



ENVIRONMENTAL AND SOCIAL SAFEGUARDS FOR RESPONSIBLE AGRICULTURAL AND FORESTRY INVESTMENTS IN LAO PDR



A GUIDE FOR INVESTORS AND RAI PRACTITIONERS

Foreword

Land-based investments in Lao PDR are an important driver of the country's social and economic development. However, these investments must be done in a socially responsible manner and should not harm the environment. It is therefore imperative that all investors comply with the various environmental and social regulations on land-based investments. This includes conducting environmental and social impact assessments, establishing adequate mitigation safeguards, and providing compensation for all the negative impacts an investment may have. Experience has shown that far too often, past investors did not adequately take into account these regulations, frameworks, and principles, which require that all business operations are conducted in a socially and environmentally responsible manner.

Limited access to – and insufficient understanding of – national policies and legal frameworks are seen as the main obstacle to investors taking into account environmental and social safeguards when developing land-based investments. This is also due to the lack of guidance on national regulations and international principles on investments in Lao PDR.

This, therefore, is a guide for investors. It covers the environmental and social safeguards required by law and outlines the steps investors must take. The document is one of five investor guides and manuals related to responsible agriculture investment that were developed under the *Responsible Governance of Investments in Land* (RGIL) project, commissioned by the European Union and the German Federal Ministry for Economic Cooperation and Development (BMZ). These guides provide in-depth knowledge on responsible agricultural investments, effective and inclusive community engagement on environmental and social safeguards, and the establishment of company-based grievance redress mechanisms.

My hope is that this guide will provide valuable guidance for investors to establish or expand a land-based investment in the agricultural sector in Lao PDR in an environmentally and socially responsible manner. I would like to take this opportunity to sincerely thank the stakeholders from the government, civil society organizations, private sector, and the RGIL project teams of GIZ and NIRAS, who have made effort to develop this investor manual. Finally, I would like to express my gratitude to the EU and BMZ for their financial support.



Minister

Khamjane VONGPHOSY

Preface

Access to land and secure long-term tenure rights are essential conditions for rural development, food production and security, and social peace. The distribution and use of land is also connected to specific thematic areas of the Sustainable Development Goals, such as the achievement of SDG 5 on gender equality. As land is a limited resource, its distribution is often disputed by various actors. The competition for land may be further aggravated by commercial agriculture and forestry investments. Such investments are often intended to generate value, both for the overall economy (via land revenues and taxes) as well as for local communities (by improving livelihood and job opportunities and enabling the transfer of know-how). But if investments do not follow internationally agreed principles and guidelines as well as the national legal framework, they run a high risk of having negative consequences for communities and the environment alike. Investments may lead to land use disputes, expropriation, and displacement. They may also lead to environmental degradation, worsening the socio-economic situation of already disadvantaged groups.

Population growth, climate change, and global supply chain disruptions for agricultural inputs and staples are some of the drivers of food insecurity, poverty, and hunger. Investments in land, when carried out in a sustainable manner – considering ecological responsibility, social equity, and economic performance – can contribute to tackling these challenges. To ensure that investments in land are beneficial not only for the investors, but also for other actors, certain aspects must be considered when designing sustainable and profitable investments in land.

This is where the Responsible Governance of Investments in Land (RGIL) project, commissioned by the European Union and German Federal Ministry for Economic Cooperation and Development (BMZ), comes in. Implemented by GIZ in Laos, Ethiopia, and Uganda, the project aims to ensure that investments in land are productive, that they contribute to sustainable land management, and that they respect the rights and needs of local populations, in particular vulnerable groups and women. RGIL works together with target communities, political partners, and investors – as well as with civil society organizations, academia, and investor associations – on the implementation of good land governance based on international principles such as the VGGTs and CFS-RAI.

A series of guides and manuals were developed and validated in a participatory and iterative process with stakeholders, after assessing capacity development needs and analysing existing international and national guidelines, regulations, and training materials. They combine important elements from existing products and training events, and apply them specifically to the process of land-based investments and in relation to identified problems in each country. The various guides and manuals complement each other thematically and can be used both as individual products and as a complete toolkit in the respective country-specific context.

This guide is part of the capacity development toolkit for responsible land-based investments in Lao PDR. Aimed at investors, it provides information on environmental and social standards that must be in place when planning, implementing, and operating such investments. It explains how the standards will benefit investments and gives practical guidance on how to comply with the national legal framework and international standards.

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List of abbreviations

ADB	Asian Development Bank
BMZ	German Federal Ministry for Economic Cooperation and Development
DoNRE	District Office for Natural Resources and Environment
CFS-RAI	Committee on World Food Security–Responsible Investment in Agriculture and Food Systems
ECC	Environmental Compliance Certificate
EIA	Environmental Impact Assessment
EMMP	Environmental Management and Monitoring Plan
EMO	Environmental Management Office
ESMMP	Environmental and Social Management and Monitoring Plan
ESIA	Environmental and Social Impact Assessment
EU	European Union
FAO	Food and Agriculture Organization
GIZ	German Agency for International Cooperation
GoL	Government of Lao PDR
IEE	Initial Environmental Examination
LACP	Land Acquisition and Compensation Plan
MoNRE	Ministry of Natural Resources and Environment
NGO	non-governmental organization
PoNRE	Provincial Department of Natural Resources and Environment
RAI	Responsible Investment in Agriculture and Food Systems
RGIL	Responsible Governance of Investment in Land
SDG	Sustainable Development Goal
SMMP	Social Management and Monitoring Plan
SMO	Social Management Office
VGGT	Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests

1. Introduction

Land-based investments in agriculture and forestry have great potential to contribute to economic growth and rural development. Such investments can generate revenue, create jobs, and improve infrastructure and local communities' access to production inputs and technologies. However, without the right management, such investments can negatively affect the environment and local communities. The intense use of agrochemicals in large-scale agricultural production can have severe impacts on soil, water, air, and biodiversity, thus threatening people's livelihoods.



Figure 1: A large slope has been cleared and replaced with sugar cane in Luang Namtha Province

Environmental and social safeguards are tools to anticipate, prevent, and address potential negative impacts on the environment, health, and livelihoods of local communities. As an investor, it is important to use such safeguards to prevent damage caused by an investment. If the damage cannot be prevented, there may be costly compensation claims. Environmental and social safeguards are therefore crucial for securing the profit and benefits of the investment in the long run. Safeguards can also be used as a decision-making guide for investors, providing information to help answer questions such as: Should we continue with this investment? What adjustments are needed to ensure the success of the business? If environmental and social safeguards are not taken seriously, an investment may be terminated early.

Box 1: Ban on new banana plantations

The Lao government issued an order banning new banana plantations after it became clear that the intense use of hazardous chemicals on the farms had caused severe environmental harm. This led to serious health issues among communities in the northern provinces of the country and to compacted and infertile soil. The chemicals also polluted nearby rivers and harmed livestock. The government therefore shut down the investments that had caused – and failed to address – high levels of pollution (Vientiane Times, 2016).

This guide is aimed at investors in agriculture and forestry. It explains why environmental and social safeguards are not just important, but also required by law. It summarizes the relevant decrees and legislation, providing links to further reading and contact details. And it provides guidance on how best to implement the required safeguards. Because – ultimately – investing responsibly will benefit your investment.

