

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Lao People's Democratic Republic	Project Title:	Nam Ngum River Basin Development Sector Project Additional Financing
Lending/Financing Modality:	Project loan	Department/ Division:	Southeast Asia Department/ Environment, Natural Resources, and Agriculture Division

I. POVERTY ANALYSIS AND STRATEGY	
<p><b>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</b></p> <p>The poverty reduction strategy of the government affirms that eradicating poverty and accelerating the pace of social development are the nation's most important long-term strategic goals.<sup>1</sup> Agriculture is one of the priorities for poverty reduction under the Sixth Five-Year National Socio-Economic Development Plan (2006–2010) through (i) stronger human security, including measures aimed at fostering improved food security; and (ii) provision of basic social services, with a focus on health, education, and clean drinking water.<sup>2</sup> While steady progress is being made to reduce income poverty, performance in reducing non-income poverty has been mixed. In addition to agricultural support services, the project will also support community-driven development of small-scale infrastructure such as rural roads and water supply systems. The project will help reduce hunger through increased agricultural and forestry production and diversified livelihoods, and provide better access to health and education services through the development of rural infrastructure, thus contributing to overall social development in remote communities in the Nam Ngum River Basin (NNRB).</p> <p>The country strategy and program of the Asian Development Bank (ADB) for the Lao People's Democratic Republic for 2007–2011 identifies the agriculture sector as the key to pro-poor growth, despite the decline in its share of gross domestic product. The country strategy and program midterm review in 2009 reaffirms that the skill shortages and subsistence orientation of a large segment of the rural population are among the key structural factors constraining growth and poverty reduction. In line with these strategies, the project will assist the government to consolidate and expand the newly introduced agriculture and forestry extension system and improve the capacity of rural communities to fully utilize the extension services. The strengthened extension system will sustainably supply adaptable skills and needed technologies for profitable farming practices, agro-processing, collective marketing for value addition, microfinance, and access to private service providers and suppliers, thus stimulating diversification and commercialization of the rural sector. Enhanced absorption capacity of men and women in the communities will also be key factors in diversifying livelihoods, increasing production, and conducting contract farming and other commercialized practices. Through expanded access to technology, markets, and finance, the project will enhance rural food security and household incomes, which will further improve access to health and education in line with government and ADB strategies.</p>	
<p><b>B. Poverty Analysis</b>      <b>Targeting Classification:</b> Non-Income MDGs (TI-M1 and M7)</p> <p>1. <b>Key issues.</b> Income poverty continues to be primarily a rural phenomenon, with the prevalence of poverty twice as high as in urban areas. Agriculture still dominates total employment and most people in rural areas are wholly dependent on agriculture for their livelihoods. Furthermore, poverty is increasingly concentrated among certain regions and ethnic groups. Some 75% of poor households are made up of members of ethnic groups living in remote and upland areas on marginally productive land. They are the poorest segment of the national population. Widespread income poverty renders many basic social services unaffordable to the poor. The upland ethnic group communities also suffer from high rates of infant and maternal mortality, lower access to health and education services, higher illiteracy, lower access to electricity and clean water, and less involvement in the market economy. In addition, there is a delicate balance between human activities and the environment in fragile, yet resource-rich, upland areas. Programs to stabilize shifting cultivation may require both environmentally friendly sedentary agriculture and sustainable forest management to avoid reducing access of upland communities to forests and forest products.</p> <p>2. <b>Design features.</b> The project will focus on remote communities in upland areas in the NNRB where significant numbers of ethnic people live and where poor people depend solely on farming and forestry for their livelihoods. Screening target villages, with preference given to higher poverty and ethnic group population ratios, will facilitate the social impact of the project. Participatory land use planning and allocation will promote inclusive, gender, and ethnic group-sensitive resources allocation among villagers. Improved watershed management through capacity development for local governments and communities will ensure environmentally and socially sustainable natural resources use, which in turn improves food security for the poorest.</p>	

<sup>1</sup> Asian Development Bank (ADB). 2006. *Country Strategy and Program: Lao People's Democratic Republic, 2007–2011*. Manila

<sup>2</sup> ADB. 2009. *Country Strategy and Program Midterm Review: Lao People's Democratic Republic, 2007–2011*. Manila.

