



Second Lao Environment & Social Project (Phase 4 Horizontal Reg. APL Strengthening Regional Coop. for Wildlife Protecti

EAST ASIA AND PACIFIC | Lao People's Democratic Republic | Environment & Natural Resources Global Practice | Requesting Unit: EACTF
| Responsible Unit: GEN2B
IBRD/IDA | Investment Project Financing | FY 2014 | Team Leader(s): Jean-Michel G. Pavy

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1. STATUS & KEY DECISIONS

1.1 OBJECTIVE & RATINGS

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

To strengthen the management systems for national protected areas conservation and for enforcement of wildlife laws

Board Approved Revised Project Development Objective (If project is formally restructured)

The revised PDO and the revised Global Environment Objective (GEO) are to help strengthen selected environmental protection management systems, specifically for protected areas conservation, enforcement of wildlife laws and environmental assessment management.

Global Environmental Objective (from Project Appraisal Document)

Same as the PDO

Board Approved Revised Global Environmental Objective (If project is formally restructured)

The revised PDO and the revised Global Environment Objective (GEO) are to help strengthen selected environmental protection management systems, specifically for protected areas conservation, enforcement of wildlife laws and environmental assessment management.

Disbursement Summary

Source of Funds	Net Commitment	Total Disbursed	Remaining Balance	Disbursed
IBRD	--	--	--	0%
IDA	32.00 M	6.99 M	23.61 M	22%
Grants	6.83 M	1.44 M	5.39 M	21%

Disbursement Ratio	2.66%
Disbursement Delay Flag	NONE
Effectiveness Delay Flag	NONE
Bank Approval Date	02-Apr-2014
Project Closing Date	30-Jun-2021
Overall Risk	● High
Overall Safeguard	● Moderately Satisfactory

Key Project Ratings



Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Satisfactory	● Moderately Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory
Institution Development and Capacity Building:(Cost \$14.40 M)	● Moderately Satisfactory	● Moderately Satisfactory
Management of Wildlife and Protected Areas:(Cost \$20.60 M)	● Moderately Satisfactory	● Moderately Satisfactory
Project Administration and EPF Capacity Building:(Cost \$6.83 M)	● Moderately Satisfactory	● Moderately Satisfactory

Comments

While the mission detected an overall improvement in project implementation, an objective analysis of all indicators and project factors still gives a Moderately Satisfactory rating for PDO, IP, and all components. Some key aspects of project management and EPF capacity have improved (see next section) and trends in this regard are promising, but for now Component 3 is still rated MS pending further progress in pace and timeliness of implementation, work flow, budget execution, and functional capacity strengthening. Under Components 1 and 2, a number of subprojects have begun gaining more traction and performance of some SDAs has improved, but these gains have been uneven. A few subprojects are still considered at risk and a strategy to closely monitor these have been agreed with the EPF. Relevance of LENS2 is still good, particularly with stronger engagement and ownership by the government generally and EPF and the SDAs specifically, as well as the addition of policy and regulatory subprojects and activities aimed at improving additional aspects of the enabling environment for conservation and environmental management. The planned restructuring will also rebalance component costs to appropriately weight the main components in line with current priorities, and will revise the PDO and results framework to better capture the project activities and objectives and more appropriately, clearly, and realistically measure outputs and outcomes based on detailed discussions with the SDAs about the indicator definitions and targets.

Other Project Ratings

Name	Previous Rating	Current Rating
Financial Management Financial Management Rating from latest archived PRIMA Assessment:Moderately Satisfactory as of 06-Apr-2017	● Moderately Satisfactory	● Moderately Satisfactory
Project Management	● Moderately Satisfactory	● Moderately Satisfactory
Counterpart Funding	● Satisfactory	● Satisfactory
Procurement Procurement Performance Rating & Summary from latest archived PRAMS Assessment:Moderately Satisfactory as of 03-Jun-2015 The overall procurement risk under the project is assessed as " Moderate "	● Moderately Satisfactory	● Moderately Satisfactory
Monitoring and Evaluation	● Moderately Satisfactory	● Moderately Satisfactory

Comments

Some key project management functions have started to improve, particularly for the implementing agency, EPF, which in its subproject evaluation was upgraded to satisfactory for both financial management and M&E. However, the overall rating for the EPF subproject remains MS due mainly to moderate shortcomings in work flow and annual plan / budget execution as well as making less progress than expected in overall strengthening of



functional capacity. Combined with improvements in the performance of a number of other subprojects and their delivery agencies, LENS2 project management is close to being upgrade to Satisfactory, but for now will remain at MS. As mentioned in the Key Issues section and detailed in the aide-memoire, three targeted, short-term TA consultancies are proposed to address specific project management and work flow areas identified as needing further strengthening.

Grievance Redress Mechanism (GRM)

Does the project have a GRM in place?

Yes

Explanation

GRM is built in the Environment and Social Management Framework.

Is the GRM accessible to project-affected people?

Yes

Explanation

The ESMF is posted on the EPF web site and used to guide the design of Environment and Social management Plans (ESMPs). each ESMP is reviewed and a cleared by the WB social and environment safeguard specialists. They are meant to include a GRM. Only one ESMP is approved so far and it includes a GRM. The ESMP is available to beneficiaries.

