

**Ministry of Finance (MOF)
Through Its Fiscal Policy Department
(FPD)**

**The Lao PDR Public Financial
Management Reform Project (P179016)**

Draft
Environmental and Social Commitment
Plan (ESCP)

March 7, 2023

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Government of Lao PDR is planning to implement the Public Financial Management Reform Project (hereafter “the Project”). The European Union and Australia’s Department of Foreign Affairs and Trade (DFAT) has agreed to provide financing for the Project through the World Bank. The Fiscal Policy Department (FPD) of MOF will be the implementation Agency.
2. The Government of Lao PDR will implement material measures and actions so that the Project is implemented in accordance with the World Bank Environmental and Social Standards (**ESSs**). This Environmental and Social Commitment Plan (**ESCP**) sets out a summary of the material measures and actions.
3. Where the ESCP refers to specific plans or other documents, whether they have already been prepared or are to be developed, the ESCP requires compliance with all provisions of such plans or other documents. In particular, the ESCP requires compliance with the provisions set out in the Stakeholder Engagement Plan (SEP), and Labor Management Procedures (LMP), E-waste Management Procedure that have been developed for the Project. The Project Operational Manual (POM) will outline the details of how the Project will comply with the instruments detailed above throughout implementation.
4. The table below summarizes the material measures and actions that are required as well as the timing of the material measures and actions. The Government of Lao PDR is responsible for compliance with all requirements of the ESCP even when implementation of specific measures and actions is conducted by the MoF and FPD.
5. Implementation of the material measures and actions set out in this ESCP will be monitored and reported to the World Bank by the Government of Lao PDR as required by the ESCP and the conditions of the finance agreement, and the World Bank will monitor and assess progress and completion of the material measures and actions throughout implementation of the Project.
6. As agreed by the World Bank and the Government of Lao PDR, this ESCP may be revised from time to time during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to assessment of Project performance conducted under the ESCP itself. In such circumstances, the Government of Lao PDR will agree to the changes with the World Bank and will update the ESCP to reflect such changes. Agreement on changes to the ESCP will be documented through the exchange of letters signed between the World Bank and the Director General of the FPD of the MOF on behalf of the Government of Lao PDR. The Government of Lao PDR will promptly disclose the updated ESCP.
7. Where Project changes, unforeseen circumstances, or Project performance result in changes to the risks and impacts during Project implementation, the Government of Lao PDR shall provide additional funds, if needed, to implement actions and measures to address such risks and impacts, which may include: moderate environmental risks associated with small to medium scale, community based civil works; and social risks that include (i) geographical- inter regional and international/cross border risks; (ii) economic risks – high rate of unemployment in particular among youth and significant dependency of household income on remittances which is vulnerable to external economic conditions and fluctuations; (iii) social exclusion risks – certain sections could get excluded either due to inherent structural deficiencies and/or due to elite capture; and (iv) institutional risks – inadequate capacity of MoF and FPD on ESS application.

The Lao PDR Public Financial Management Reform Project (P179016) ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN DATE: FEBRUARY 16, 2023			
Summary of the Material Measures and Actions to Mitigate the Project's Potential Environmental and Social Risks and Impacts		Timeframe	Responsible agency/ Authority and Resources/Funding Committed
MONITORING AND REPORTING			
A	Regular Reporting. Prepare and submit to the World Bank regular monitoring reports on the environmental, social, health and safety (ESHS) performance of the Project, including but not limited to the implementation of the ESCP, status of preparation and implementation of E&S instruments required under the ESCP, stakeholder engagement activities, and functioning of the grievance mechanism(s).	Submit the six-monthly reports to the World Bank throughout Project implementation, which commences after the Effective Date. Submit the report to the World Bank no later than 30 days after the end of each reporting period.	MOF, FPD, PIU <i>Funding from the Project budget</i>
B	Incidents and Accidents. Promptly notify any incident or accident related or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, tangible cultural heritage, the affected communities, the public or workers. Provide sufficient detail regarding the incident or accident, indicating immediate measures taken to address it, and include information provided by any contractor and supervising entity.	Promptly notify any incident or accident related or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, tangible cultural heritage, the affected communities, the public or workers. Provide sufficient detail regarding the incident or accident, indicating immediate measures taken to address it, and include information provided by any contractor and supervising entity.	MOF, FPD, PIU

