

STAKEHOLDER GROUP (S): MULTISTAKEHOLDER

Location of consultation: Vientiane, Lao PDR

Date: March 10, 2010

Participants:

Some 110 stakeholders participated in the consultation event.
[see separate list of participants]

World Bank Group (WBG) Participants and Role:

Mr. Patchamuthu Illangovan, Country Manager, Lao PDR Office - *speaker*

Mr. Christophe Crepin, Lead Environment Specialist, East Asia Region, World Bank - *speaker*

Mr. Aimilios Chatzinikolaou, Head of Office, Mekong Region,
International Finance Corporation (IFC) - *speaker*

Ms. Khamlar Phonsavat, Climate Change Analyst, Lao PDR Office - *moderator*

Ms. Victoria Minoian, Communications Specialist, Lao PDR Office

Ms. Souridahak Sakonhninhom, Public Information Assistant, Lao PDR Office

Ms. Renae Stenhouse, Environment Specialist, Lao PDR Office

Vannaphone Soumpholphakdy, Program Assistant, Lao PDR Office

Mr. Souphamit Naovalat, Team Assistant, External Affairs, Lao PDR Office

Mr. Jeff Brez, Senior Communications and Knowledge Management Officer, Environment
Department, World Bank

How do the consultations fit into the country-specific context?

“Lao led the way on how a project can be designed and implemented sustainably through Nam Theun II, where all 10 WBG Safeguards Policies were applied.” – *Patchamuthu Illangovan, Country Manager, Lao PDR Office*

*In addition to the open discussion, documented in the summary below, many participants provided detailed written feedback that have been scanned and may be viewed directly online in the original language (see link).

What were the key issues/themes raised by participants?

Capacity must be built for natural resource management by government and private sector as a minimum investment: if there are no staff/personnel in-country to carry forward the agenda then the approach is unsustainable.

The WBG should increase and improve coordination and harmonization with other stakeholders, and between the public and private sectors, on assessing and enforcing environmental sustainability across sectors.

Tourism has an enormous potential to underpin environmentally sustainable growth and poverty reduction in Lao, including through the provision of alternative sources of livelihoods (e.g. to slash

and burn agriculture). The Strategy should embrace tourism as a vehicle for underpinning sustainable development in some countries.

The Strategy should promote a more systematic approach to assessing environmental sustainability within and across sectors, which will be impossible if the Bank Group does not also focus on bringing more environmentalists and sociologists onto its payroll.

Environmental Impact Assessment (EIA) does not always identify all impacts or the intensity of impacts on the ground. In addition to pre-implementation, EIA should be undertaken both during and after project implementation.

Laws, regulations, private sector standards, EIA, feasibility studies, World Bank Safeguards and International Finance Corporation Performance Standards: these tools are all in place but there are still problems. Continuous and consistent monitoring and evaluation is crucial for improved enforcement. The Strategy should build capacity and promote exchange of lessons of learned to address this.

“Trade-offs” don’t exist, they are a fallacy based on the fact that firms do not include environmental considerations in their production functions, leading to the tragedy of the commons. The Strategy needs to focus on why investing in the environment makes sense.

The WBG should provide both incentives and disincentives to actors, which could include a blacklist for private sector firms that have poor environmental track records or who have not respected their responsibilities vis-à-vis protecting the environment.

The WBG could consider employing performance-based bonds to ensure predictable long term financing for good, accountable, environmentally sustainable projects and initiatives.

The Strategy should seek to incorporate community / beneficiary involvement and local ownership to underpin long term environmental sustainability.

Awareness rising on the links between development and environment targeting all actors, including communities and youth as future decision makers, should be a pillar of the Strategy.