2. Environmental and social safeguards

Environmental and social safeguards are essential tools to prevent and mitigate the negative impacts on people and the environment during development, implementation, and closure of land-based investments. When identifying and designing an investment, safeguards will help you assess possible environmental and social risks as well as impacts, whether positive or negative. During implementation, safeguards will help to define the measures and processes you will need to manage risks effectively, to compensate for any negative impacts that should occur despite your best efforts, and to enhance the positive impacts. The process of applying environmental and social safeguards is also an important opportunity for stakeholder engagement, which enhances the quality of the investment and increases the chances of success of your business (FAO, 2015).

In order to provide environmental and social safeguards during all three phases of the investment, the investor must prepare various documents and establish offices or positions (see Figure 2).

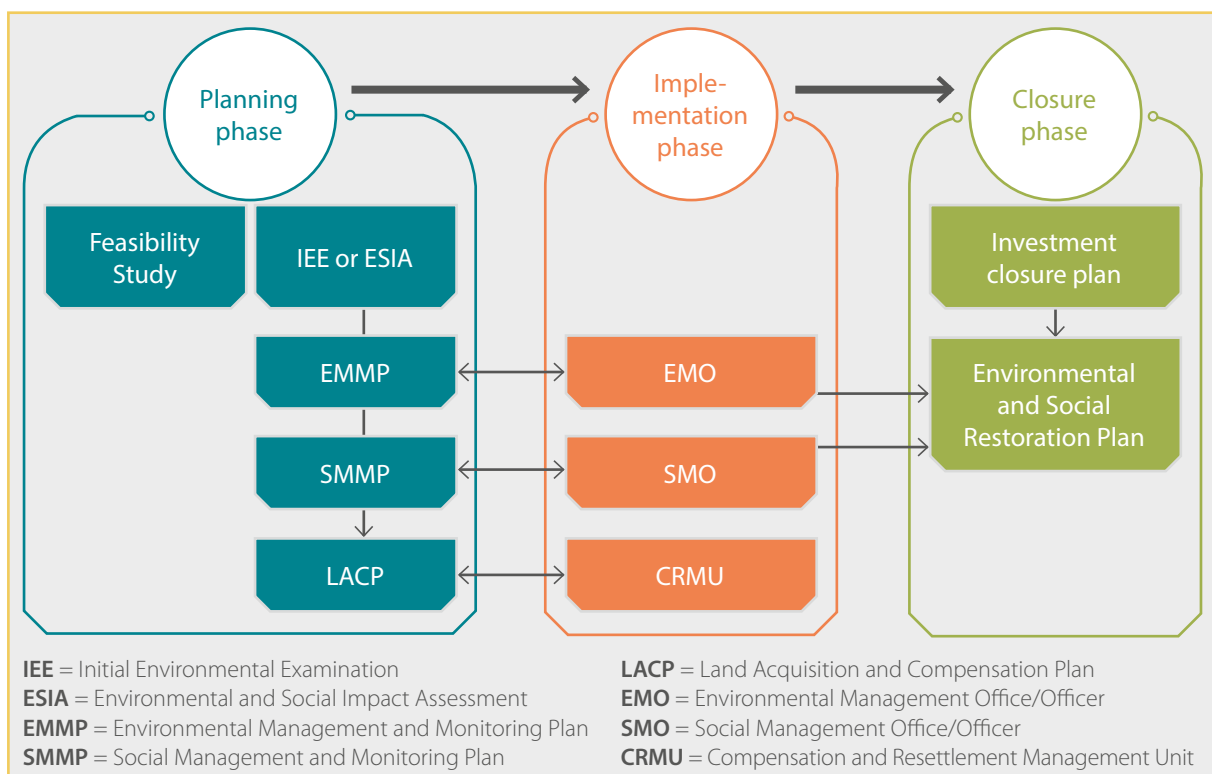


Figure 2: Overview of the documents/offices that investors have to complete/establish to fulfil the requirements for environmental and social safeguards throughout the investment cycle

It is **important** to note that despite there being no requirement for an ESIA in the new Lao revised regulations on investments in the agricultural and tree plantation sectors (MoNRE Ministerial Decision No. 0358, dated 24.2.2023), responsible investors should conduct an ESIA if their proposed investments are likely to result in significant environmental and social impacts, as based on the results of their due diligence at the start of the investment process. Additionally, an ESIA is required by financial institutions and international standards, such as IFC Operational Standard No. 1¹. An ESIA is also required for investments in the livestock sector in specific cases and contexts (for instance, for an investment with more than 3,000 cattle or buffalos in remote areas or more than 300 cattle or buffalos in areas with better accessibility and socio-economic conditions - see point 4 in Article 3 of MoNRE Decision No. 0358).

2.1 Environmental safeguards

Environmental safeguards help investors to avoid, minimize, and mitigate the adverse impacts of their investments and to manage potential environmental risks. Key environmental safeguard considerations include protecting biodiversity, managing natural resources sustainably, preventing and reducing pollution, avoiding the use of hazardous agrochemicals, and minimizing greenhouse gas emissions.

Environmental safeguards must be implemented throughout the entire life cycle of the investment, from the preparatory phase, during implementation, and right up to closure. Implementing environmental safeguards involves collecting baseline information on the environment and identifying potential impacts, with the aim of determining mitigation measures. This means that as the investor, you will have to carry out:

- **a feasibility study**
- **an environmental and social impact assessment** (Initial Environmental Examination (IEE) or Environmental and Social Impact Assessment (ESIA), see section 4.1.3), outlining the mitigation measures you intend to take.
- **an environmental management and monitoring plan** (EMMP, see section 4.1.4), to show how you intend to monitor the implementation of your investment.
- **an environmental restoration plan**, for the closing phase of your investment.

2.2 Social safeguards

Social safeguards are policies, procedures, and measures to prevent, reduce, mitigate, or compensate for any negative impacts of investments on local livelihoods. Social safeguards provide a buffer between the adverse effects of an investment and the people affected by them. Having social safeguards in place will thus help you to manage the social risks of an investment throughout its entire cycle.

As with environmental safeguards, social safeguards involve collecting baseline information on the socio-economic conditions and livelihoods of people who might be affected by your investment. You will need to identify the potential impacts on people's livelihoods and determine preliminary mitigation measures. To do so, you must ensure that social aspects are integrated into **the abovementioned feasibility study** and **environmental and social impact assessment** (IEE or ESIA, see section 4.1.3). Additionally, you must prepare a **social management and monitoring plan** (SMMP, see section 4.1.4) and a **livelihood restoration plan**, for the closing phase of your investment.

¹ https://www.ifc.org/wps/wcm/connect/8804e6fb-bd51-4822-92cf-3dfd8221be28/PS1_English_2012.pdf?MOD=AJPERES&CVID=jiVQIfc

2.3 Environmental and social safeguard principles

To ensure that your environmental and social safeguards are effective, please take into account the following:

2.3.1. Identifying the most suitable investment location

To identify the most suitable location, you, as the investor, must consult with the local authorities and communities in the area you want to invest in, explaining to them about the planned activities of your investment.



Figure 3: Government officers and community representatives study a topographic map to understand local land use

2.3.2. Gathering information on environmental and social characteristics

First, you should gather information on the environmental and social characteristics of the area in which you wish to invest. The information must address all environmental components (physical and biotic) that may be impacted and modified by the investment.

