechanism that is based on the following key principles:

1. Rights and interests of project participants are protected.
2. Concerns of project participants arising from the project implementation process are adequately addressed and in a prompt and timely manner.
3. Entitlements or livelihood support for project participants are provided on time and in accordance with the above stated Government and World Bank safeguard policies.
4. Project participants are aware of their rights to access and to realize access to grievance procedures free of charge.
5. The grievance mechanism will be in line with existing policies, strategies, and regulations on grievances as defined by GOL, which require project owners/proponents to set up grievance mechanisms starting from the village level\(^3\), and also follow recent legislation under Decision No. 08/MOJ, dated 22 February 2005 that seeks to strengthen conflict resolution at the grassroots level, by establishing Village Mediation Units (VMU).
6. The grievance mechanism will be institutionalized in each village by a selected group of people, involving Ethnic Groups, women, and representatives of other vulnerable groups in the village.

**VMU Functions.** VMUs assist the village administration authority to enhance knowledge of and compliance with State laws in the village. It acts as the disseminator of laws and regulations in the village, encouraging people of all ethnic groups within the community, to respect and comply with laws and regulations. It closely coordinates with the judicial and other bodies involved (GRID, 2005: 25). There are now 8,766 VMUs throughout the country. In 2009, the VMUs processed 8,118 cases (of which 5,529 were civil cases, of which 4,492

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\(^3\) GoL Decree 192/PM requires that the project owners/proponents put in place a fair and equitable grievance redress mechanisms. Specific requirements are described in Part VI of the Decree’s Implementing Regulations, and as part of the Technical Guidelines in more detail.
were solved) and 2,529 criminal cases (of which 1,150 were solved). Some 2,476 cases remain open, representing 30.5% of the annual caseload.

The main strengths of VMUs are that they provide justice at a community level and use defined rules and procedures while still providing a further opportunity for parties to re-negotiate and reach mutual agreements to resolve disputes. The Access to Justice Survey (2011) found that community use of VMUs is highest in peri-urban regions. Urban areas are more likely to use State Courts and rural areas more likely to use customary law mechanisms. While almost three quarters of participants in the study knew of the existence of VMUs, only between a third and a half knew how to access them, believed they were effective, believed they were in accessible locations, and conducted proceedings in understandable languages. Nevertheless, they do succeed in resolving a very high proportion of disputes before them, (between 84-88%), with little notable variation between resolution rates between peri-urban and rural areas. Furthermore, while only 12.3% of respondents had used VMUs, those who had generally had positive experiences.

The Access to Justice Survey (2011) also revealed that 74.3% % of the VMU users reported that someone in the VMU had explained to them how the resolution process works. Some 86.5% said that the VMU understood the issue they had submitted, 90.5% said that the VMU respected them, 77% said that they are satisfied with the outcome of the VMU resolution process, 86.5% thought that VMU members were fair and neutral in resolving disputes, and 87.8% of the VMU users would use the VMU again. These results suggest that VMUs are largely fulfilling their mandate and having a positive impact in the local justice sphere.

VMUs are not without their weaknesses and efforts to strengthen them are on-going. Their impact remains impeded by a number of identified factors including; their lack of basic facilities and community education resources, their compromised levels of community trust, legitimacy and authority, delays in their decisions, variable fees, the lack of availability of their members, their non-representative composition (including women and the poor), their susceptibility to corruption and gaps in skill-levels and capacity. The Technical Assistance Team embedded at the district level and Development Partners active in project areas will strengthen the capacity of VMUs especially on ethnic and gender equity and their knowledge of project processes including on safeguards and village consolidations so that they are able to adequately address concerns of villagers.

**Grievance Redress Mechanisms** (GRM) under the project build on and seek to strengthen existing government systems (such as VMUs) but also include additional measures to ensure concerns and grievances of project beneficiaries and affected people will be adequately addressed.

The GRM consists of four steps as follows

1. **Step 1. Village level.** The first step in case of a grievance is to report to the Village Mediation Unit. VMU is a village level institution which involves traditional and spiritual leaders and has a proven track record for resolving minor conflicts at the village level. The VMU will be in charge of documenting the grievance by using the form provided and

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4 Source: Access to Justice Survey in Lao PDR.

5 Access to Justice Survey (2011).found a very high rate of successful resolution of conflicts at the village level. More details are provided in page 9.
signed/fingerprinted by the grievant for processing. The project will develop grievance registration forms, similar to the Form 1 developed under NT2 project, for use by complainants and record by VMU. The VMU will keep the Village Grievance Logbook. The Technical Assistance Team embedded at the district level and staff of Development Partners will strengthen the capacity of VMUs especially on gender equity and their knowledge of the project including on safeguard requirements.

The VMU will be required to provide immediate confirmation of receiving a complaint and should complete an investigation within 14 days of receipt. Then, within 5 days after receipt of the grievance the VMU should meet the Complainant to discuss (mediate) the grievance and will advise the complainant of the outcome. If the grievance is either a valid SUPSFM grievance that requires investigation and action/compensation or if the Complainant is not satisfied with the response, the issue is transferred within one month to the next level, led by the District Grievance Committee, for further action.

2. **Step 2. District level.** Grievances that cannot be resolved at the village level will be brought to the District Steering Committee that will have 30 days after the receipt to review all available information from the investigation by both VMU and TSC, and analyze / investigate each case. Within 30 days, the DSC invites the Complainant to discuss the grievance and the Grievant is informed of the outcome of the investigation and the decision.

   If the Complainant is satisfied with the outcome, the issue is closed, and the Complainant provides a signature as acknowledgement of the decision. If the Complainant is not satisfied with the outcome, the Complainant may submit an appeal to the DSC if there is additional relevant information for reconsideration.

   Within 14 days the DSC will both collect facts and reinvestigate and will invite the Complainant to discuss the appeal and the Complainant is informed of the outcome of the investigation and the decisions made. If the Complainant is still dissatisfied with the outcome, he/she can then submit his/her complaint to the Provincial Steering Committee. The DSC will also be in charge of compiling all grievances into a **District Grievance logbook.**

3. **Step 3. Provincial level.** In case of strong or unresolved grievances such as land grabbing cases will be referred to the Provincial REDD+ Steering Committee (PRSC) that will be chaired by the Vice Governor of the province. Members of this committee will include the District Governors of participating districts, division heads of participating line agencies, and representatives of LWU and LNFC. The Provincial National Assembly should also be involved in acknowledging the grievance and advocating for suitable resolution.

   PRSC will both collect facts and reinvestigate and will invite the Complainant to discuss the outcome of the investigation and the decisions made. If the Complainant is still dissatisfied with the outcome, he/she can then submit his/her complaint to the National Steering Committee. The PRSC will also be in charge of compiling all grievances into a **Provincial Grievance logbook.**
4. **Step 4. Central level.** Grievances that cannot be solved at the provincial level will be sent to the National Project Steering Committee (NPSC) chaired by the Vice Minister of MAF at the central level and members will include DG/DDG level representatives of participating agencies in various ministries (MAF, MONRE, MOIC, MPI, etc.), as well as national leaders of mass organizations like LWU and LNFC. The World Bank TT may participate as an observer. **Complainants are also allowed to report their grievances directly to the NPSC or National Assembly.** All staff involved in project implementation, in particular PSFM and VLD Teams and project assistants, Technical Assistant Team and Development Partners, will provide any necessary assistance so villagers feel free to report grievances. Outstanding grievances that remain to be closed, if any, will be monitored through participatory M&E, Technical Audit and other monitoring and evaluation mechanisms of the project.

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

12. **Project Approach to Address GoL Program for Village Consolidation**

The project approach will distinguish between villages that have been consolidated in the past, and those scheduled or proposed for consolidation. The project will apply the following criteria:

**Villages consolidated in the past**

Identify such villages and determine through participatory consultation, and on the basis of such consultations:

- Include villages if (i) land and tenure issues associated with the consolidation have been resolved to the satisfaction of communities, (ii) adequate land for agriculture or other means of livelihood to improve, or at least maintain their livelihoods, has been made available, and (iii) communities provide their broad community support for participating in SUPSFM.

- Exclude villages if outstanding issues related to land for agriculture and natural resource are identified, and convey findings to Provincial Authorities for appropriate action. Such villages can subsequently become project beneficiaries if, (i) Provincial Authorities demonstrate that issues have been resolved, (ii) communities confirm such resolution met standards of free, prior and informed consultation, and (iii) communities provide their broad community support for participating in SUPSFM.

**Villages scheduled for consolidation**

- Exclude all villages scheduled or proposed for consolidation during the project life.
13. Capacity Development of Project Implementation Agency

Each community engagement event of the PSFM or VLD Teams will be preceded by a capacity building exercise on processes to be involved in the PSFM and VLD operations as well as CEF implementation including those related to village consolidations and gender issues. General knowledge of staff involved in day-to-day project implementation about Bank safeguards will also be strengthened. A Training Team consisting of international and national consultants, which may include invited resource persons (such as those from NGAs), will deliver the training modules in each of three Lao regions: North, Central, and South, combining the participants from 3 provinces in each training event. The number of participants will be limited and training may be carried out in batches to ensure quality and preclude training of large unmanageable groups. Training in Northern Lao will involve the PSFM or VLD Teams coming from Bokeo, Louangnamtha, and Oudomxai and will normally be held at Louangnamtha because of its central location. Training in Central Lao will cover the participants from Xaiyabouly, Vientiane, and Bolikhamxai and will usually be held in Vientiane. Training in Southern Lao will cover the participants from Champasack, Xekong, and Attapeu and will usually be held in Champasack. The PFAs in the provinces of Khammouane, Salavan, and Savannakhet have already been completely covered during SUFORD, but certain operations related to raising PSFM standards will be conducted covering those provinces and will normally be held in Savannakhet.

Each training event will typically take about five days. The training will follow a demonstration workshop format as much as possible to enhance the learning experience, rather than consisting mainly of lectures. After each training event, the participants will return to each of their provinces and immediately proceed to a demonstration village for application of lessons learned under the supervision of a national consultant for PSFM or VLD, as the case may be. A demonstration village will be selected for each province, where all teams from the province will experience first-hand how the modular PSFM or VLD operations are to be conducted. After the demonstration, each team will revert to their assigned villages to continue and complete the given set of village work modules. Seven villages, on average, will be assigned to each PSFM or VLD Team.

Project Assistants, who will provide hands-on and on-site support to PSFM and VLD team, will also participate in relevant trainings. An action plan will be formulated as the last module of each training event for PSFM Team and VLD Team, respectively, which will also describe the role of the Project Assistant during and after the village engagements. The action plan will also include post-village engagement follow through actions that will be undertaken by the Team supported by the Project Assistants so that expected outputs are delivered, for example, analysis of forest inventory data provided by village inventory teams, printed draft CAP based on CAP drafted in the villages, etc.

14. Implementation Arrangements and Budget

The CEF will be pilot tested in selected villages of Oudomxai province prior to the commencement of the project. The experience gained and lessons learnt will be used to further strengthen the community engagement processes set out under the CEF. During the implementation, CEF will be continuously improved based on feedback from project monitoring.
The project clearly recognizes the importance of successful community engagement and participation to achieve its objectives. Accordingly, a substantial budget is allocated for activities related to community engagement. The budget is largely composed of two types of activities: (i) support needed for successful participatory processes including technical assistance; and, (ii) community grants for communities to implement Community Action Plans for Participatory Forest Management and Livelihoods Development.

**Estimated budget for the implementation of CEF**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Staff capacity building</td>
<td>2,386,064</td>
</tr>
<tr>
<td>2. Village engagement (PSFM)</td>
<td>2,962,149</td>
</tr>
<tr>
<td>3. Village engagement (VLD)</td>
<td>1,802,405</td>
</tr>
<tr>
<td>4. Village livelihood grant</td>
<td>3,892,000</td>
</tr>
<tr>
<td>5. Forest restoration grant</td>
<td>2,108,000</td>
</tr>
<tr>
<td>5. Forest inventories</td>
<td>2,035,206</td>
</tr>
<tr>
<td>Total</td>
<td>15,185,824</td>
</tr>
</tbody>
</table>
Annex 1: Resettlement Policy Framework

Introduction and objective of the RPF
The Project’s aim is to develop the sustainable use of forest and other natural resources; no major civil works will be carried out. The Project will support the new construction of office buildings of Technical Service Centers (TSC) on public un-encroached lands in villages where TSCs need to be newly established. Where a TSC already exists, the project may support the rehabilitation of buildings within the existing premises. The project will also rehabilitate existing office buildings of District Agricultural and Forestry Office (DAFO) and Provincial Agricultural and Forestry Office (PAFO) within their existing compounds. Some small offices may be built for DAFO, within the existing premises. All such constructions of office buildings will be limited in scale and will not require acquisition of private land or displacement of people using the land for economic or residential purposes.

Nonetheless, there is a slim possibility that the detailed designs to be developed based on on-site surveys may find that some land currently under use has to be acquired to accommodate parts of office space of TSC, DAFO or PAFO. This Resettlement Policy Framework (RPF) was therefore developed to set out policies and procedures to be applied when such land has to be acquired, so that the Project complies with existing regulations of Lao PDR, in particular the Prime Ministerial Decree 192, and the World Bank Operational Policy 4.12. In other words, the policies and procedures provided under this RPF will apply when the project requires the involuntary taking of land resulting in: (i) relocation or loss of shelter; (ii) lost of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location. Those impacts due to the involuntary restriction of access to areas resulting in adverse impacts on the livelihoods of the displaced persons are addressed in the main body of this CEF.

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

This RPF aims to meet the objectives of the OP 4.12 as described above.

Project Principles on land acquisition

1. Under the project, all efforts will be made to avoid, or minimize if unavoidable, involuntary resettlement. No land acquisition is expected because any civil works will be constructed on un-encroached state land.
2. Where it is not feasible to avoid resettlement, resettlement activities will be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons affected by the project to share in project benefits. Affected persons will be meaningfully consulted and
be provided with opportunities to participate in planning and implementing resettlement programs.

3. Affected persons will be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

4. Affected land, or assets such as structures, trees and standing crops, will be compensated at their replacement values.

5. Detailed designs will be adjusted to avoid such impacts. If however land acquisition is unavoidable, an Abbreviated Resettlement Action Plan will be developed following measures provided in the RPF. No activities that require physical relocation or result in significant impacts beyond the threshold provided in RPF will be financed under the project.

6. If any private land was to be acquired or assets are to be damaged, procedures under this RPF will be applied before activities causing such impacts are executed.

Project procedures

1. Project Management Office (PMO) at the central level that is in charge of reviewing detailed designs and hiring contractors for civil works will determine if any land acquisition or asset loss is necessary, using the land acquisition checklist that will developed and attached to the project Operational Manual. The checklist will include the following, at a minimum.

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

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

2. If land acquisition or asset loss is unavoidable, after efforts have been made for avoidance, DAFO will develop, under the support of the livelihood team and guidance of the Bank task team, an abbreviated Resettlement Action Plan (RAP) based on the requirements set out below. In an extremely unlikely event where more than 200 people are affected by a civil work contract, a full Resettlement Action Plan will be developed.

**Abbreviated Resettlement Action Plan**

If land or assets have to be acquired and affected people refuse to donate such assets, the Abbreviated RAP should be developed. The details of what the abbreviated RAP should include will be provided in the Project OM, but they will include, at minimum,

1. Inventory of project impact
2. Description of project affected people,
3. Applicable compensation policy and estimated budgets
Consultations and participation
The Project will employ participatory approaches to develop a sustainable use of forest and other natural resource, which will be utilized for the monitoring of negative project impact and allowing a meaningful participation of affected people in the development of mitigation measures. The detailed processes and procedures to be used under this project are described in this CEF. The Village Forestry and Livelihood Committee, who is the main counterpart of the project at the village level, will be sensitized for the safeguard requirements so they can self-monitor any minor impact that may occur under the project. The project will also employ participatory Monitoring and Evaluation (M&E) and put in place grievance redress mechanisms which build on but expand existing village leadership structures, so that any outstanding grievances will be addressed. Annual technical audit will assess and document if a RAP is properly implemented, and if it finds any gap, it will be filled by the project.

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

<table>
<thead>
<tr>
<th>Type of Losses</th>
<th>Entitled Persons</th>
<th>Entitlements</th>
<th>Implementation Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of private land</td>
<td>Legal owners or occupants / land users identified during census</td>
<td>Cash compensation at replacement cost which is equivalent to the current market value of land within the village, of similar type, category and productive capacity, free from transaction costs (taxes, administration fees)</td>
<td>Village Forestry and Livelihood Committee will endorse the abbreviated RAP before implementation of civil works</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No land acquisition affecting more than 10% of total productive lands is allowed</td>
</tr>
<tr>
<td>Loss of trees, structures</td>
<td>Owners of affected structures</td>
<td>Cash compensation at replacement cost</td>
<td>If remaining parts of the structures are not sufficient for use, compensation will be paid for the entire affected buildings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Salvage materials will be handed over to affected people</td>
<td>Transportation of salvage materials will be assisted by the project</td>
</tr>
</tbody>
</table>
Table 1: Example of village engagement of PSFM and VLD Teams

<table>
<thead>
<tr>
<th>Activity code</th>
<th>Village engagements in the first year</th>
<th>Days in village</th>
<th>Time period of village work, Year 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>VLD-1</td>
<td>District staff team building; Orientation to PSFM and livelihoods; VLD flow chart; Village work policy</td>
<td>0</td>
<td>7 8 9 10 11 12 1 2 3 4 5 6</td>
</tr>
<tr>
<td>VLD-2</td>
<td>Disclosure of the Project to the village; Initiate prior/free/informed consent; Group formation; Mobilize VFLC</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>VLD-3</td>
<td>Community demographic and resource profiles; Problem census; Current livelihoods and land use</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>VLD-4</td>
<td>(Same time with PLUP) Village land management rules; Village agreement; Community Action Plan drafting</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>VLD-5</td>
<td>Priority livelihoods; Data collection for livelihoods feasibility study; Monitor group evolution</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>PSFM-1</td>
<td>District staff team building; Orientation to PSFM and livelihoods; PSFM flow chart; Village work policy</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>PSFM-2</td>
<td>Image familiarizing; Village boundary demarcation; Land-use mapping; Delineating state forest areas</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>PSFM-3</td>
<td>Participatory land-use planning; Village cadastre; Technical description; Tenure application</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>PSFM-4</td>
<td>FMUs identification; FMUs zoning and compartment mapping; FMUs management objectives</td>
<td>3</td>
<td></td>
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<tr>
<td>PSFM-5</td>
<td>HCVs assessment and delineation; Participatory forest inventory (variable days for actual forest work)</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Village engagements in the second year</th>
<th>7 8 9 10 11 12 1 2 3 4 5 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>VLD-6</td>
<td>Decision on livelihoods; Validation and approval of CAP; Monitor group evolution</td>
</tr>
<tr>
<td>VLD-7</td>
<td>Village Livelihoods Grant proposal preparation; Monitor group evolution</td>
</tr>
<tr>
<td>tVLD-8</td>
<td>Basic financial management</td>
</tr>
<tr>
<td>VLD-9</td>
<td>Management of Village Livelihood Grant</td>
</tr>
<tr>
<td>VLD-10</td>
<td>Climate change awareness and influences in village life and livelihoods</td>
</tr>
<tr>
<td>PSFM-6</td>
<td>Forest restoration group and site assessment and mapping; Application for forest restoration</td>
</tr>
<tr>
<td>PSFM-7</td>
<td>PSFM planning for FMUs; Forest management system by zone; Forest management activities</td>
</tr>
<tr>
<td>PSFM-8</td>
<td>Pre-harvest inventory; Internal monitoring and records keeping</td>
</tr>
<tr>
<td>PSFM-9</td>
<td>Participatory harvest planning; Annual operations planning</td>
</tr>
</tbody>
</table>

### Village engagements in the third year

| VLD-11 | Village livelihoods follow up and monitoring 1 | 2 |
| VLD-12 | Village livelihoods follow up and monitoring 2 | 2 |
| VLD-13 | Village livelihoods follow up and monitoring 3 | 2 |
| VLD-14 | Village livelihoods follow up and monitoring 4 | 2 |
| PSFM-10 | Timber chain-of-custody; Tree marking; Supervising logging operations; Log landing management | 4 |
| PSFM-11 | Post-harvest assessment; Maintenance of high conservation value forests | 3 |
| PSFM-12 | Forest protection; Forest restoration; Forest Restoration Action Plan | 3 |
| PSFM-13 | Forest certification; FSC standards; Scoping and assessment | 3 |
| PSFM-14 | Annual audits; Responding to Corrective Action Requests | 3 |