Respondent Type	Consultation Response ¹	Preliminary World Bank Group Response* (may be addressed in final reporting back)
1. What should the role of the WBG be in helping developing countries in achieving environmentally sustainable development?		
Research Institution	The Bank Group should support raising awareness on environmental and social sustainability at both the country and regional levels, including on how environmental sustainability is linked to all sectors, and that therefore a strong multisectoral approach is necessary, e.g. through urban, agriculture, energy sectors, to achieve environmental sustainability.	
Research Institution	In the Lao context, it will be crucial to promote environmental sustainability through both the public and private sectors, and to promote and strengthen coordination among the sectors over time to create synergies. To achieve this a consistent and coherent approach over time, buttressed by proper evaluation during and after implementation of projects, is key for sustainability.	
Civil Society	The Bank Group and other international development institutions should respect international commitments taken at Rio in 1992 and at other international fora by supporting true sustainability that properly takes into account consumption (per capita consumption and population), production (resources and productivity per unit of resources), the cultural contexts of sustainability and non-economic values.	
Government	The Government's priority is to decrease the impacts of climate change on Lao PDR. The WBG should provide support to enable it to maintain forest cover through REDD-plus ² , as reflected in the Copenhagen Accord (and following on the Bali Action Plan).	
Government	The scope of EIA needs to be better defined to ensure maximum impact.	
Government	The fight against corruption must be taken seriously.	
Government	Indigenous peoples and forest dwellers must be provided with adequate livelihood alternatives when forests are converted for commercial agricultural use.	

¹ Summary of main points raised. All participants and stakeholders are invited to send more detailed comments, or rectifications to this summary if deemed necessary, via the website. Please provide your name, title and organization if you would like your comments to be posted on the external consultations website.

² REDD-plus: Reducing Emissions from Deforestation and Forest Degradation, Conservation and Enhancement of Existing Carbon Stocks.

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Government	Land use management needs support for improvement to avoid the land degradation that comes with development, including risk of landslides, soil erosion, etc.	
Government	The Bank's support in Nam Theun II has been a very positive example of cooperation, from bank support for financial restructuring of the energy authority, to the extensive consultations and application of all WB Safeguards Policies. WB should look into supporting other Mega projects in other sectors.	
Academia	The Strategy should address how the WBG may support the education sector, to increase the number of graduates in environmental engineering.	
Academia	Urban areas should not receive excessive attention at the expense of rural and remote populations and issues.	
Civil Society	Contractual arrangements should be integrated into projects – and enforced through monitoring and evaluation – to ensure that benefits flow to intended beneficiaries.	
Government/ Academia (research institute)	Public sector mechanisms are in place but compliance is weak. Compliance with environmental performance standards should be promoted through robust assessments both before during and after implementation. The Bank should be more active in helping to address issues that come up during implementation, and the Bank should remain engaged even after implementation is complete as unforeseen issues regularly come up after assessments/projects are completed. Furthermore, WB should support to establish private sector implementation mechanism due to the lack thereof (e.g. environmental audits).	
Government/ Academia (research institute)	The Bank Group should engage with other donors/actors to support environmental sustainability even when one of its own projects/operations is not directly involved – perhaps by playing or supporting a coordination role.	
Government	The Bank should share lessons learned from implementation of Nam Theun II widely, and across sectors, not only to energy/hydro practitioners.	
Development Professional	The WBG should consider supporting sanctions through post-project EIAs for those parties who have not respected their commitments. Governments need support to increase enforcement of environmental standards and practices. Progress has been	

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	made in improving standards, for example through the Equator Principles, but impunity reigns where compliance is concerned.	
Civil Society	There needs to be a greater focus on the livelihoods of people integrated into the current focus on government and infrastructure.	
Civil Society	Capacity must be built for natural resource management as a minimum investment: if there are no staff/personnel in country to carry forward the agenda then the approach is unsustainable.	
Government	Support establishment of an independent environmental inspection body (like the Government Inspection Authority) because often times, the Government (as the recipient of the fund), are hesitant to communicate everything from the evaluation report to donors (e.g. strong messages)	
Private Sector Industry Association	The World Bank should extend its financial resources for development, poverty alleviation and reduce the environmental impacts to the remote areas or the areas that are facing development challenges. This can be done through investing in activities that will raise the public awareness on environmental issues (air, soil and underground water pollution, garbage and dust).	
Government	The WBG should assist individual sector establish their own regulations/guidelines so that they can manage by themselves in the longer terms. The WBG still does very little on capacity development in infrastructure projects.	
Civil Society	The WB should provide financial support to a wider group of people who want to make a difference in saving the environment. The WB should carry out an assessment to identify the pros and cons before supporting the development project.	
2. What should the role of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) be in helping private sector stakeholders address environmental sustainability?		
Private Sector	The Bank Group's Safeguard Policies / Performance Standards are good, but are not harmonized with the practices and principles of other key players, allowing "shopping around." A common set of principles should be promoted for both the public and private sectors.	