As the investor, you must identify the people in the area who may be affected by the investment, and gather information on their socio-economic and cultural characteristics. Having this information will help you to prevent or mitigate negative impacts and establish mechanisms to enable local people to participate in decisions.



Figure 4: Rural upland village in northern Lao PDR

2.3.3. Identifying and assessing environmental and social impacts

The next step is to conduct an impact assessment. This will be either an IEE or ESIA, depending on the size and nature of the investment activities, and it must address environmental and social risks in an integrated manner. This means taking into account all of the investment's direct and indirect impacts on people and nature at each stage of the investment (planning, operation, closing, or abandonment). The IEE/ESIA must address the potential risks for affected people and on their community's health and safety, paying particular attention to the special needs and exposure of women, children, ethnic minorities, and other marginalized or vulnerable groups.

2.3.4. Determining mitigation measures

After the IEE/ESIA has been completed, adequate mitigation measures must be defined for each specific impact. The measures must aim at preventing, mitigating, and compensating the environmental and social impacts and risks that were identified by the IEE/ESIA. The investment design should include

differentiated mitigation measures, so that disadvantaged or vulnerable individuals or groups are not disproportionately affected. The special needs and circumstances of disadvantaged or vulnerable groups or individuals should also be taken into account and addressed before implementing any investment activities.

2.3.5. Developing an environmental and social management and monitoring plan

Once you have identified the mitigation measures, the next step is to develop an environmental and social management and monitoring plan (ESMMP)². The ESMMP must include the measurable and verifiable indicators, the allowable limits, the monitoring frequency, and the applicable legal norms, when appropriate, including the use of authorized/accredited laboratories when required by national regulations.

2.3.6. Environmental and social monitoring

Environmental and social monitoring should be conducted regularly³ and must comply with the measures and indicators specified in the ESMMP. Monitoring reports must be presented to the Provincial Department of Natural Resources and Environment (PoNRE), and the Ministry of Natural Resources and Environment (MoNRE), respectively. It is the duty of the investor to allocate a budget to hire personnel in charge of monitoring activities. In other words, the investor has to establish an Environmental and Social Management Office (or recruit an Environmental Management Officer and a Social Management Officer) and periodically hire a third party to independently conduct the monitoring activities.

2.3.7. Dissemination of information and participation of social actors

The local authorities, institutions, and people residing in the area of the proposed investment must be informed about the investment's objective and scope. Furthermore, they must be informed about the studies that will be carried out to identify and assess the potential impacts, both positive and negative, of the investment. What is the magnitude of these impacts, what areas will be affected – and for how long? Finally, the stakeholders must be informed about the management measures that will be applied to prevent, mitigate, or compensate for the negative impacts. Please ensure that you inform the relevant stakeholders early on in the project, as timely information is likely to lead to a more constructive exchange, preventing conflicts in the future. As the investor, you should enable all stakeholders to participate, making sure to include women and other vulnerable groups. This involves designing a broad and inclusive participation strategy for the complete investment cycle⁴. Ideally, this includes the following five

² The Environmental Management and Monitoring Plan (EMMP) and Social Management and Monitoring Plan (SMMP) are two separate reports. Nevertheless, in practice, they are usually integrated into a single report and called Environmental and Social Management and Monitoring Plan (ESMMP). The investor has to hire an environmental consulting firm, which is legally recognized by MONRE, to carry out the IEE/ESIA and ESMMP.

³ The investment should establish an Environmental and Social Management Office or assign an Environmental Management Officer and a Social Management Officer to carry out a monthly environmental and social monitoring according to the ESMMP (see section 4.2). DoNRE will conduct a separate monitoring once a month. PoNRE should monitor this every three months, and MoNRE every six months.

⁴ Specified in Ministerial Decision on the Endorsement of Public Participation in Impact Assessment Process of Investment Projects, No. 707/MONRE, dated 05 February 2013.

steps: (1) identify the actors who should participate; (2) identify the appropriate channels and forms to disseminate your information; (3) consult with the actors you have identified, allow them to voice their concerns (e.g. in the form of petitions, complaints, or claims); (4) prepare your responses to any petitions, complaints, and claims that are submitted; and (5) resolve conflicts.



Figure 5: Community representatives including women, men, and young people attend a meeting in their community

2.3.8. Response to petitions, complaints, and claims

To ensure that citizens can voice their concerns at any point in the investment cycle, it is vital to have a mechanism in place that ensures that you can receive and respond to any petitions, complaints, or claims efficiently and quickly. All affected people and stakeholders should be informed of the mechanism and of the channels through which they can submit a petition, complaint, or claim – and the time and manner in which they will receive a response. The mechanism should be agreed with the local community and stakeholders; transparency and privacy must be guaranteed.



Figure 6: Company staff examine a petition submitted by local communities (left) and meet the villagers in person to hear their views (right)

3. Legislation stipulating the need for environmental and social safeguards

3.1 National requirements

Lao PDR's National Green Growth Strategy aims to increase the efficiency of agricultural production by 2030. At the same time, it seeks to ensure the sustainable use of natural resources through environmentally sound technology and techniques; to control hazardous pesticide and chemical use; to promote clean and organic agriculture; and to discourage monoculture (Secretariate of National Green Growth Strategy, 2018). For these goals to be achieved, investors are required to comply with national environmental and social regulations as well as with international standards.

Under the Land Law (No. 70 /NA 2019), all land-based investments must contribute to rural development and poverty reduction in an equal, inclusive, and sustainable manner. The Law on Investment Promotion (No. 14/NA, 2016) requires that investors allocate a substantial fund for social development in the targeted areas. This means giving priority to hiring local labour and transferring skills to local people, particularly those from affected communities and vulnerable groups such as women and ethnic minorities,

to ensure that they benefit from employment opportunities created by an investment. Furthermore, investors must respect local traditions and the local culture.

Finally, having adequate and systematic environmental and social safeguards in place before an investment is implemented is required by the Environmental Protection Law (No.84/NA, 2020) and the Prime Minister's Decree on Environmental Impact Assessment (No. 389/GoL, 2022). Furthermore, adequate environmental and social safeguards have become a main precondition of many international financial institutions, such as the World Bank and Asian Development Bank.

3.2 Relevant national legislation on environmental and social safeguards

Table 1: List of relevant legal documents on the requirements for environmental and social safeguards

Law or Decree	Key provision	Source
Environmental Protection Law (2013 Ed.) (Law No. 29/NA of 2012)	The Environmental Protection Law specifies the necessary principles, rules, and measures for managing, monitoring, restoring, and protecting the environment, in order to protect natural resources and biodiversity and to ensure the sustainable socio-economic development of the nation. Article 22 stipulates that investments must carry out an ESIA to anticipate impacts that may affect the environment and society.	https://na.gov.la/wp-content/uploads/2021/11/104Environmental-Protection-Law.pdf
Prime Minister's Decree on Environmental Impact Assessment (No. 389/GoL), dated 20.10.2022	This Decree specifies investors' obligations to install environmental and social safeguards throughout the investment life cycle. The main tools specified in the provision are the ESIA and the ESMMP.	http://laoofficialgazette.gov.la/kcfinder/upload/files/389%E0%BA%A5%E0%BA%9A20.10.2022.pdf
The Law on Water and Water Resources (No.23/NA), dated 11.5.2017	This Law on Water and Water Resources defines principles, regulations, and measures related to the protection, administration, exploitation, use, and development of water and water resources as well as the rehabilitation of affected areas to assure the quality and quantity of water and sustainable water resources. Article 7 and Article 29 specify that private entities must ensure the protection of water quantity and quality.	https://na.gov.la/wp-content/uploads/2021/11/65ກົດໝາຍ-ນໍ້າ-ແລະ-ຊັບພະຍາກອນນໍ້າ.pdf
The Amended Forestry Law (No. 08/NA), dated 13.6.2019	This law stipulates the basic principles, regulations, and measures concerning forest conservation, management, and use. Several articles specify forest use and management, while some emphasize forest protection. Some articles discuss the conditions under which forest business activities can be cancelled. Articles 46–53 focus on the protection of forests.	https://na.gov.la/wp-content/uploads/2021/11/64_%E0%BA%9B%E0%B%88%E0%BA%B2%E0%B%84%E0%BA%A1%E0%BB%89_2019.pdf

Wildlife and Aquatic Law (No. 07/NA), dated 24.12.2007	The Wildlife and Aquatic Law restricts and regulates the management, monitoring, conservation, and protection of wildlife and aquatic species in their natural habitats. It aims to promote the sustainable regeneration and use of wildlife and aquatic life while avoiding any harmful impact on natural resources or habitats and preventing a decrease in species and the extinction of wildlife as well as aquatic life. Articles 7 and 25 focus on the protection of wildlife and aquatic life.	https://na.gov.la/wp-content/uploads/2021/11/109ກົດໝາຍ-ວ່າ-ດ້ວຍ-ສັດ-ນ້ຳ-ແລະ-ສັດ-ບ່າ14ມັງກອນ2008.pdf
Decree on Pesticide Management (No.258/GoL), dated 24.8.2017	Defines principles, rules, and measures for controlling activities that involve pesticide use, in order to protect humans, animals, and plants. These principles, rules, and measures shall be harmonized with international obligations and regulations where Lao PDR has become a member state ⁵ .	https://www.maf.gov.la/wp-content/uploads/2022/09/Lao-Pesticide-Decree-English-final-258.pdf
Land Law (No. 70 /NA), dated 21.6.2019	Sets out the principles, regulations, and measures on the management and monitoring of land-related work to ensure the protection, development, and proper use of land and to improve people's livelihoods, ensuring peace, social order, social security, and justice. Article 23 specifies that individuals, legal entities, and organizations including foreigners, stateless persons, and foreign nationals of Lao ancestry and their organizations shall protect their land to ensure it is in good condition and to prevent soil erosion, land subsidence, and soil degradation, in order to maintain the quality of the land.	https://na.gov.la/wp-content/uploads/2021/11/58Land-Law.pdf
Labour Law (National Law 43/NA), dated 24.12.2013	This law defines the principles, regulations, and measures on administration, monitoring, labour skills development, recruitment, and labour protection in order to enhance the quality and productivity of work. The ultimate aim is to ensure the transformation to modernization and industrialization while safeguarding the rights of employees and employers, as well as the legitimate interests and the continual improvement of their livelihoods, and contributing to the promotion of investment and national socio-economic development.	https://na.gov.la/wp-content/uploads/2021/11/116ກົດໝາຍວ່າດ້ວຍແຮງງານ-ສະບັບປັບປຸງ-28-1-2014.pdf
Decree on Compensation and Resettlement of People Affected by Development Projects (No.84/GoL), dated 5.4.2016	The decree defines the principles and regulations to manage, protect, develop, and use conservation forests in order to keep natural resources within the forest and ensure the richness and full function of the ecosystem and biodiversity, and ensure environmental protection along with the socio-economic development.	http://laofficialgazette.gov.la/kcfinder/upload/files/219.pdf

⁵ Please note that in case the national rules and obligations stipulate something different from international ones, the investors must follow the national rules and obligations.

3.3 International standards and guidelines

Table 2: List of relevant international standards/principles on the requirements for environmental and social safeguards

Guidelines	Key provision	Source
World Bank Environmental and Social Framework	The objective of this framework is to prevent and mitigate harm to people and their environment in the investment process. Guidelines are provided in relation to environmental and social safeguards for the preparation and implementation of programs and investments (The World Bank, 2017)	https://www.worldbank.org/en/projects-operations/environmental-and-social-framework
Food and Agriculture Organization's Framework for Environmental and Social Management	This framework facilitates the early and systematic identification and assessment of environmental and social risks as well as the management of these risks in the investment cycle (design and implementation). The guidelines address compliance with certain standards (FAO, 2022)	https://www.fao.org/policy-support/tools-and-publications/resources-details/en/c/1026868/
ADB Safeguard Policy Statement	These safeguard policies seek to avoid, minimize, or mitigate adverse environmental and social impacts, recommending the implementation of environmental and social safeguards throughout the investment cycle (ADB, 2009)	https://www.adb.org/documents/safeguard-policy-statement

4. Environmental and social safeguard processes

4.1 Investment preparation phase

4.1.1. Location identification

To identify the most suitable location for your investment, preliminary information on the location should be collected. To do so, please organize a meeting with the district authority and village authority, inviting community representatives to help identify a potential location.

The “most suitable” location is one where the proposed investment has minimal impact on the environment and the local community. To ensure that this is the case, you must first submit a proposal for a preliminary location to the PoNRE and the Provincial Department of Agricultural and Forestry (PAFO).

4.1.2. Land Acquisition and Compensation Plan

During the project preparation phase, you must prepare a Land Acquisition and Compensation Plan (LACP). This plan must be based on field surveys and include a census of affected people and a detailed

inventory of the affected assets. The plan is necessary for decision-making on resource allocation and must include the following:

- Organize a meeting with the affected people to explain the process of the land survey and identify the assets, including the number of trees and plants that will be affected. *Please note that the LACP must outline the precise boundaries of the investment, and that the inventory of the affected assets and losses must be accurate and as detailed as possible.*
- Develop the compensation plan based on the Decree on Compensation and Resettlement of People from Development Activities No. 84 /GoL. *Please note that as the investor, you must collaborate with the relevant government agencies at all levels to identify and collect information about the people that need to be compensated. You will need to formulate a detailed plan of compensation. The government will assign a Task Force to monitor and certify the correctness and completeness of the compensation plans.*
- Calculate compensation based on the rules for compensation.
- Arrange a meeting with the affected people regarding the calculation of compensation.
- If the affected people do not accept the compensation, the compensation must be re-examined and re-calculated; If the affected people still do not accept the compensation, you must go through a dispute resolution process (i.e. government- or company-based grievance mechanism).
- For those who accept the compensation, a memorandum of understanding must be signed between the investor and the affected person. It must be acknowledged by the village and district authorities as well as the provincial or central level. After that, a ceremony to officially pay compensation or substitution must be organized.
- You must establish a database on land acquisition and compensation to monitor the implementation of compensation and dispute resolution.

Endorsement: The LACP must be endorsed by the Provincial Governor and submitted together with the ESIA report, the EMMP, and the SMMP.