SUMMARY ASSESSMENT			
ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS			
1.1	<p>ORGANIZATIONAL STRUCTURE</p> <p>Establish and maintain an E&S management team within the FPD's Project Implementation Unit with qualified staff and resources to support management of ESHS risks and impacts of the Project.</p> <p>The E&S management team will serve as an integral part of the organizational structure of the Project.</p>	<p>Appointment of the E&S Team prior to project effectiveness. Maintain the above positions throughout Project implementation.</p>	<p>MOF, FPD, PIU</p> <p><i>Funding from the Project budget</i></p>
1.2	<p>ENVIRONMENTAL AND SOCIAL INSTRUMENTS</p> <p>Adopt and implement below mentioned management tools for the Project, consistent with the relevant ESSs.</p> <ul style="list-style-type: none"> - Labour Management Procedures with Grievance Mechanism, OHS measures and COVID19 protocol - E-waste Management plan as part of Project Operational Manual (POM) - Capacity Strengthening Plan as part of Project Operational Manual (POM) 	<p>Adopt the mentioned management tool (LMP) before Project appraisal; and (e-waste management plan, and capacity strengthening plan) at project implementation; and thereafter implemented throughout Project implementation. Annually reviewed and revised as necessary.</p>	<p>MOF, FPD, PIU</p> <p><i>Funding from the Project budget</i></p>
1.3	<p>MANAGEMENT OF CONTRACTORS: Incorporate the relevant aspects of the ESCP and the E&S documents required under this ESCP into the procurement documents with contractors.</p>	<p><i>Prior to launching bidding processes.</i></p>	<p>MOF, FPD, PIU</p> <p>Funding from the Project budget</p>
1.4	<p>PERMIT, CONSENTS AND AUTHORIZATIONS: Obtain or assist in obtaining, as appropriate, the permits, consents and authorizations, including environmental licenses and work permits, that are applicable to the Project from relevant national and/or local authorities.</p> <p>Comply or cause to comply, as appropriate, with the conditions established in these permits, consents and authorizations throughout Project implementation.</p>	<p><i>Obtain licenses and permits prior to carrying out any Project activity requiring a license.</i></p>	<p>MOF, FPD, PIU to ensure compliance through management plans, POM, and implementation review</p> <p>Funding from the Project budget.</p>
ESS 2: Labour and Working Conditions			

2.1	<p>LABOR MANAGEMENT PROCEDURES. Adopt and implement the Labor Management Procedures (LMP) for the Project, including, inter alia, provisions on working conditions, management of workers relationships, occupational health and safety (including personal protective equipment, and emergency preparedness and response), code of conduct (including relating to SEA and SH), forced labor, child labor, grievance arrangements for Project workers, and applicable requirements for contractors, subcontractors, and supervising firms.</p>	Adopt the LMP before Project appraisal and thereafter implement the LMP throughout Project implementation.	MOF, FPD, PIU Funding from the Project budget.
2.2	<p>GRIEVANCE MECHANISM FOR PROJECT WORKERS. Develop, maintain and operate a grievance mechanism for Project workers, as described in the LMP.</p> <p>Implement workers' GRM throughout project implementation.</p>	<p>To be finalized by completion of appraisal. Grievance Redressal Committee for the Project has been proposed and will be finalised and approved prior to project appraisal.</p> <p>To be implemented throughout project implementation</p>	MOF, FDP, PIU Funding from the Project budget
2.3	<p>OHS MEASURES: Develop and implement occupational, health and safety (OHS) measures consistent with World Bank Group Environmental Health and Safety Guidelines, which shall be set out in the LMP and Project Operational Manual (POM).</p> <p>Incorporate all OHS requirements and specifications from LMP into bidding documents and contracts. Make sure there is sufficient budget to cover OHS costs in the contracts. Make sure all contractors' employees are properly trained. Review contractors' performance periodically and apply the contractual remedies if necessary.</p>	Adopt occupational, health and safety measures as part of the draft POM and Labour Management Procedures prior to Appraisal and thereafter implement throughout the project implementation.	MOF, FPD, PIU Funding from the Project budget