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Government / Academia	While there are many sizes of companies in Lao, from Small and Medium Size Enterprises (SMEs) up to very large, most of the private sector is comprised of SMEs, so there should be a focus on them.	
Government / Academia	IFC should build the capacity of the private sector to integrate green principles into their projects.	
Government / Academia	IFC should promote public-private partnerships to buttress stronger governance and the quality of compliance with environmental standards.	
Government / Academia	The WBG can help promote environmental auditing and determine which government agency should be in the lead.	
Private Sector Industry Association	WB should also closely monitor the production forest and revegetation projects financed by the WB to minimize the chances of the investors taking the opportunity to invest projects in the forested areas where forests will be cut for their own private	
Government	IFC & MIGA should provide incentives for the private sectors to comply with environmental standards	
3. What should be the balance in the Bank Group's role in addressing country/client- specific priorities and global public goods agendas?		
Civil Society	There must be more investment in building national capacities for environmental management and on global public goods issues, including conservation and management of national protected areas.	
Civil Society	Currently, only 5 or 6 national protected areas out of 20 in Lao PDR are receiving funding – which means that there is no linkage to poverty reduction and growth.	
4. How can the WBG put in place a systematic approach to assess environmental sustainability in sector portfolios?		
Private Sector	Water management and pollution management are two key sectors where environmental sustainability should be a very strong focus. They should be targeted in the Strategy.	
Private Sector	EIA is crucial for all projects that will affect the water supply. The Strategy should seek to strengthen approaches to work with the Government to strengthen EIA.	

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Academia	Water pollution in the industrial sector is regulated but suffers from non-compliance. The Bank should support the government in remedying this situation.	
Academia	The WBG can build capacity and share knowledge on how to introduce green, low carbon technologies across sectors.	
Academia	The WBG should recognize that criminal activities are often behind the degradation of natural resources, and support enforcement taking this reality into account.	
Academia	The WBG can provide crucial support in transboundary natural resource management issues, including water basin management and other issues.	
Academia	The WBG deserves a big round of applause for Nam Theun II: Environmental protection would probably have been of lower quality had the Bank not been involved. The Bank should share the lessons learned with governments and other stakeholders to promote similar practices across sectors.	
Civil Society	Tourism has an enormous potential to underpin environmentally sustainable growth and poverty reduction in Lao, including through the provision of alternative sources of livelihoods (to slash and burn agriculture). The Strategy should embrace tourism as a vehicle for underpinning sustainable development in some countries.	
Academia	The Bank should consider working with national educational institutions when conducting EIA as a way to train future civil servants and support a sustainable approach.	
United Nations Agency	The Strategy should focus on increasing the amounts of funding available for environmental protection and conservation, in addition to sharing experiences and lessons learned, supporting improved coordination and exchange of best practices. The Bank is uniquely placed to bring various actors and funding together to achieve this.	
Civil Society	The Strategy should promote a more systematic approach to assessing environmental sustainability within and across sectors, which will be impossible if it does not also focus on bringing more environmentalists and sociologists onto its payroll.	
Civil Society	The Bank should not force environmentalists and sociologists with unique and in	

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	depth regional knowledge to “rotate” because the local context and knowledge is then lost.	
Academia	The Bank should help build capacity for the Social Impact Assessments that should accompany and strengthen the Environmental Impact Assessments.	
Government	The Bank should review the environmental impacts of its projects to learn how to improve implementation.	
Civil Society	Government plans in sectors are often contradictory in their approach (or lack of approach) to addressing environmental sustainability. The Bank could support coordination across sectors for environmental sustainability.	
Government	The Strategy should also seek to build capacity at the local level of government to coordinate development aid and ensure synergies and high quality/coherence/consistency of implementation of environmental standards.	
5. How should short term and long term trade-offs between growth and environmental sustainability be balanced?		
Government / Research	Biodiversity loss due to logging, harvesting of forest products, clearing of forests for plantations, etc. involve assessing big trade-offs. The Strategy should focus on the livelihoods of local people and promote ways to best bring the trade-offs into relief to help governments make the best possible decisions. WB to help come up with research and mechanism to support government in balancing trade-offs of biodiversity loss.	
Civil Society	The Strategy should not refer to “trade-offs”. Because the environment is “sick” globally, there should be a focus on short term ways to improve the quality and health of the environment to shift the current balance. For example, land use productivity should be increased to minimize or stop frontier expansion. In this sense, the Strategy should seek to improve analyses of short term financial gains versus long term environmental and social costs so they can be properly taken into consideration by stakeholders.	
Development Professional	The Strategy should identify mechanisms to quickly address issues that come up during implementation (as opposed to the current attention on pre-implementation) so that projects may proceed with optimal continuity and momentum. (rapid resolution/response).	