Implementation: Investors must set up a Compensation and Resettlement Management Unit (CRMU). This unit should be in charge of regular and periodic monitoring of the implementation of LACP, and it must report to state audit-inspection organizations (Decree 84: Article 27).

4.1.3. Environmental and social impact assessment

In Lao PDR, the ESIA (Environmental and Social Impact Assessment, described in section 2.3.3) is an important part of the decision-making process for approving investment projects and activities, under the Law on Environmental Protection (No.84/NA, 1.7.2020).

The purpose of the ESIA is to assist you in identifying potential risks and impacts of the investment in line with safeguard objectives. Ultimately, the aim is to (1) avoid adverse impacts of the project on the environment and affected people; (2) where avoidance is impossible, to minimize, mitigate, and/or compensate for remaining adverse impacts on the environment; and (3) help you strengthen your safeguard systems and develop capacities to manage environmental and social risks.

Approval of the ESIA is one of the conditions of the GoL for the review and approval of investments.

Two types of environmental and social impact assessment

There are two types of environmental impact assessment: (1) the Initial Environmental Examination (IEE) and (2) the Environmental and Social Impact Assessment (ESIA). The assessment required by your investment will depend on its nature and scale and on the degree of its potential impacts. The IEE is for small-scale investments with lower environmental and social impacts. The ESIA is for large-scale investments with significant environmental and social impacts (See Prime Minister's Decree on Environmental Impact Assessment (No. 389/GoL, 2022).

To determine whether your investment requires an IEE or an ESIA, you will participate in a screening process by MoNRE. This is described below (see also Figure 7).

What is an IEE?

The IEE is a process to study, survey, and analyse the potential impacts of a small-scale investment, and to identify appropriate measures to prevent, avoid, or reduce these. It should also consider issues related to climate change. The IEE report must be completed before the Environmental Management and Monitoring Plan (EMMP) and the Social Management and Monitoring Plan (SMMP) (see section 4.1.4). All three reports must follow the provisions in Article 23 of the Environmental Impact Assessment (EIA) Decree.

For small-scale investment activities with low environmental and social impacts, the IEE report, the EMMP, and the SMMP must be produced and submitted to the Provincial Department of Natural Resource and Environment (PoNRE) for review. Preparing an IEE will require consultations with the local authorities and with people affected by the investment. PoNRE will conduct an administrative and technical review of the IEE Report, the EMMP, and the SMMP, and if necessary, may ask for revisions.

What is an ESIA?

The ESIA is a process of data analysis to evaluate potential environmental and social impacts of a large-scale investment. It includes issues related to the impacts of climate change. The ESIA report must be completed before the EMMP and the SMMP. The ESIA must also be carried out by a MoNRE-approved environmental consulting firm. MoNRE will then review the document along with a committee that includes experts from the relevant sectors.

Table 3: Key steps for implementing environmental and social safeguards in each stage of an investment cycle

Key steps at each stage	Environmental safeguards	Social safeguards	Public participation and community engagement
Preparation phase			
Identifying a location	Assess potentials and characteristics of the natural environment	Assess potentials and characteristics of the local population and related social issues	Organize a meeting with district and village authorities as well as with local people to determine a suitable location (the location where the investment will cause the least environmental and social impact)

Participatory land use mapping; land acquisition and compensation		Ensure that in the area you identify, forest loss can be avoided or minimized	Identify people's claims to land under their (customary) rights; proceed with land acquisition and compensation	Organize participatory land use mapping. Organize a meeting with district and village authorities, as well as with the local community, to negotiate and seek consent on the land to be allocated for an investment
Environmental and social impact assessment	List environmental and societal characteristics	Conduct a baseline study on environmental characteristics (physical environment and biodiversity)	Conduct a baseline study on social characteristics (administration, household income, demography, livelihood, health, culture, etc.)	Interview local people; organize group discussions and meetings
	Identify and assess environmental and social impacts	Identify and assess all potential direct, indirect, and accumulated impacts of the activities associated with each phase of the investment (planning, operation, closing, and abandonment) on the physical environment and biodiversity	Identify and assess all potential direct, indirect, and accumulated impacts of the activities associated with each phase of the investment (planning, operation, closing, and abandonment) on livelihood, health, society, culture, and other social aspects	Organize meetings with authorities and local people to disseminate information about impacts and gather feedback
	Propose mitigation measures	Provide mitigation measures to identified impacts associated with each phase of the investment (planning, operation, closing, and abandonment) on the physical environment and biodiversity	Provide mitigation measures to identified social impacts associated with each phase of the investment (planning, operation, closing, and abandonment) on livelihoods, health, society, culture, and other social aspects	Organize a meeting with authorities and local people to introduce mitigation measures, collect feedback, and mutually agree upon necessary measures
	Establish environmental and social management and monitoring plans	Establish EMMP associated with each phase of the investment (planning, operation, closing, and abandonment) on the physical environment and biodiversity	<ul style="list-style-type: none"> - Establish SMMP associated with each phase of the investment (planning, operation, closing, and abandonment) on physical environment and biodiversity - Establish compensation plan and compensate for the loss of land and assets of affected people 	Organize a meeting with authorities and local people to introduce ESMMP, obtain feedback, and mutually agree upon the plans

Implementation phase				
	Monitor implementation of the investment and the impacts of all activities on the environment, society, and livelihoods	<ul style="list-style-type: none"> - Monitor and provide monthly, quarterly, semi-annual, and annual reports of environmental monitoring to district, provincial, and central authorities - Recover the habitats of animals and organisms living nearby project area - Consider feedback and complaints of the local population 	<ul style="list-style-type: none"> - Monitor and provide monthly, quarterly, semi-annual, and annual reports of social monitoring to district, provincial and central authorities, respectively - Consider feedback and complaints of the local population and stakeholders - Establish grievance redress mechanism 	Organize meetings with authorities and local people to agree upon solutions to environmental and social problems
Closure phase				
	Rehabilitation	Environmental rehabilitation <ul style="list-style-type: none"> - Remove agricultural residuals - Improve quality of soil - Carry out reforestation 	Social rehabilitation <ul style="list-style-type: none"> - Set up a livelihood rehabilitation plan 	The rehabilitation must be prepared and implemented in close cooperation with authorities and communities

How to carry out an IEE or an ESIA

How to carry out an IEE or an ESIA is described in detail in the Decree on Environmental Impact Assessment, No.389/GoL, 20.10.2022. The methodology, main contents, components, and procedures are the same for both IEE and ESIA. The procedure is summarized here:

How do I know which one I need for my investment?

To determine which type of assessment you need for your investment, you will first need to complete a screening process. The steps for this are as follows:

- Submit an application for conducting the environmental impact assessment to MoNRE (Decree 389/GoL, Article 8). The application form is available at PoNRE for the IEE (or at MoNRE for the ESIA). However, investors are strongly advised to conduct due diligence to assess the risks of the proposed investment and then decided whether IEE or EIA is needed.
- Based on the information provided in your application, MoNRE will decide whether the proposed investment requires an IEE or an ESIA, according to criteria defined in the Ministerial Decision No. 8056/MoNRE; dated 17.12.2013.
- Prepare a scoping report and detailed Terms of Reference (ToRs) for the preparation of the IEE or ESIA report, as required by Decree on Environmental Impact Assessment, No.389/GoL (Articles 8, 19, and 22). Submit the scoping report and ToRs to MoNRE for comment, revision, and approval.
- Once MoNRE has approved the scoping report and the ToRs, you can start to prepare the IEE or ESIA report.