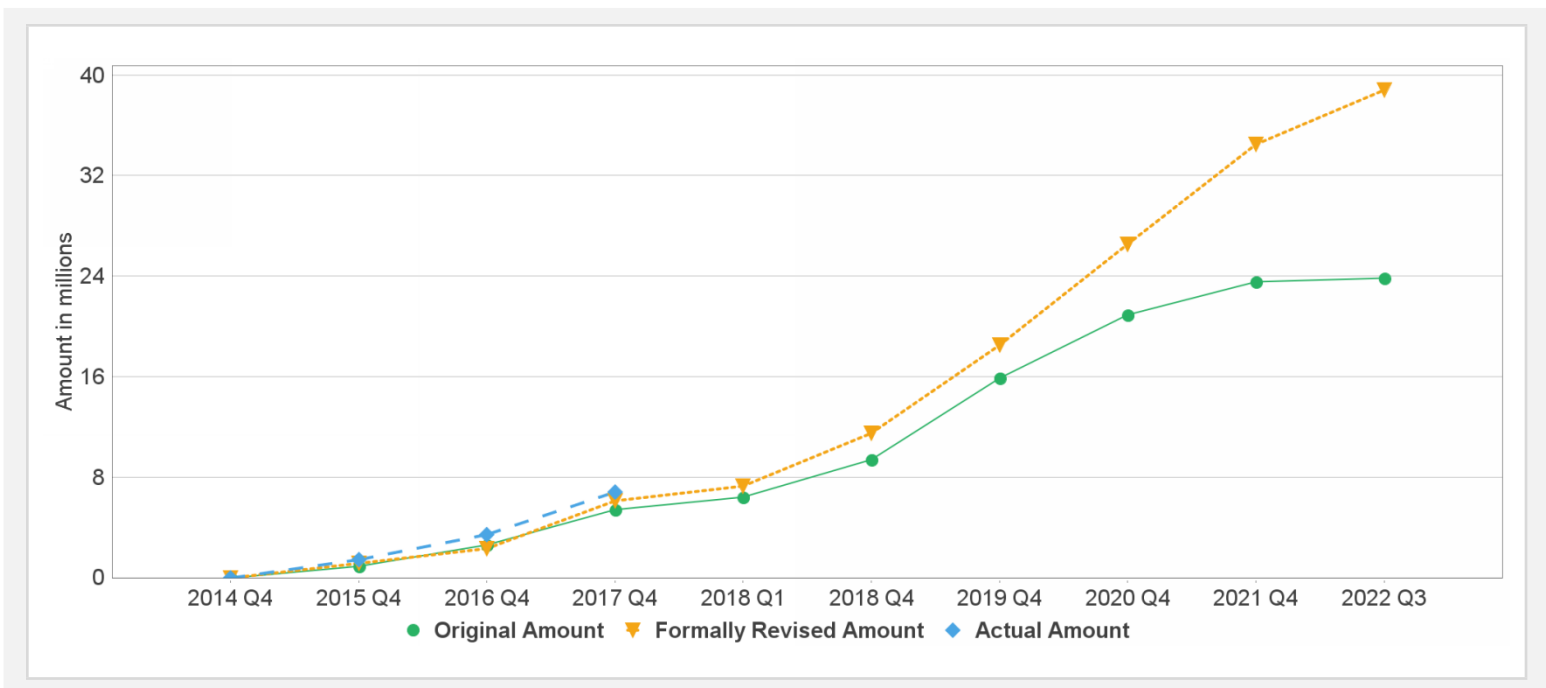
Is there evidence that the GRM is receiving and processing complaints?

No

Explanation

The field work so far appears to have been through good consultation as verified by our team in the 7 protected area, and communities, that we have visited during the MTR. No complaint has been received that the team knows about.

Cumulative Disbursements





Disbursement Lag

Original Disb. Lag:	Formally Revised Disb. Lag:	Disb. Estimate Last Formally Revised on:
-77.20% or 0.00 Months	-18.33% or 0.00 Months	07-Aug-2015

Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P128393	IDA-53830	Effective	USD	12.50	12.50	0.00	0.98	10.25	8%
P128393	IDA-56200	Effective	USD	15.00	15.00	0.00	0.44	14.42	3%
P128393	IDA-H9150	Effective	USD	4.50	4.50	0.00	4.23	0.00	94%
P128393	TF-16619	Effective	USD	6.83	6.83	0.00	1.14	5.68	17%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P128393	IDA-53830	Effective	02-Apr-2014	14-May-2014	04-Jul-2014	30-Jun-2021	30-Jun-2021
P128393	IDA-56200	Effective	29-Apr-2015	04-Jun-2015	01-Oct-2015	30-Jun-2021	30-Jun-2021
P128393	IDA-H9150	Effective	02-Apr-2014	14-May-2014	04-Jul-2014	30-Jun-2021	30-Jun-2021
P128393	TF-16619	Effective	14-May-2014	14-May-2014	04-Jul-2014	30-Jun-2021	30-Jun-2021

1.2 KEY ISSUES & PROJECT STATUS

Key issues and Actions for Management Attention

Issues

Issues from Previous ISR:

EPF Decree --- The Decree has been signed and is in effect.

Subprojects with difficulties --- The 3 flagged subprojects are gradually improving. (1) DESIA subproject is under implementation but up to a slow start; (2) the Nakai Nam Theun (NNT) subproject proposal has been cleared by the Technical Committee. Next step is World Bank no-objection. NNT requires to implement the so-called WMPA Action Plan whereby key processes must take place before subproject signing (e.g. selection of a partner, agreement on strategic staffing). Implementing this Action Plan is also a necessary to close the NT2 Project 'safeguard compliant' in December 2017; and (3) the Nam Et Phou Louey subproject proposal has also been cleared by the EPF Technical Committee. Next step is World Bank no-objection. Signing of the LENS2 sub-grant will requires the Minister MAF to sign a Decision to establish the NEPL Management Unit and to improve the Environment and Social Management Plan (ESMP).

New issues from this ISR.

Restructuring and accommodation of evolving priorities --- Following the GoL and WB increased engagement in Green Growth and environment planning, the LENS2 portfolio evolved to support departments involved in environment planning and in pollution control. A key reason was to support the government of Lao in fulfilling its prior actions for the new IDA Green Growth Development Policy Operation. A consequence is that the PDO has



become too restrictive and new indicators are required. In addition, during the MTR, the WB, EPF, and subproject agencies agreed on a number of improvement in the set of indicators. Improving the PDO and indicators requires project restructuring which the government will request upon receiving the MTR aide-memoire. The RP will also rebalance component costs and reallocate a small amount from the project preparation advance category to the main investment disbursement category. The project implementation manual will be revised as needed once the details of the restructuring are formalized.

Accelerating subproject preparation --- The LENS2 is entering its 3rd year. Several subprojects are still under preparation. If they do not start implementation this fiscal year, they will have difficulties achieving their intended outcomes. Most of these subprojects are in advance preparation and should come on line within 6 months.

Short-term technical advisors --- Three short-term TA consultancies are proposed to help strengthen key areas identified during the MTR that would facilitate more efficient and effective implementation. The advisors will review workflow in safeguards quality support, procurement and general operations, and design standard training packages and deliver trainers training to EPF staff.

Action	Due Date	Status
Consult the World Bank on the revised EPF decree prior to its signature in order to ensure that it does not conflict with any project legal covenants.	31-Jan-2017	Completed
Bring two critical subprojects, DESIA and NNT, to appraisal stage: Resolve internal issues, complete subproject design, carry out pre-appraisal by WB and EPF, submit to September Technical Committee for endorsement.	31-Mar-2017	Completed
Design, have NEPL-Committee review and approve and officially propose a 3-province institutional arrangement for Nam Et Phou Louey NPA.	31-Mar-2017	Completed
MOF to send a letter addressed to the Director, World Bank, requesting project restructuring.	31-May-2017	In Progress
EPFO and SDAs to launch the 10 subprojects approved by technical committee in March 2017.	30-Jun-2017	In Progress
EPF to recruit three short term international advisors in safeguards, procurement and general operations.	31-Aug-2017	In Progress
EPF to revise the Project Implementation Manual to accommodate the findings and agreements of the mid term review and restructuring.	30-Sep-2017	In Progress

Implementation Status and Key Decisions (Public Disclosure)

Progress has been promising, albeit with some delays. Under the project, the Laos Environmental Protection Fund (EPF) finances subprojects aimed at Policy and Capacity Enhancement (PICE) and Community and Biodiversity Interventions (CBI). Of the 23 planned subprojects under the PICE window, 15 are now underway and a number are beginning to show good initial results. These activities include improving the institutional and regulatory framework for protected areas, environmental and natural resources planning, building capacity for wildlife and environmental law enforcement and monitoring, human resources development in key agencies, pollution reduction, environmental research, and impact assessment, among others. The remaining 8 subprojects are expected to be underway by June 2017. Under the CBI window, 8 of 13 planned subprojects are now under implementation: 3 aimed at strengthening provincial wildlife law enforcement and 5 to build provincial capacity for protected areas management. Progress on starting subprojects for management of specific protected areas (PAs) has been slower. At this stage only one PA subproject is under implementation (Phou Chom Voy Conservation Forest), two are expected to start by June 2017 (Nakai Nam Theun and Nam Et Phou Louey), and another seven (for smaller PAs) are at earlier stages of preparation. The project administration role of the EPF, another capacity building focus of the project, is commendable and continues to improve. The project's relevance has been strengthened by the new policy of Lao PDR to embrace green growth as a core development strategy and to strengthen governance and the rule of law in the resources sectors. A proposed project restructuring is under discussion that would realign component costs with current priorities and revise the formal objectives and results indicators to better capture and measure the full range of project activities, objectives and outcomes.

Under the CBI window there are thirteen (13) subprojects, three (3) Provincial Office of Forest Inspection are implementing wildlife law enforcement capacity subprojects and five (5) Provincial Department of Forest Resources Protections are implementing capacity building activities for protected area management. Progress in getting the actual protected areas (PA) management subprojects underway has been slower. At this stage, only one PA subproject is under implementation. It is implemented by the Faculty of Economic and Business in Phou Chom Voy Conservation Forest. Two (2)



protected area subprojects are at the appraisal stage, and another seven (7) are at some earlier stage in the preparation process. The two largest PA subprojects, for the Nakai Nam Theun (NNT) and Nam Et Phou Louey (NEPL) national protected areas, are not yet underway but are expected to be approved in the first half of 2017. Many of the subprojects that still are not ready for appraisal were added as part of the 2015 additional financing that expanded the number of participating provinces and subprojects.