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Government	EIA does not always identify all impacts or the intensity of impacts on the ground. In addition to pre-implementation, EIA should be undertaken both during and after project implementation.	
Government	IFC can play a role in promoting CB“T” D – or Community Based Tourism Development, which creates a community-based imperative for protecting the environment and also provides livelihoods.	
Partner Government	“Trade-offs” don’t exist, they are a fallacy based on the fact that firms do not put environmental considerations into their production functions, leading to tragedy of the commons. The Strategy needs to focus on why investing in the environment makes sense. (Rationale → environment = public good; development = country specific need → invest in environment and it will be a financial gain so as to contribute to sustainable development).	
Partner Government	The WBG should provide both incentives and disincentives to actors, which could include a blacklist for private sector firms that have poor environmental track records or who have not respected their responsibilities vis-à-vis protecting the environment.	
Civil Society	The WBG could consider employing performance-based bonds to ensure predictable long term financing for good, accountable, environmentally sustainable projects and initiatives.	
Development Agency	The Strategy should identify where Payments for Environmental Services (PES) can be included from the beginning of WB projects and investment plans to bolster long term sustainability.	
Multilateral Development Bank	The Strategy should incorporate (or be strongly linked to) social protection measures. The Environment strategy proposed lacks focus, and unclear goal.	
Government	The Strategy should seek to incorporate community / beneficiary involvement and local ownership to underpin long term environmental sustainability. The approach should be less centralized and less top-down. Villagers themselves need to be engaged and educated on environmental issues and potential impacts of various initiatives.	

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Government	Youth should be a target for outreach and awareness rising.	
Research / Academia	The Strategy should include communication and outreach efforts to local, ethnic, marginalized groups, in local languages.	
Private Sector	Foreign Direct Investments (FDIs) cannot be controlled. While benefits are assessed, loss are not assessed (e.g. rubber plantation)→ IFC to look into this?	
Academia	WB to be central entity to monitor and create environment standards in managing FDIs and projects of different organizations.	
Civil Society	WB to prove/gain its reputation as a credible entity (especially in the implementation stage) from environment as a theory into practice.	
Government	It is difficult to implement because the WBG can only manage its own projects. The WBG should assist the government in managing the foreign direct investment projects.	
Development partner	The World Bank should firmly stand on its safeguard policy, especially social aspects, when implementing projects and integrate this in the national strategy.	
6. What are key issues for Laos? + Other issues and general comments.		
Civil Society	A definition of “environmental sustainability” is needed.	
Civil Society	PES to raise money for enforcement/management of Natural Protected Areas (NPAs) and environmental protection across the board.	
Civil Society	Enforcement and accountability + improved monitoring and evaluation (M&E).	
Government	Better management of urban waste and management of waste water.	
Government	Reduction of slash and burn agriculture.	
Academia / Research	Awareness rising for communities, including that individual health is linked to the quality of the environment. Awareness raising at all level, from central to local	
Academia	Concept Note language is inaccessible to non-development professionals, including students.	

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Academia	Spatially-specific approaches for addressing environment Lao are important: urban areas, rural areas, forests and mountains have different priorities.	
Multilateral Development Bank	The WBG should focus on Natural Resource Management (NRM), solid waste, waste water and watershed management, climate change and the prevention of natural disasters (including landslides as a result of slash and burn).	
Government	Increased understanding of the values and benefits of the environment.	
Government	Support to watchdog / surveillance mechanisms / bodies in South East Asia.	
Local Government	Support to Lao PDR for accessing resources/funding through REDD-plus, Kyoto Protocol's Clean Development Mechanism (CDM) and other (climate) transfers.	
Civil Society	Improve institution management both public and private.	
Development partner	WB should establish the guidelines, especially for the loan providing to client countries, to comply with the environment and social safeguards. If non-compliance is met, there should be an appropriate level of fine or sanction applied to, e.g. stop financing flows.	
Government	The WB should introduce the concepts of different projects that are successful in other countries to implement in developing countries that will help to shorten the process and meets it requirements.	