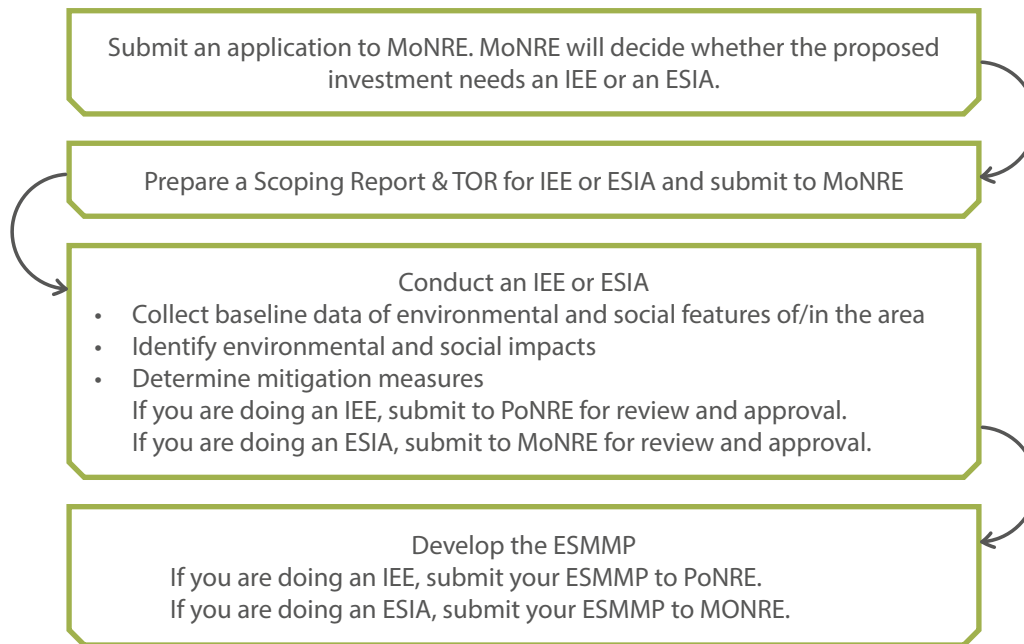


Figure 7: How to conduct an IEE or an ESIA

Conducting an IEE or ESIA: further detail

The following section provides more detail on the data you will need for your IEE or ESIA.

(a) Collect baseline data on

- Environmental features:
 - **Physical Environment:** Geography, geology, meteorology, land use, forest areas, historic records on natural disasters, quality of surface water (rivers, streams, lakes, ponds) and groundwater, air quality, and noise from construction and transportation.
 - **Biological environment:** Crop cover, forests, forest resources such as non-timber forest products, and flora and fauna.
- Socio-economic features:
 - **Demographic information:** Name of the district(s) and potentially affected villages, population (including gender and age distribution), life expectancy and birth rate, average number of persons per household, presence of vulnerable groups, ethnicity and languages, main economic activities and means of livelihoods of men and women, education level and access to educational services, water and energy sources, other development activities in the area (hydropower, plantations, infrastructure construction, mining, industrial activities).
 - **Community health:** Prevalence and rates of infectious diseases (malaria, dengue fever, tuberculosis, HIV/STDs, etc.) and chronic diseases (arthritis, cardiovascular diseases, diabetes, nutritional disorders, etc.). Trends in existing health problems, access to health services, and availability of clean water and sanitation.
 - **Infrastructure and facilities (presented on a map):** Roads, airports, bridges, ports, transmission lines, irrigation systems, schools, temples, markets, and hospitals or clinics.

- **Economic aspects:** If available, include data such as average income, cost of living, and income source(s). If resettlement is needed, include information on the villages to be relocated and the host communities where the residents will be resettled. Mention significant events in the community in the last 15 years, such as natural disasters, previous resettlements, conflicts, and whether the area is affected by unexploded ordnances.
- Cultural features:

This includes religions and beliefs, local values and costumes, sites of traditional or historical value, use of natural resources, traditional livelihoods, and main institutions and organizations.

(b) Identify investment operation activities

- Activities during preparation or planning: Construction of worker shelters, land reclamation, infrastructure construction, building construction, transportation of materials, traffic, and waste management system.
- Activities during implementation phase: Production, harvesting, and transport of products.
- Activities during completion phase: Rehabilitation of the natural and social environment.

(a) Identify and assess the impacts of your investment

- Identify and assess the potential impacts and risks of all activities related to your investment. The impacts on environmental and social components must be considered at each stage of the investment (development phase, operational phase, and closure phase).
- Use impact identification and assessment tools (for more details, see Technical Guidelines on Environmental and Social Impact Assessment for Investment Project in Lao PDR, MoNRE, 2017⁶).
- The methodology and approach you apply should be able to capture positive and negative, direct and indirect impacts. You should also consider cumulative, synergistic, reversible, and irreversible impacts. Please refer to the Technical Guidelines on Environmental and Social Impact Assessment for Investment Project in Lao PDR (MoNRE, 2017).
- The investor must ensure that the contracted environmental consulting firm measures the impact intensity in the environmental impact assessment. Impact intensity is determined by the degree of disturbance and the environmental value of the component under consideration. The degree of disturbance assesses the magnitude of the modifications to the structural and functional characteristics of the affected components. The environmental value reflects the importance of the intrinsic and social values of the components affected by the investment. When determining the intensity of impact, you should also consider the spatial extent of the impact (distance or relative area impacted, proportion of the component affected) and the temporal duration of the impact on the project-affected component.

(b) Identify mitigation measures

Mitigation measures are intended to eliminate, offset, or reduce adverse environmental impacts. Specific objectives include:

- Avoid adverse impacts right from the start (during the planning phase). This includes avoiding extraction of certain resources and avoiding using areas considered to be environmentally sensitive.

⁶ The guidelines are available in Lao at:

<http://www.MoNRE.gov.la/index.php/2018-07-17-05-17-42/2018-07-17-06-50-50>

- Prevent negative environmental impacts.
- Preserve natural resources. In other words, prevent (future) actions that might adversely affect environmental resources, e.g. by extending legal protection to selected resources beyond the immediate needs of the investment. To do this, the investor has to assess the potential adverse impacts and consult with PoNRE or MoNRE.
- Minimize the degree, extent, magnitude, or duration of adverse impacts, e.g. by scaling down, relocating, or redesigning elements of an investment.
- Rehabilitate: affected resources, such as natural habitats or water sources, particularly if the investment has resulted in significant resource degradation.
- Restore affected resources to an earlier, and possibly more stable and productive state, typically to “pristine” condition.
- Compensate for the lost resources, e.g. by creating, enhancing, or protecting the same types of resources in another suitable and acceptable location. Note however that compensation may be a suitable mitigation measure for certain impacts of certain investments, but it cannot be a long-term solution.

4.1.4. Conducting an EMMP and a SMMP

EMMP: The EMMP (or Environmental Management and Monitoring Plan) consolidates various key environmental impacts, identifying methods and preventive measures, mitigation, and remedies for the environmental impacts as defined in the IEE or ESIA. The plans must include the physical impacts of the investment on the natural environment (soil, noise and vibrations, air quality and water quality) as well as the biological impacts (on forests, wildlife, and biodiversity and aquatic animals. The EMMP also identifies the organizational structures, responsibilities, schedule, and a sufficient budget to implement the environmental management and monitoring activities, during all investment phases (development, operation, and completion).

SMMP: The SMMP (or Social Management and Monitoring Plan) consolidates all key social impacts, preventive measures, mitigation, and correction of social impacts as stipulated in the EIA Decree and the Compensation and Resettlement Decree. The plans must also include the socio-economic impacts of the investment, as well as mitigation measures such as, traffic control, and community development. The SMMP also identifies the organizational structures, responsibilities, schedule, and a sufficient budget for implementation of the social management and monitoring activities, during all investment phases (development, operation, and completion).

Both EMMP and SMMP shall specify the duration of each investment phase, the plans must outline how you intend to monitor the above. For more information, please consult the Technical Guidelines on the Development of Environmental Impact Assessment Report for Investment Projects and Activities in Lao PDR.

The EIA Decree requires that investors prepare an EMMP and a SMMP. However, in practice, these two plans should be presented together as a single coherent, integrated plan. For this reason, the management and monitoring plans are sometimes called “Environmental and Social Management and Monitoring Plan” (ESMMP). It should be noted that compensation matters are not part of an ESMMP, but should be presented separately.

The ESMMP is an essential tool for ensuring that mitigation of the negative impacts – and enhancement of the positive impacts – is carried out effectively throughout the life cycle of the investment. An ESMMP

should be systematically improved on a regular basis to ensure that Best Available Technologies and best environmental management practices are implemented in a manner that is pragmatic, efficient, and cost-effective.

To carry out the IEE or ESIA and ESMMP, you will need to consult with the local authorities and the people affected by the investment. MoNRE or PoNRE will conduct an administrative and technical review of the ESMMP and the IEE or ESIA, respectively. You will then be required to revise the IEE or ESIA report and ESMMP to comply with the consolidated comments provided by MoNRE or PoNRE and the Panel of Experts. Once MoNRE or PoNRE approve the IEE or ESIA Report and ESMMP, they will issue an Environmental Compliance Certificate, including specific conditions if required.

Table 4: Example of an environmental management and monitoring plan (EMMP)

Project activities	Impact	Mitigation measures	Management and monitoring plan
<u>Preparation phase:</u> - Geographical surveys - Demarcation of land parcels - Land acquisition	Loss of community forest	If the project area affects the community forest, new forest areas must be provided to the community, following consultation with PAFO and approval by MAF	Providing the new forest area must be implemented and monitored by the MAF authority
<u>Development phase:</u> - Land clearance - Infrastructure and facility construction	<u>Physical Environment</u> - Dust from transporting construction materials - Exhaust fumes from vehicles used in construction - Noise pollution from construction <u>Biological environment</u> - Causing the organisms living in the investment area to lose their habitats	<u>Physical Environment</u> - Water the area to reduce dust (at least twice a day) - Set speed limits - Limit the number of vehicles on the construction site <u>Biological environment</u> - Set up sound barriers to reduce the noise to the surrounding area	<u>Physical Environment</u> - Watering is monitored daily <u>Biological environment</u> - The sound barriers are monitored as scheduled

<p>Implementa- tion/ operation- al phase</p> <ul style="list-style-type: none"> - Production activity - Transportation 	<p><u>Physical Environment</u></p> <ul style="list-style-type: none"> - Air pollution from the spraying of pesticides or other chemicals - Pollution to soil and water from pesticides and fertilizers - Dust and smoke from the transportation of produce <p><u>Biological environment</u></p> <p>The use of chemicals destroys organisms in the investment area and may affect ecosystems</p>	<p><u>Physical Environment</u></p> <ul style="list-style-type: none"> - Provide proper instructions and restrictions on the use of pesticides and insecticides and other chemicals - Promote reduction in the use of pesticides and insecticides and other chemicals - Water the area to reduce dust (at least twice a day) <p><u>Biological environment</u></p> <ul style="list-style-type: none"> - Provide restrictions on the use of pesticides and insecticides - Promote reduction of the use of pesticides and insecticides - Rehabilitate nearby forest area and resources as a new habitat and maintain the ecosystem 	<p><u>Physical and Biological Environ- ment</u></p> <ul style="list-style-type: none"> - Implementation is monitored by EMO and SMO (established within the investment) and district authorities every month, by provincial level every three months, and by central level every six months - Awareness raising and training on safety of chemical use <p><u>Biological environment</u></p> <ul style="list-style-type: none"> - Implementation is monitored by EMO and SMO (established within the investment) and district authorities every month, by provincial level every three months, and by central level every six months - Awareness raising and training on safety of chemical use
<p>Closure phase</p>	<ul style="list-style-type: none"> - Residues of agricultural production or plantation remain 	<ul style="list-style-type: none"> - Remove remaining residues - Set up forest rehabilitation plan 	<ul style="list-style-type: none"> - Implement rehabilitation activities - Monitor the rehabilitation activities once a month until the activities are completed as planned, and evaluate after 3 years

Table 5: Example of a social management and monitoring plan (SMMP)

Project activities	Impact	Mitigation measures	Management and monitoring plan
<p><u>Preparation phase:</u></p> <ul style="list-style-type: none"> - Geographical surveys - Demarcation of land parcels - Land acquisition 	<ul style="list-style-type: none"> - Acquisition of local people's land. - Disturbing people's land use and livelihoods 	<ul style="list-style-type: none"> - Compensation is paid to the affected people. - A livelihood restoration programme is established 	<ul style="list-style-type: none"> - Implementation is monitored prior to investment development
<p><u>Development phase</u></p>	<ul style="list-style-type: none"> - Construction activities affect traffic - The noise disturbs the community - Social problems might occur due to the large number of migrant workers coming to the area - Infections and other illnesses may spread more easily 	<ul style="list-style-type: none"> - Limit the speed of vehicles - Limit the number of vehicles on the construction site - Set construction time to avoid traffic jams and loud noise at night - Coordinate with local authorities to inform the public about workers coming to the area - raise awareness and disseminate information about infectious diseases 	<ul style="list-style-type: none"> - Implementation is monitored by EMO and SMO (established within the investment) and district authorities every month, by provincial level every three months, and by central level every six months

<p>Implementa- tion/ operation- al phase</p>	<ul style="list-style-type: none"> - Residual chemicals in the water affect the livelihoods of nearby communities - Effects of pesticides and herbicides on the health of staff 	<ul style="list-style-type: none"> - Restrictions on the use of pesticides and insecticides - Promote reduction in the use of pesticides and insecticides - Water quality is monitored periodically 	<ul style="list-style-type: none"> - Implementation is monitored EMO and SMO (established within the investment) and district authorities every month, by provincial level every three months, and by central level every six months - Awareness raising and training on safe use of chemicals - Monitor water quality monthly
<p>Closure phase</p>	<p>After the operation comes to an end, local people may lose their employment and income</p>	<p>Set up a livelihood rehabilitation plan</p>	<ul style="list-style-type: none"> - Implement rehabilitation activities - Monitor the rehabilitation activities once a month until the activities are completed as planned, and evaluate after 3 years



Figure 8: Young people from local communities learn how to make brooms from broom grass in northern Lao PDR

4.1.5. Grievance redress mechanism

During the planning phase of your investment, you will have to establish a company-based Grievance Redress Mechanism (GRM). The GRM will be a tool to systematically manage all concerns of the local population and all conflicts arising from the investment operation. Please see the Investor Manual for detailed guidance and practical tools on how to establish a company-based grievance redress mechanism.

4.2 Operational phase

4.2.1. Environmental and social management

- The ESMMP needs to be revised and adjusted if necessary. Different elements of the ESMMP will have to be translated into action plans. The adjusted ESMMP and action plans have to be submitted to PONRE (in the case of an IEE) or to MONRE (in the case of an ESIA) for review and approval six months prior to the start of operation. The adjusted ESMMP needs to be revised and adjusted every 2–5 years.
- The ESMMP serves as an environmental management operation manual for investors, contractors, and regulatory authorities.
- As the investor, it is your task to ensure that the mitigation measures for the environmental and social risks are in place and enforced accordingly. If there is a risk, you must communicate and consult with respective stakeholders in a timely way, to identify appropriate measures to manage the risk.
- To ensure efficient implementation of the ESMMP, you must establish two specialized offices within your investment: an EMO and an SMO:
 - **Environmental Management Office/Officer:** The EMO must collect all baseline data and information and conduct subsequent monitoring of all aspects of the environmental risks on hydrology, water quality, riverbank erosion, forest cover, and biodiversity, and implement the mitigation measures in the EMMP. Further, the EMO must ensure that all subcontractors strictly adhere to the EMMP and other environmental regulations.
 - **Social Management Office/Officer:** The SMO plans, implements, and monitors the social action plans of the investment in coordination with the people affected by the investment and with government authorities. Tasks of the SMO include compensation, livelihood restoration, job creation, social development, public communication, and dealing with grievances.



Figure 9: Plastic bags used in banana plantations end up polluting nearby environment in Luang Prabang Province

4.2.2. Environmental and social monitoring

As the investor, it is your duty to establish procedures to monitor the implementation of the mitigation plans you have prepared to counter adverse environmental and social impacts, and to measure their effectiveness. If the monitoring reveals problems, you must adjust your investment plans as necessary. Monitoring reports must be prepared and submitted periodically to PoNRE and MoNRE. There are two levels of monitoring:

- **Self-monitoring by the investor:** Under the ESMMP, as the investor, you are obliged to conduct regular internal monitoring and report to PoNRE and MoNRE. The internal monitoring should be carried out by an independent third-party organization/agency with participation by the affected local communities. For the monitoring, you are required to:
 - Establish and maintain procedures to monitor the progress of the implementation of safeguard plans.
 - Monitor the compliance with safeguard measures and their progress towards the intended outcomes.
 - Notify PoNRE and MoNRE if there are any changes in the scope of work and engage with PoNRE and MoNRE in any revisions that may be required in the safeguard plans.
 - Document and disclose monitoring results, and identify necessary corrective and preventative actions in the periodic monitoring reports.
 - Follow up on these actions to ensure progress toward the desired outcomes.
 - Hire qualified and experienced external experts or qualified non-government organizations (NGOs) to verify monitoring information in case of investments with significant impacts and risks;
 - Submit monitoring reports on safeguard measures to DoNRE every month, to PoNRE every three months, and to MoNRE every six months.
- **Monitoring by government authorities:** The government authorities monitor the implementation of the mitigation measures on the environmental and social impacts in line with the ESMMP and the Environmental Compliance Certificate. The monitoring should be conducted by national, provincial, and district agencies:
 1. Ministry of Natural Resources and Environment (MoNRE)
 - Monitors and inspects the implementation of the environmental and social management measures against the ESMMP and the ESIA report through field inspections and review of the monitoring report submitted by investors. This will be done twice a year or on an ad hoc basis.
 2. Provincial Department of Natural Resources and Environment (PoNRE)
 - To monitor the implementation of the environmental and social management measures specified in the ESMMP, within the scope of monitoring of provincial responsibility;
 - To conclude and report the status of the monitoring of the investment to MoNRE every 3 months;
 - To perform specific monitoring works as delegated by MoNRE.
 3. District Office for Natural Resources and Environment (DoNRE)
 - Key organization in monitoring and implementation of the environmental and social management measures, specified in the ESMMP, within the scope of work assigned to the district;

- Concludes and reports the status of the monitoring of the investment to PoNRE and MoNRE once a month⁷.



Figure 10: A worker sprays pesticides on a banana plantation in Luang Namtha Province

4.2.3. Environmental Compliance Certificate renewal

The Environmental Compliance Certificate (ECC) is only valid for up to 2-5 years depending on the nature of the investment which shall be specified in the ECC, and needs to be renewed periodically. For a renewal, investors must follow these steps:

- Submit the intention for renewal to PoNRE for IEE or MoNRE for ESIA (please contact PoNRE and the Department of Environment of MoNRE for the application form).
- PoNRE/MoNRE assigns technical staff to assess the previous implementation of ESMMP through a review of the periodic environmental monitoring reports and social monitoring reports submitted by the investors.
- The assigned technical staff of PoNRE/MoNRE and the staff of the Provincial Department of Agriculture and Forestry, along with the EMO and SMO of the company, visit the project site and evaluate the environmental and social status, and the implementation of ESMMP. If no EMO and SMO exist, investors have to hire a relevant external expert to fulfill this task together with the government authorities.
- The results of the monitoring and evaluation shall be reviewed carefully (the whole process will take between 10 days to 14 days).
- In case, the ESMMP is approved, PoNRE/MoNRE shall issue the renewed ECC. If PoNRE/MoNRE finds that there are some changes in the project activities or the environmental and social status do not meet the standards/setting goals, the investor has to submit a revised IEE/ESIA along with a new ESMMP to PoNRE or MoNRE for consideration.

⁷ Please refer to Technical Guidelines on Review of Environmental and Social Impact Assessment for Investment Projects in Lao PDR (MONRE, 2017b).

4.3 Investment closure phase

When ceasing your investment activities, you must ensure that no adverse environmental and social impacts remain or will emerge in the area. You must therefore develop an Investment Closure Plan that includes an environmental and social restoration plan and submit it to PoNRE (if IEE) or MoNRE (if ESIA). When implementing this plan, you must coordinate with, consult with, and involve all stakeholders, including potentially affected people. You may want to follow the World Bank Environmental and Social Framework (The World Bank, 2017) and FAO's Environmental and Social Safeguard Guidelines (2015). The following issues should be considered:

- Prior to closure of the investment, all investment sites are thoroughly inspected by the investor, consulting firm, relevant authorities, and communities, to gather information on the remaining products, residues, soil quality, and condition of natural resources and the livelihoods of affected people.
- As the investor, you must coordinate with local authorities and inform local communities about the timing and plans for the closure of the investment, as well as on the restoration activities that will be implemented after the closure.
- Before closing your investment, you must prepare an Environmental and Social Restoration Plan. The plan must be mutually considered among investors, government (central and local) authorities, affected people, local communities, NGOs, and the private sector.
- The budget for restoration must be provided in the plan and obtain consent from local communities and approval by PoNRE or MoNRE.



Figure 11: Crop residues on an abandoned banana plantation in Lung Namtha Province

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