II. SOCIAL ANALYSIS AND STRATEGY	
<b>A. Findings of Social Analysis</b>	
1.	<b>Key issues.</b> The direct beneficiaries are farming populations in target villages. Some benefits are expected to accrue to private service providers, suppliers, and other agricultural enterprises as well as nonfarming households through improved agricultural value chains, better nonagricultural livelihood opportunities, and improved food availability. Government staff will also benefit from training sessions and workshops provided under the project for agricultural extension services and water resources management. The improved government extension system as well as better coordination of sub-basin natural resources management is also expected to benefit all the farmers and villagers in the NNRB. Half of the population in the area belongs to ethnic groups.
2.	The needs of the beneficiaries include (i) better coordination of water resources use, (ii) incentives to invest in natural resources, (iii) improved access to information and agriculture technologies, and (iv) enhanced access to community assets and credit. The constraints that limit these services and access to them include (i) limited participation of local communities and villagers in water-related decision making, (ii) poorly managed natural resources, (iii) limited public and private resources, (iv) limited penetration of the government agricultural extension system, and (v) immature capacity of local financial institutions. Representation and access to resources of ethnic groups are limited. In particular, ethnic women and youth are generally less represented at village meetings and as members of village development committees. Ethnic group people generally have less opportunity to participate and influence decision making. Limited access to water, health care, and social services forces ethnic group people to work harder for their subsistence and undermines their confidence to voice their needs and concerns. In addition, ethnic groups tend to depend more on natural resources for their livelihoods due to limited access to other production factors.
<b>B. Consultation and Participation</b>	
1.	During the preparation and implementation of the original Nam Ngum River Basin Development Sector Project, a number of workshops and meetings in provincial and district offices and villages were organized to seek views of stakeholders. Training sessions and consultations with farmers and local government staff also provided opportunities to obtain their opinions and concerns. These were incorporated into the implementing methodologies of the original project, and then transferred to the design of the proposed project. Experiences in identifying interest groups, their interests, and capacities during the original project will be extended to the additional financing. Consultation with key stakeholders of the project was conducted to ensure lessons and local information gained through the implementation of the original project are incorporated into the design of the proposed project.
2.	What level of C&P is envisaged during the project implementation and monitoring? <input checked="" type="checkbox"/> Information sharing <input checked="" type="checkbox"/> Consultation <input checked="" type="checkbox"/> Collaborative decision making <input checked="" type="checkbox"/> Empowerment
3.	Was a consultation and participation (C&P) plan prepared for project implementation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No A C&P plan has been incorporated into an ethnic groups development plan. There are four major stages for consultation and participation: (i) pre-screening target villages, (ii) participatory rural appraisal, (iii) preparing village development plans, and (iv) semi-annual planning and review workshops for project implementation. Modes of consultation are village meeting, focus group discussion, and individual interviews. In all cases, attention will be paid to the representation of ethnic groups, women, and the poorest. Special sessions focused on each of these groups may be planned in an appropriate setting. Translation and interpreters may be required. Training programs and disaggregated indicators for participation will facilitate the C&P with ethnic groups and women. Representatives from the Lao Front for National Construction and Lao Women's Union as well as safeguard and monitoring experts provided under the project will facilitate and monitor the C&P processes. Summaries of consultations will be documented for transparency and monitoring purposes.
<b>C. Gender and Development      Gender Mainstreaming Category: effective gender mainstreaming</b>	
1.	<b>Key issues.</b> The main gender issues in the agriculture and natural resources sector are low wages or returns for labor, especially for women and ethnic groups; limited opportunities to engage in alternative income-earning opportunities; low levels of agricultural productivity; and poor knowledge on animal health. Limited access to water and social services also contribute to the poor status of women.
2.	<b>Key actions.</b> Measures included in the design to promote gender equality and women's empowerment—access to and use of relevant services, resources, assets, or opportunities and participation in decision-making process: <input checked="" type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure The ongoing project improved the access of women to livelihood-enhancing knowledge, rural credits, and domestic water. The project will continue these well-appreciated supports. In addition, the project will aim for (i) at least 30% of participants being women in village land use planning processes, (ii) more than 50% of recipients of rural credits being women, (iii) 30% of beneficiaries for government staff training being women, (iv) 30%–70% of beneficiaries for village training being women depending on their preferences, and (v) at least 30% of functionaries of village interest groups being women. In particular, women will be further encouraged to participate in managing village development revolving funds. These will be implemented as part of the project activities and the costs will be financed from the loan proceeds.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS			
Issue	Significant/Limited/ No Impact	Strategy to Address Issue	Plan or Other Measures Included in Design
Involuntary Resettlement	No impact	Project activities will not involve any involuntary acquisition of land or other assets. Refurbishment of facilities will be implemented within government premises. Community-driven rural infrastructure will be designed within existing rights-of-way and public land. Any acquisition of land and assets will be based on voluntary contribution. Procedural guidelines for voluntary land contribution have been prepared.	<input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Environmental and social impact matrix <input checked="" type="checkbox"/> No action
Indigenous Peoples	Limited impact  No negative impact is envisaged  Positive impacts expected	Participatory village development planning will promote project benefits for ethnic groups through meaningful consultation and active participation. Some mitigation measures will be taken to overcome representation and communication barriers. Ethnic groups development plan has been updated based on the experiences under the original project implementation.	<input checked="" type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Combined indigenous peoples plan and resettlement plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project design with a summary <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Environmental and social impact matrix <input type="checkbox"/> No action
<b>Labor</b> <input checked="" type="checkbox"/> Employment opportunities <input type="checkbox"/> Labor retrenchment <input checked="" type="checkbox"/> Core labor standards	Limited impact	Enhanced farm productivity will increase seasonal rural labor demands. Village-based small-scale civil works will temporally require limited amounts of hired labor. The project will follow applicable national labor laws and the Core Labor Standards to avoid any forced labor, gender discrimination, ethnic and other discrimination, and child labor.	<input type="checkbox"/> Plan <input type="checkbox"/> Other action <input checked="" type="checkbox"/> No action
<b>Affordability</b>	Limited impact	Rural infrastructure will be maintained by villagers' in-kind contributions.	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No action
<b>Other Risks and/or Vulnerabilities</b> <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others (conflict, political instability, etc.)	No impact	No action as there will be no significant influx of external labor expected in the project areas.	<input type="checkbox"/> Plan <input type="checkbox"/> Other action <input checked="" type="checkbox"/> No action
IV. MONITORING AND EVALUATION			
Are social indicators included in the design and monitoring framework to facilitate monitoring of gender and social development activities and/or social impacts during project implementation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Rates of participation of ethnic groups and women. The number of training courses dedicated to gender-related issues.			