ESS 3: Resources Efficiency and Pollution Prevention and Management			
3.1	ELECTRONIC WASTE MANAGEMENT PLAN. Develop and implement E-Waste Management Plan in accordance and consistent with ESS 3. Include waste management requirements for operation and maintenance of the training centres upgrades in the POM and monitor implementation of measures.	Adopt the E-Waste Management Procedure prior to procurement of electronic or electric equipment and thereafter implement the E-Waste Management Procedure throughout Project implementation.	MOF, FPD, PIU Funding from the Project budget
3.2	RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT. Include resource efficiency (use of energy-efficient equipment) and pollution prevention and management considerations in the POM as well as in the bidding and contract documents in consistent with ESS3 requirements.	Adopt at project implementation and maintain throughout the life of the project.	MOF, FPD, PIU Funding from the Project budget
ESS 10: Stakeholder Engagement and Information Disclosure			
	STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION. Adopt and implement a Stakeholder Engagement Plan (SEP) for the Project, consistent with ESS10, which shall include measures to, inter alia, provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.	Adopt the SEP prior to appraisal, and thereafter implement the SEP throughout Project implementation.	MOF, FPD, PIU Funding from the Project budget
	PROJECT GRIEVANCE MECHANISM. Establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances in relation to the Project, promptly and effectively, in a transparent manner that is culturally appropriate and readily accessible to all Project-affected parties, at no cost and without retribution, including concerns and grievances filed anonymously, in a manner consistent with ESS10. The grievance mechanism shall be equipped to receive, register, and facilitate the resolution of SEA/SH complaints, including through the referral of survivors to relevant gender-based violence service providers, all in a safe, confidential, and survivor-centered manner.	Establish the grievance mechanism not later than at the Effectiveness date, and thereafter maintain and operate the mechanism throughout Project implementation.	MOF, FPD, PIU Funding from the Project budget

	<p>COMMUNICATION PLAN: The Project will develop and disclose all E&S instruments and the project grievance/ feedback management process for project affected people that ensures transparency, prompt feedback and accessibility without costs implications as required by ESS10 and outlined in SEP.</p> <p>Develop an ESF communication guideline for data collection.</p>	<p>Prior to commencement of the Project activities and throughout Project implementation and reporting procedures.</p> <p>Implement and training on ESF communication guideline for data collection throughout Project implementation.</p>	<p>MOF, FPD, PIU</p> <p>Funding from the Project budget</p>
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Capacity Support (Training)			
	<p>MOF will implement the Capacity Strengthening Plan and provide training programs to all project workers on:</p> <ul style="list-style-type: none"> • stakeholder engagement and handling feedback and grievances, as described in the project SEP, • relevant labour and working condition policies, including good workplace health and safety standards, fair and non-discriminatory employment practice and conditions, avoidance of forced labour or employment of children under the age of 18, the worker grievance mechanism, to be established according to 2.2 and 10.2 of the ESCP, • efficient and safe use of ICT equipment, and proper disposal of e-waste and hazardous materials as per the E-Waste Management Plan after its development and before any disposal occurs. • diverse and respectful workplaces, free of sexual exploitation, abuse or harassment, and racism, gendered based violence and violence against children, • Basic training on the Environmental and Social Management Framework (ESMF), and • provide labour-related training, including the topics on SEA/SH and safe working environment. 	<p>Within 6 months of project effectiveness; and annually after that during project implementation.</p>	<p>MOF, FPD, PIU</p> <p>Funding from the Project budget</p>