I. Introduction and Context

Country Context

The key goal of the Government of Lao PDR (GoL), as outlined in the 7th National Socio-Economic Development Strategy (NSEDP) for Lao PDR, is to graduate from the group of Least Developed Countries by 2020. The 7th NSEDP (2011-2015) includes measures on rural development, poverty eradication and environmental protection to achieve sustainable development, with an overall direction to ensure that socio-economic development is fully aligned with protection of the environment and forest resources. The Lao government recognizes that achieving the goal of graduation from Least Developed Country status, and continuation of an 8% annual GDP growth rate, requires a secure natural resource base.

Forests cover 41.5% (9.8 million hectares) of the total land area of Lao PDR, and the Government has ambitious goals to increase forest cover by 2020. Around half of the forest is ‘conservation forest’ – the National, Provincial and District Protected Areas – and the remainder is ‘production forest,’ set aside for timber extraction, and ‘protection forest,’ for soil, slope and watershed protection. Over three million hectares (or 14% of the land area of Lao PDR) is National Protected Areas (NPAs). The National Protected Area System, made up of 18 NPAs and a number of provincial and district PAs was designated in 1993 (PM Decree 164), and four NPAs and two corridors have been added since then. Establishment of the NPA system followed extensive data collection to determine sites of high conservation value and to include 5-20% of every ecosystem of Laos. Around half of the NPAs share a border with Viet Nam, Cambodia, Thailand or China, and a number of these form (or have the potential to be) transboundary protected areas.

Sectoral and Institutional Context

The Government of Lao PDR (GOL) has shown their commitment to sustainable management of natural resources by improving the institutional and policy framework. Recent changes in natural resource management include the establishment of the Ministry of Natural Resources and Environment (MoNRE) in November 2011. The key agency for protected area management has been the Division of Forest Resource Conservation, which was under the Ministry of Agriculture and Forestry (MAF). The Division has since moved, along with the Division of Protection Forest, to now be under MoNRE as the Department of Forest Resource Management (DFRM). In 2007 the Department of Forest Inspection (DOFI) was established under MAF (now the Ministry of Agriculture, Forestry and Fisheries (MAFF)) and its capacity needs to be strengthened to support law enforcement regarding illegal wildlife trade control. A number of laws and regulations related to natural resource management are being revised, including the Forestry Law, a National Protected Area Decree, and the Water Law.

While there is strong commitment to protect natural resources in the country, the government’s capacity to sustainably manage natural resources, particularly forest resources and wildlife, remains uneven. The GOL highlighted in its 7th NSEDP the need for socio-economic development fully aligned with protection of the environment and sustainable development of water resources, and the need to ensure the sustainability of development by linking economic development with cultural and social progress, conservation of natural resources and forest protection.

Lao PDR is in the Indo-Burma Biodiversity Hotspot (Conservation International, 2007), and safeguarding the biodiversity of Laos is important not only for the local area but also for global conservation.

Relationship to CAS

The new Country Partnership Strategy (CPS) for Lao PDR is expected to be presented to the Board in early March 2012 and outlines support to Laos as it straddles the space between low income and middle income country. Consistent with the directions articulated in the NSEDP7, the CPS will support efforts to bolster Lao PDR’s competitiveness among its neighbors to better
integrate the country regionally and ultimately, internationally. At the same time, recognizing the country’s development constraints, the strategy will identify ways to improve the quality of education and healthcare, increase and improve infrastructure and strengthen public sector capacity that is lagging the country’s ambitious goals. The strategy will also support the country’s efforts to exploit their natural resource wealth sustainably and equitably. Three Strategic Objectives linked by one Cross-Cutting Theme have been defined as below:

• Strategic Objective 1: Competitiveness and Connectivity
• Strategic Objective 2: Sustainable Natural Resource Management
• Strategic Objective 3: Inclusive Development
• Cross-Cutting Theme: Stronger Public Sector Management

The project will contribute substantially to the strategic objective 2 of CPS which is Sustainable Natural Resources Management.

II. Proposed Development Objective(s)

Proposed Development Objective(s)
The Project Development Objective is to strengthen protected area management and wildlife trade control in project areas with a focus on regional cooperation and active participation of government and local communities.

Key Results
A. Institutional and policy framework developed as a main tool for management of protected areas and controlling illegal wildlife trade from the local to regional level;
B. Demonstration of these frameworks in four National Protected Areas, including management plan development, boundary demarcation, and community based management;
C. Capacity improved in DFRM and DoFI regarding project management and coordination at national and regional levels;
D. Regional cooperation on transboundary protected areas and wildlife trade control demonstrated

III. Preliminary Description

Concept Description
This project is phase III of the horizontal Regional Adaptable Program Loan (APL) on Strengthening Regional Cooperation for Wildlife Protection in Asia. In South Asia, Bangladesh and Nepal have already started the implementation of the project. Bhutan will also commence shortly, while the projects in India and Sri Lanka are still under preparation. In East Asia, in addition to Laos, Vietnam will also prepare a project proposal shortly. The APL applies a two-pronged approach: (i) capacity building to address the illegal wildlife trade through regional cooperation; and (ii) habitat protection and management to generate regional conservation benefits and address human-wildlife conflict, thereby ensuring the conservation of flagship species. This project is intended to strengthen GOL technical capacity and regional cooperation in managing protected areas and control of illegal wildlife trade.

Financing for this project will comprise of $4 million national IDA and $8 million regional IDA; and US$7.44 million from GEF. The GEF grant will fund activities focusing on biodiversity, land degradation, climate change mitigation, and sustainable forest management. There is also US$550,000 government in-kind contribution. The project activity will include physical support and technical assistance, and will be undertaken at the regional, national, and local community levels at selected NPAs.