Under Component 3, EPF administer the project and enhances its capacity. The project administration role of EPF is commendable and improving. EPF has also progressed in its agenda toward restructuring, starting with the approval of the new decree. Past delays were due in part to a government process of redefining some institutional roles and mandates. It temporarily affected implementation progress but is concluded. During the MTR, the Bank and EPF agreed of a set of measures to improve subproject quality, ownership and implementation as well as build capacity of EPF staff and subproject agencies staff through the development of standard training tools.

The March 2017 midterm review concluded that the project performance was already showing signs of implementation. The project relevance has been strengthened by the new policy of Lao PDR to embrace green growth a core development strategy and implement better the rule of law in the resources sectors. A number of adjustment have been discussed with the EPF and subproject agencies. One important adjustment is to broaden the scope of the Project Development Objective to encompass better the country policy priorities for green growth and improve indicators.









2. Missions

Mid-Term Review Information for the Project

Planned Date	31-Dec-2017	Actual Date	20-Mar-2017
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Does this ISR cover a Mid Term Review? Yes

ISR Sequence No.	Mission Type	Actual Date
05 (Previous) 30-Jun-2016	Implementation Support	23-May-2016



3. Compliance

Safeguards

Current Environmental Assessment Category: B - Partial Assessment

Environment Assessment Date: 29-Feb-2012

Name	Previous Rating	Current Rating
Overall Safeguards Rating	● Satisfactory	● Moderately Satisfactory
Environmental Assessment (OP) (BP 4.01)	● Satisfactory	● Satisfactory
Natural Habitats (OP) (BP 4.04)	● Satisfactory	● Satisfactory
Forests (OP) (BP 4.36)	● Satisfactory	● Satisfactory
Pest Management (OP 4.09)	● Satisfactory	● Satisfactory
Physical Cultural Resources (OP) (BP 4.11)	● Satisfactory	● Satisfactory
Indigenous Peoples (OP) (BP 4.10)	● Satisfactory	● Satisfactory
Involuntary Resettlement (OP) (BP 4.12)	● Satisfactory	● Moderately Satisfactory
Projects on International Waterways (OP) (BP 7.50)	● Satisfactory	● Satisfactory

Comments

The safeguard team is composed of Sybounheung Phandanouvong (Social safeguards); George Henry Stirrett Wood (Environment safeguard with focus on protected areas); Peter William Crawford (Environmental safeguards with a focus on non-protected area subprojects). They have participated in the MTR mission, written part of the Aide Memoire and verified the safeguard ratings. The rating of OP/BP 4.12 is downgraded to MS because of (a) the slow application of the Community Engagement Framework in the first protected area subproject, (b) as compared with the superseded Decree 192 (2005), the new Compensation and Resettlement Decree 84 (2016) has provisions that makes Lao legislation no longer aligned with World Bank safeguard policy on involuntary resettlement (OP4.12), The safeguard team is addressing these issues. (Note: In field on economic displacement below, the number of affected people is entered as "1". In fact, it is "0", but the ISR will not accept "0" as a valid answer.)

Is physical displacement/relocation expected?

No

Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)

Yes

1 Provide estimated number of people affected to date, or to be affected.

Legal Covenants

Loan/Credit/TF	Description	Status
IDA-H9150	Finance Agreement :Remedies of the Association Description :IDA may suspend the Project if (a) EPF's Establishment Decree has been amended, suspended, abrogated, repealed or waived so as to affect	Complied with



	materially and adversely the ability of EPF to implement the Project and to perform its obligations under the Subsidiary Grant Agreement, or (b) EPF has failed to perform any of its obligations under the Subsidiary Grant Agreement. Frequency :CONTINUOUS	
IDA-H9150	Finance Agreement :Institutional Arrangements Description :To carry out the Project, the Recipient shall ensure that EPF is maintained, at all times during the implementation stage, with a mandate, functions and resources satisfactory to the Association, and with staff in adequate numbers and with qualifications, experience and TOR satisfactory to the Association, including a steering committee, a technical committee, and a dedicated project mngt team. Frequency :CONTINUOUS	Complied with
IDA-H9150	Finance Agreement :Project Implementation Manual Description :The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in PIM. Frequency :Yearly	Complied with
IDA-H9150	Finance Agreement :Annual Work Plans and Budgets Description :The Recipient shall cause the EPF to prepare and furnish to the Association not later than March 31 of each year during the implementation of the Project (or such later date as the Association may agree) for the Association's no-objection, a consolidated Annual Work Plan and Budget containing all eligible Project activities and Eligible Expenditures. Frequency :SemiAnnual	Complied with
IDA-H9150	Finance Agreement :Project Reports Description :The Recipient shall cause the EPF to monitor and evaluate the progress of the Project and prepare semi-annual Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Project Implementation Manual. Frequency :SemiAnnual	Complied with
IDA-H9150	Finance Agreement :Sub-grants Description :The Recipient shall cause the EPF to provide Sub-grants for financing Sub-projects under Part 1 and Part 2 of the Project in accordance with the eligibility criteria (including negative checklist of excluded activities), approval and administration arrangements, and terms and conditions set out in the Financing Agreement and the Project Implementation Manual. Frequency :Yearly	Complied with
IDA-H9150	Finance Agreement : Midterm Review Description :The Recipient shall: (a) not later than December 31, 2017 (or such other date as the Association may agree), prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request. Due Date :31-Dec-2017	Complied with
IDA-H9150	Finance Agreement :Environmental and Social Safeguards Description :The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework (ESMF), the Community Engagement Framework (CEF) and the relevant Safeguard Assessments and Plans and other measures as defined in the Financing Agreement. Frequency :Yearly	Complied with

Comments

The Mid Term review was brought forward and the client delivered a mid term report ahead of the mission.

4. Risks

Systematic Operations Risk-rating Tool



Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Substantial	● Moderate
Macroeconomic	--	● High	● High
Sector Strategies and Policies	--	● High	● Moderate
Technical Design of Project or Program	--	● Substantial	● Substantial
Institutional Capacity for Implementation and Sustainability	--	● Substantial	● Substantial
Fiduciary	--	● Substantial	● Substantial
Environment and Social	--	● High	● High
Stakeholders	--	● High	● High
Other	--	--	--
Overall	--	● High	● High

Comments

The policy and rule of law environment in Lao is improving. There is a substantial improvement in policies and sector strategies with the adoption of the 8th National Socio Economic Development Plan and the country move toward a greener form of growth. Therefore the risk associated to policies and strategies is lowered from High to Substantial. Other risks such as "Stakeholders" is also likely decreasing and should be lowered to Substantial by the next mission. If the restructuring is completed and the signs described above confirm, the overall risk should also decrease to Substantial. The social risk is considered High and remains High because a significant gaps in some key provisions of requirements between the new Compensation and Resettlement Decree 84 (2016) and the superseded Decree 192 (2005), which was largely consistent with the World Bank safeguard policy on involuntary resettlement (OP4.12). The World Bank safeguard team has engaged discussions on this with MONRE.

5. Results

Project Development Objective Indicators

►International illegal trade information reports submitted by DOFI, or another SDA, to international Law Enforcement or monitoring agencies, such as TRAFFIC, INTERPOL, ASEAN-WEN, CITES (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1.00	2.00	5.00
Date	30-Sep-2013	30-Sep-2016	31-Dec-2016	30-Jun-2021

Comments

The current indicator is no longer commensurate with the commitment of Laos to CITES and international community to address CITES1 species trafficking. It also does not apply to custom and economic police subprojects. The MTR has recommended an alternative indicator that will be proposed in the restructuring paper.



► Increase of a score of functional capacity of Sub-project delivery agencies (SDA) and of the Environment Protection Fund (EPF) (annual average of each SDA) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	3.50	6.70	20.00
Date	30-Sep-2014	30-Sep-2016	31-Dec-2016	30-Jun-2021

Comments

The Score of functional capacity is based on self-assessment of current and desired capacity. The MTR found unrealistic to consider that LENS2 influences overall institutions capacity for most SDAs. It was agreed that the score would be optional for most SDAs but remain mandatory for the institution which receives overwhelming capacity building support from LENS2 which are the EPF, the protected area management units and the university faculties. This will be reflected in the restructuring paper.

► Projects registered in environment impact Category 1 that have up-to-date compliance monitoring report published in the DESIA website (average of hydro, road, mining) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	4.00	45.00
Date	30-Sep-2014	--	31-Dec-2016	30-Jun-2021

Comments

The MTR found that the original Indicator mistakenly indicated Category 1 when the intention was Category 2 (potentially high impact projects requiring EIA). New final target proposed adapted to DESIA subproject final year (2020) targets. Both changes will be reflected in the restructuring paper. It should also be noted that the "actual" data on compliance is provided by DESIA. They represent the number of subprojects with compliance report but none are published on the DESIA web site (although DESIA claims so - and so this is being investigated).

▲ Hydro power sector (Percentage, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	8.00	8.00	60.00
Date	30-Sep-2014	30-Sep-2016	31-Dec-2016	30-Jun-2021



▲Mining sector (Percentage, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	3.00	3.00	40.00
Date	30-Sep-2015	30-Sep-2016	31-Dec-2016	30-Jun-2021

▲Road sector (Percentage, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	40.00
Date	30-Sep-2015	30-Sep-2016	31-Dec-2016	30-Jun-2021

►Villages organizations within, or adjacent to, PAs supported by the Project that meet the terms of a conservation agreement (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	140.00
Date	30-Sep-2014	--	31-Dec-2016	30-Jun-2021

Comments

The MTR found this indicator not well aligned with the PDO and redundant with an Intermediary indicator. It is proposed to modify and downgrade it to Intermediary Outcome Indicator (IOI). This would simplify the result framework, position logically the indicator in the causal chain and remove a redundancy by replacing the current IOI 2.1 by a realistic indicator better aligned with the PDO. This will be reflected in the restructuring paper.

▲Nam Et Phou Louey NPA (Number, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	40.00
Date	30-Sep-2013	30-Sep-2016	31-Dec-2016	30-Jun-2021



▲Nakai Nam Theun NPA (Number, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	65.00
Date	30-Sep-2013	30-Sep-2016	31-Dec-2016	31-Dec-2021

▲Other protected areas (Number, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	35.00
Date	30-Sep-2015	30-Sep-2016	31-Dec-2016	30-Jun-2021

Overall Comments

The current set of indicators is missing the social dimension of impact mitigation and the environment planning portfolio that was strengthened following Government of Lao PDR and World Bank collaboration to support the Lao Green Growth policy direction. The MTR proposed a new indicator: (# of) evidences of environmental planning in the 5-year provincial or sectoral plans influenced by MPI and MONRE subprojects (cumulative). This will be reflected in the restructuring paper.

Global Environmental Objective Indicators

▶Areas brought under enhanced biodiversity protection (ha) (Hectare(Ha), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	1,258,000.00
Date	30-Sep-2013	30-Sep-2016	31-Dec-2016	30-Jun-2021

Comments

The score of NNT went down in 2016, reflect the difficult situation of its management agency as it is being restructured. The score is expected to rapidly improve once the subproject is initiated.



▲Score of management effectiveness (annual) for NEPL for 420,000 ha. (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	38.00	41.00	44.00	53.00

▲Score of management effectiveness (annual) for NNT watershed for 458,000 ha (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	35.00	39.00	35.00	50.00

▲Score of Mgt Effectiveness Phou Chom Voy and Phou Khao Kway Protected Area for 31,000 ha (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	39.00	39.00	39.00	60.00

Overall Comments

This indicator used to be a core World Bank indicator. For an area to qualify for "upgrade", the METT score need to jump from a level to another. Most protected area in are in the low-moderate range (between 25 and 40). An upgrade would occur around a score of 60 which is not realistic. Given that this core indicator no longer apply, the MTR proposed to simplify the phrasing of the outcome indicator to simply: (Score of) protected area management effectiveness (cumulative). The outcome target would be revised to be realistically aligned with SDA capacities. This will be reflected in the restructuring paper.

Intermediate Results Indicators



►Direct project beneficiaries (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	716.00	1,315.00	1,040.00
Date	30-Sep-2013	30-Sep-2016	31-Dec-2016	30-Jun-2021

Comments

The indicator has already met it send of project target reflecting both success and lack of ambition. The main feedback from past years of implementation about this indicator is that SDAs do not sufficiently understand what means basic adaptive training. Some training actually goes under reported and some training goes over reported. For example, figures reported in past annual results frameworks were over estimated due to double counting as well as half-day (or less) trainings counting. They needed to be adjusted by the MTR. In the future, the MTR suggest to improve the explanation to SDAs on the nature and content of this indicator (e.g. dissociate "formal" training from "basic" training and address double-counting issue.) This will be reflected in the restructuring paper.

▲Female beneficiaries (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	24.00	31.00	20.00

►Wildlife trafficking cases recorded in the IMS by SDAs, such as the Provincial Office of Forest Inspection, in eligible provinces (Annual) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	29.00	10.00	38.00	59.00
Date	30-Sep-2013	30-Sep-2016	31-Dec-2016	30-Jun-2021

Comments

The MTR reviewed this indicator and found that recording of wildlife trafficking cases in the DOFI IMS was a routine activity. Therefore the current indicator measure the level of effort (output indicator) provided by SDAs to combat effectively wildlife trafficking but not the added capacity. It is also, to a certain extent redundant with another IO indicator. The MTR proposed to drop this indicator and that will be reflected in the restructuring paper.



▲Of which international cases (Number, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	5.00	0.00	0.00	12.00
Date	30-Sep-2013	30-Sep-2016	31-Dec-2016	30-Jun-2021

▶Indicator of gradual development of a national system plan for conservation and protection forests development and management (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2.00	0.00	12.00
Date	30-Sep-2013	30-Sep-2016	31-Dec-2016	30-Jun-2021

Comments

15 guidelines were drafted but none officially approved, so the indicator is nil. The point / scoring system changed aims at taking into account national protected areas management aspects, be aligned with IUCN classification as well as spotlight the emergence of national parks. The MTR proposed revision of the target to take into account the evolution in context and policy and a better knowledge of the needed guidelines and legal instruments. This will be reflected in the restructuring paper.

▶Projects in environment impact Cat 1 and Cat 2 in the provinces targeted by the Project who have a valid Environment Compliance Certificate (ECC) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3.00	0.00	0.00	50.00
Date	30-Sep-2014	30-Sep-2015	31-Dec-2016	30-Jun-2021

Comments

This indicator was meant to be measured this year by the 7 PONRE who prepared subprojects. This information is in their proposals, which have been approved by the EPF Technical Committee but has not reached the World Bank. This will be updated at that time. Nevertheless, the MTR reviewed this indicator and found that the type of category taken into account in the initial indicator would requires a Category 1 to Category 2 swap. This change is motivated by the size and design of PCD and NREI subprojects as well as the PDO refocusing on largest environment impact projects monitoring and control. This will be reflected in the restructuring paper.



▲Hydro (Percentage, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	10.00	--	--	50.00
Date	30-Sep-2014	--	31-Dec-2016	30-Jun-2021

▲Mining (Percentage, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	26.00	--	50.00
Date	30-Sep-2014	30-Sep-2016	31-Dec-2016	30-Jun-2021

▲Road (Percentage, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	10.00	--	50.00
Date	30-Sep-2014	30-Sep-2016	31-Dec-2016	30-Jun-2021

▶Direct project beneficiary recipient of livelihood or conservation grants (of which women or womens' organizations)(cumulative) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	36,000.00
Date	30-Sep-2014	30-Sep-2016	31-Dec-2016	30-Jun-2021

Comments

This indicator would start improving only after the protected area portfolio is implemented for at least a year. The MTR reviewed this indicator and found it inconsistent with the Community Engagement Framework which engages communities at the village and not household level. The WB and EPF agreed on a revised indicator: (# of) Villages that meet the terms of conservation agreements, and as a result, receive financing and implementing their community action plans (per year in final year). This will be reflected in the restructuring paper.



▲Direct project beneficiary recipients - NEPL (Number, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	16,000.00
Date	30-Sep-2014	30-Sep-2016	31-Dec-2016	30-Jun-2021

▲Direct project beneficiary recipients - NNT watershed (Number, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	13,000.00
Date	30-Sep-2014	30-Sep-2016	31-Dec-2016	30-Jun-2021

▲Other protected area (name to be added when subprojects are submitted) (Number, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	7,000.00
Date	30-Sep-2015	30-Sep-2016	31-Dec-2016	30-Sep-2021



►Area within protected areas where (a) the status of the population of selected mammals and threat (b) gross forest loss rate are measured (annual) (Hectare(Ha), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	84,000.00	242,000.00	1,250,000.00
Date	30-Sep-2013	30-Sep-2016	31-Dec-2016	30-Jun-2021

Comments

142,000 ha is the area where both wildlife/threat and forest trend surveys were carried out in NEPL. Patrol data and data analysis on wildlife and threat is about 142,000 ha in NEPL and more than 100,000 ha in NNT (estimate from patrol maps although the exact coverage is not provided). Forest cover and analysis of trends is completed in NEPL for more than 305,000 ha (likely over 596,000 ha needs to be verified) but not in NNT.

▲Wildlife and threat measured (Hectare(Ha), Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	84,000.00	242,000.00	1,000,000.00
Date	30-Sep-2013	30-Sep-2016	31-Dec-2016	30-Jun-2021

▲Gross forest loss rate measured (Hectare(Ha), Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	597,000.00	1,250,000.00
Date	30-Sep-2013	30-Sep-2016	31-Dec-2016	30-Jun-2021



►Number of POFI patrols and inspections that include wildlife crimes (of which in border areas or to control international trade)(annual) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	48.00	67.00	67.00	120.00
Date	01-Oct-2013	30-Sep-2016	31-Dec-2016	30-Jun-2021

Comments

This indicator only represents activities funded by the LENS2 and does not detect well increased capacity. During the MTR, it was agreed to propose a new indicator in replacement: (# of) wildlife crime cases detected (inspected, found an/or confiscated) by officers in protected areas, local markets and restaurants, main roads, along border areas and at international check-points within Lao PDR (cumulative). The revised indicator would (1) encompass new subprojects of the LENS2 portfolio (LCD, DCNEC, PFRMs and NPAs etc.), (2) measure the daily level of effort by SDAs to prevent and detect wildlife crimes through the implementation of their core-activities (patrolling activities, check point control etc.); (3) monitor the level of effectiveness of the Lao-WEN network and cooperation between Lao-WEN members.

►Funds mobilized originating from (a) public sources and (b) private sources remitted to EPF (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	800,000.00	811,000.00	1,023,000.00	1,600,000.00
Date	30-Sep-2014	30-Sep-2016	31-Dec-2016	30-Jun-2021

▲Public source (Amount(USD), Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	350,000.00	350.00	376,000.00	700,000.00
Date	30-Sep-2014	30-Sep-2014	31-Dec-2016	30-Jun-2021



Private sources (Amount(USD), Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	450,000.00	510,000.00	647,000.00	900,000.00
Date	30-Sep-2014	30-Sep-2015	31-Dec-2016	30-Jun-2021

EPFO staff positions initially funded by the Project which are funded by EPF own funds (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	8.00
Date	30-Sep-2014	30-Sep-2016	31-Dec-2016	30-Jun-2021

Comments

This indicator duplicates the previous one as it also measures sustainability. While EPF would continue to monitor this indicator, the MTR concluded that a new indicator that captures the capacity of EPFO as an "environment bank" that supports subproject implementation as measured by their effectiveness at achieving budget targets.

Overall Comments

Intermediary indicators are on tracks but some require improvement. One indicator would be deleted and two indicators would be added to reflect better the portfolio and GoL trend for improved environment planning in development: (1) (Degree of) gradual design and adoption of pollution management instruments (cumulative) and (2) (Degree of) gradual design and adoption of national, provincial or sectoral guiding documents and planning tools to better integrate the environmental considerations into development planning (cumulative).

6. Clearance History

Person	Comments & Actions
Christophe Crepin (PMGR) Practice Manager, GEN2B WASHINGTON, DC (IBRD)	<i>Disclosed and Archived on 25-May-2017 at 12:41:40</i>
Christophe Crepin (PMGR) Practice Manager, GEN2B WASHINGTON, DC (IBRD)	Thank you for this detailed ISR which we reviewed before submission. Meeting was held today to review next steps with EPF and Steve Danyo who will take over as of September 1 st. Critical to move forward quickly with the restructuring package. best. Christophe



Approved on 25-May-2017 at 12:41:35

On behalf of the CD, we thank the team for this ISR and concur with the ratings. We note the progress achieved and reported during the MTR, including the signing and effectiveness of the EPF decree, and improvements in implementation of difficult subprojects. We also agree with the team on the importance of acceleration preparation of new sub-projects, and continued positive momentum in the implementation of existing ones. We look forward to a continued discussion regarding the proposed Level I restructuring, which includes a change in PDO and results indicators. Noting that the AM mentions that due audits and IFR reports have been submitted, please kindly work with the FM teams to remove the respective flags, as some continue to be flagged as overdue. Lastly, please ensure the latest procurement plan is appropriately disclosed.

Rawong Rojvanit (CD)
Operations Officer, EACMM
BANGKOK, THAILAND (IBRD)

Advice Provided on 23-May-2017 at 05:33:40

Chutima Lowattanakarn
Program Assistant, EACTF
BANGKOK, THAILAND (IBRD)

Delegated on 18-May-2017 at 00:10:14

Jean-Michel G. Pavy
Senior Environmental Specialist, GEN2B
VIENTIANE, LAOS (IBRD)

Dear Ulrich. Please find attached the ISR for the LENS2 for your advice. The ISR is prepared following a mid term review. It has been subjected to review and quality control within our GP. The MTR Aide Memoire and management letter are attached. With best regards. Jean-Michel

Recommended on 17-May-2017 at 10:23:50



PROJECT INFORMATION

7. Key Dates

Key Project Dates

Bank Approval Date:02-Apr-2014

Effectiveness Date:04-Jul-2014

Planned Mid Term Review Date:31-Dec-2017

Actual Mid-Term Review Date:20-Mar-2017

Original Closing Date:30-Jun-2021

Revised Closing Date:30-Jun-2021

Related Project(s)

Project	Relationship	Status	Product Line	Team Leader	Country
P128392-Second Lao Environment & Social Project (formaly Protected Area and Wildlife)	Supplement	Active	Global Environment Project	Jean-Michel G. Pavy	Lao People's Democratic Republic
P152066-Second Lao Environment and Social Project (Additional Financing to the Protected Area and Wildlife Project)	Additional Financing	Active	IBRD/IDA	Mr Jean-Michel G. Pavy	Lao People's Democratic Republic

8. Team Composition

Bank Staff

Name	Role	Specialization	Unit	Phone No.	Location
Jean-Michel G. Pavy	Team Leader	--	GEN2B	5784+2615 /	VIENTIANE, LAOS
Khamphet Chanvongnaraz	Procurement Specialist	--	GGO08	5784+6263 /	VIENTIANE, LAOS
Siriphone Vanitsaveth	Financial Management Specialist	Financial Management	GGO20	5784+6245 /	VIENTIANE, LAOS
Alina Phonvisay	Team Member	Procurement assistant	EACLF	5784+6219 /	VIENTIANE, LAOS
Anita Soukhaseum	Team Member	Task assistant	EACLF	5784+6236	VIENTIANE, LAOS
George Henry Stirrett Wood	Social Safeguards Specialist	Environment sp	GEN2A	--	JAKARTA, INDONESIA
Konesawang Nghardsaysone	Team Member	Trade sp	GTC02	5784+6248 /	VIENTIANE, LAOS
Peter William Crawford	Social Safeguards Specialist	Environment and Env. safeguard	GEN2B	856-21-266-2	VIENTIANE, LAOS
Sybounheung Phandanouvong	Social Safeguards Specialist	Social safeguard	GSU02	5784+6246 /	VIENTIANE, LAOS

Extended Team



Name	Title	Organization	Office	Location
Amber Welk-Rowntree	Environment Impact Assessment Sp	--	85652339730	,null
Gabriel Feuillet-Palma	Monitoring and Evaluation	--	8562097825542	,null
Heejoo Lee	STC Environment Policies and Institutions	--	--	,null

9. Organizations

Name	Role	Contact	Title	Office Phone	Email
Ministry of Finance	Borrower/Recipient	Thippakone Chanthavongsa	Director General - External Finance Department	856-21-412142	--
Environment Protection Fund	Implementing Agency	Mr. Soukata Vichit	Executive Director	85621252739	--

10. Financial Management

Overdue Reports

	< 4 months	> 4 months	> 9 months
Financial Statement - Audit	1	0	0
	< 30 days	31 - 60 days	> 61 days
Interim Financial Reports	2	0	0

Overdue Issues

	< 30 days	31 - 60 days	> 61 days
Audit Issues	--	--	--
IFR Issues	--	--	--
General Supervision Issues	--	--	--