Component 1: Supporting protected area management and sustainable forest management (Estimated cost: US$12.05 million).

Sub-component 1.1: Capacity building and support at the regional level for protected area management and wildlife conservation. Activities will tentatively include:
(i) Establishment of a Virtual Regional Center of Excellence (VRCE) for protected area management and wildlife conservation, by coordinating with agencies executing the APL on Strengthening Regional Cooperation for Wildlife Protection in Asia to create a virtual network of scientists and practitioners to share and disseminate knowledge, expertise and best practices through a knowledge platform, training modules, workshops and seminars;
(ii) DFRM and NPA Management Units to cooperate with counterpart Vietnamese government agencies to foster transboundary protected area cooperation at NPA project sites which have a boundary with Vietnam (e.g. Nam Et Phou Louey NPA).

Sub-component 1.2: Capacity building and support at the national level for NPA management and wildlife conservation. Possible activities will include:
(i) Support DFRM at central level to do institutional set up; including support establishment of office facility, equipment and vehicle;
(ii) Support, including TA, to assess policy gap and develop ministerial regulations on PA management and wildlife conservation;
(iii) Develop technical capacity through TA, staff training, and workshops for (i) planning and budgeting, (ii) implementation, and (iii) monitoring and evaluation of the protected area system;
(iv) Establishment of an Endangered Species Sub-committee or Working Group (under Environment Committee or MoNRE) to
facilitate high level and cross sectoral government engagement on endangered species issues;
(v) Establish multi-sector smart green infrastructure Committee or Working Group for coordination amongst key sectors to avoid inappropriate and ill informed development in/around protected areas;

Sub-component 1.3: Support protected area management including sustainable forest management and wildlife conservation at the project NPA site level. Activities will include:
(i) Support local levels of DFRM for four NPA project sites to do institutional set up; including office facility establishment and providing required equipment and vehicle;
(ii) Support, including TA, to assess policy gap and develop local regulations on PA management and wildlife conservation;
(iii) Support NPA management units to prepare management plans and annual plans for the project NPAs; building capacity for site-level planning and monitoring of plan implementation;
(iv) Training protected area staff in (i) planning and budgeting, (ii) implementation, and (iii) monitoring and evaluation;
(v) Engaging the local community participation on forest and wildlife conservation, through: awareness raising; village block grant for community alternative livelihood development (as their access to natural resources might be restricted by enforcing protected area management system); participatory demarcation of NPA boundary and internal zoning; and establishment of community co-management committee;
(vi) Conduct forest protection at project NPAs which would complement the FCPF and Forest Investment Program (FIP). The activities might include a baseline forest cover survey and assessment of drivers of deforestation, forest protection through land-use planning and delineation with local participation, development of alternative livelihoods, assistance for increased and stabilized agricultural productivity outside protected area.

This component will be implemented by DFRM at MoNRE.

Component 2: Addressing the illegal wildlife trade at regional and national level (Estimated cost: US$4.75 million)

Sub-component 2.1 capacity building and cooperation at the regional level for addressing illegal trans-boundary wildlife trade. Activities to support this sub-component would include:
(i) Support GoL officials to cooperate bilaterally and regionally to control illegal trans-boundary wildlife trade, including implementation of the current (& next) MOU with Vietnam on “cooperation in controlling, preventing illegal trading and transporting of timber, forest products and wildlife.”
(ii) TA, support and training to strengthen CITES Management and Scientific Authorities in their capacity for analytics and operational protocols to meet CITES requirements;
(iii) Strengthen Lao Wildlife Enforcement Network to become operational and work with ASEAN WEN and South Asia WEN;

Sub-component 2.2 Institutional strengthening of national agencies to do illegal wildlife trade control at the national and local levels. Activities to support this sub-component would include:
(i) Support DoFI’s set up at national and local level to control illegal wildlife trade through physical capacity development such as the provision of office buildings and necessary equipment;
(ii) Support TA to assess policy gap and develop ministerial and local regulations to enforce illegal wildlife trade in the country;
(iii) Provide training, equipment and incremental operational cost for DoFI at national to local levels to address illegal wildlife trade at NPA project sites and surroundings in the province and border areas of the NPA project sites;

This component will be executed by DoFI under Ministry of Agriculture, Forest, and Fisheries (MAFF)

Component 3: Project Management (Estimated cost: US$2.64 million). The third component is to support the implementation of the two components described above. Activities in this component include:
(i) Project management including fiduciary, safeguards, and monitoring and evaluation aspects. Project management unit will be established under DFRM/MoNRE and manage for the overall project implementation including day to day implementation of Component 1 (C1) and coordinate with DoFI on project management for C2;
(ii) Sub-project management unit will be established in DoFI under MAFF to oversee day to day implementation of Component 2 (C2). Sub-project management unit C2 will report all financial aspect to C1 for summarizing to a project overall report.

IV. Safeguard Policies that might apply

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VI. Contact point

World Bank
Contact: Viengkeo Phetnavongxay
Title: Environmental Specialist
Tel: 5784+6243 /
Email: vphetnavongxay@worldbank.org

Borrower/Client/Recipient
Name: Ministry of Finance
Contact: Thipphakone Chanthavongsa
Title: Director General
Tel: 85621911611
Email: thip61@yahoo.com

Implementing Agencies
Name: Ministry of Natural Resources and Environment
Contact: Mr. Bouphanh Phanhthavong
Title: Director, Department of Forest Resource Management
Tel: (856-20) 5569-9461
Email: b_phan.thavong@yahoo.com

VII. For more information contact:
The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop