

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Lao People’s Democratic Republic (Lao PDR)	Project Title:	Trade Facilitation: Improved Sanitary and Phytosanitary Handling in GMS Trade Project - Additional Financing
Lending/Financing Modality:	Project (additional financing)	Department/ Division:	Southeast Asia Department Public Management, Financial Sector, and Trade Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY
Poverty targeting: General intervention
A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy
<p>Agriculture is important for the Lao PDR’s economy, as it accounted for about 70% of employment in 2015. Since most of the labor force is engaged in agriculture, improving the livelihoods of those in the sector is critical for reducing poverty in the Lao PDR. The government’s 8th Five-Year National Socio-Economic Development Plan, 2016–2020 aims to achieve sustainable economic growth, and reduce poverty and inequality.¹ Agriculture and forestry are prioritized, particularly in supporting farmers to diversify and improve production.</p> <p>Additional financing of the project will enhance sanitary and phytosanitary (SPS) capacities to gain and maintain market access, and to protect consumers, crops, and livestock against trade-related hazards. It will do this by strengthening institutions and operational and management capacities for operating cost-effective SPS systems. The project will focus on Greater Mekong Subregion (GMS) trade in agriculture, food, and forestry (AFF) products for which SPS measures for plant health, animal health, and food safety apply. The additional financing is included in the Asian Development Bank (ADB) Lao PDR Country Partnership Strategy 2017–2020² and country operations business plan for the Lao PDR, 2017–2019.³ It will indirectly reduce poverty by increasing agri-food exports through quality improvement of AFF products, and lowering the risk of epidemics from animal and plant diseases. Increased agricultural trade will support increased rural incomes.</p>
B. Results from the Poverty and Social Analysis during PPTA or Due Diligence
<ol style="list-style-type: none"> 1. Key poverty and social issues. As a landlocked country, the Lao PDR needs to provide better trade facilitation, promote more transit and international trade, and attract foreign direct investment to boost its competitiveness and sustainable inclusive growth. The project will enable increased trade in agricultural products of the Lao PDR, as their safety improves and they gain acceptance in foreign markets, notably GMS countries. Exports of agri-food products will support economic diversification, and reduce health risks associated with animal and plant diseases. 2. Beneficiaries. The primary project beneficiaries are (i) the government agencies responsible for SPS control, testing, and inspection; (ii) civil servants responsible for carrying out SPS border management functions; (iii) traders, truck drivers, freight forwarders, and transport service providers who generally conduct international trade and transport activities; and (iv) the herders, farmers, employees, and owners of international trade dependent industries engaged in manufacturing, processing, and producing agri-food goods and commodities. The poor and socially excluded would benefit indirectly from trade-led economic growth. 3. Impact channels. Indirect impacts will be improvement of the efficiency of importing and exporting agri-food products through trade facilitation. This will in turn benefit the traders, reduce health risks derived from animal and plant diseases, and increase employment opportunities. 4. Other social and poverty issues. None. 5. Design features. The project, while not featuring explicit pro-poor components, aims to increase economic growth that will indirectly contribute to poverty reduction. By improving the SPS handling of AFF products in the Lao PDR, it will contribute to increasing agriculture sector production and productivity. It will also help make AFF trade more predictable and transparent, and incur lower transaction costs. This should lead to lower consumer prices in markets, contributing to improved living standards and increasing the competitiveness of the Lao PDR. An improved surveillance and outbreak response to livestock diseases will benefit rural households in specific provinces as animal morbidity and/or mortality will be reduced. Improved national food surveillance reduces exposure to illness and time off work for all, including the poor, for whom it is more important in terms of illness costs and lost work time. In the tourism industry, the grading of establishments for food handling will help stabilize and formalize the hotel and restaurant industry, indirectly sustaining employment among workers with low wages in food preparation, handling, and serving. Undertaking grading visits and audits as part of the national food safety surveillance system will also generate formal employment.

¹ Government of Lao PDR. 2016. *8th National Socio-Economic Development Plan (2016-2020)*. Vientiane.

² ADB. 2017. *Lao PDR Country Partnership Strategy (2017-2020)*. Manila.

³ ADB. 2016. *Lao PDR Country Business Operations Plan (2017-2019)*. Manila.

II. PARTICIPATION AND EMPOWERING THE POOR			
<p>1. Participatory approaches and project activities. Project preparation has been undertaken in close consultation with national agencies, development partners, and private sector partners.</p> <p>2. Civil society organizations. Not applicable.</p> <p>3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA): M <input checked="" type="checkbox"/> Information gathering and sharing M <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>4. Participation plan. <input type="checkbox"/> Yes. Consultation and participation plans will be prepared during project implementation. <input checked="" type="checkbox"/> No.</p>			
III. GENDER AND DEVELOPMENT			
Gender mainstreaming category: Some gender elements			
A. Key issues.			
<p>Women account for over 50% of the agricultural workforce, and are responsible for many decisions and activities surrounding AFF production. However, they receive a disproportionately small share of the services and resources directed at AFF development, and remain insufficiently acknowledged in public policies and programs. Gender gaps have been found in (i) agriculture extension services; (ii) cultivation, commercialization, and other productivity enhancement interventions; (iii) market information services; and (iv) financial and other (including trade-related) services. Female staff in government SPS agencies generally comprise 30%–50% of the workforce, though it is more balanced in private sector food and tourism establishments.</p>			
B. Key actions.			
<input type="checkbox"/> Gender action plan <input checked="" type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure			
<p>Under the current project, targets for women's participation in training were included in the design and monitoring framework and loan covenants. Sex-disaggregated data collection was integrated into the project's monitoring and evaluation system. Gender targets have been met under the current project. As of May 2017, 127 (57%) out of 225 participants in food safety handling and good manufacturing practice training were females (target 30%), 40% of participants in SPS training were females (target 30%), and more than 50% of project management unit (PMU) and component implementation unit staff are women (target 30%). The project with additional financing will continue to support female participation targets in training and project implementation, and will also be categorized as having some gender elements. As women dominate agricultural employment in the Lao PDR⁴ and their participation in tourist-related employment is high, they will particularly benefit from additional project investments. Therefore, selected gender targets such as women's participation in training and the designated ratio of female staff in the PMU, have been identified and reflected in the design and monitoring framework. The project will support the education of female students in the Faculty of Agriculture at the National University of Laos, and the employment of female staff in the PMU.</p>			
IV. ADDRESSING SOCIAL SAFEGUARD ISSUES			
A. Involuntary Resettlement			
Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI			
<p>1. Key impacts. No involuntary land acquisition and resettlement will take place.</p> <p>2. Strategy to address the impacts. Not applicable.</p> <p>3. Plan or other Actions.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> No action </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix </td> </tr> </table>		<input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix
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B. Indigenous Peoples			
Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI			
<p>1. Key impacts. No impacts will occur on indigenous peoples.</p> <p>Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Strategy to address the impacts. Not applicable.</p> <p>3. Plan or other actions.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> No action </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary </td> </tr> </table>		<input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
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⁴ Women account for over 50% of those engaged in agriculture in the Lao PDR.

V. ADDRESSING OTHER SOCIAL RISKS
<p>A. Risks in the Labor Market</p> <p>1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). L <input type="checkbox"/> unemployment L <input type="checkbox"/> underemployment L <input type="checkbox"/> retrenchment L <input checked="" type="checkbox"/> core labor standards</p> <p>The project will generate employment opportunities. The Lao PDR has ratified eight International Labour Organization conventions on core labor standards (covering forced labor, equal remuneration, discrimination, and child labor).</p> <p>2. Labor market impact. Positive impact, i.e., employment generation. The project will result in the expansion of employment opportunities in trade-related AFF production, processing (food products), and trade (including tourism services). Jobs will be created by private sector businesses as AFF activities expand.</p>
<p>B. Affordability</p> <p>The project will have no affordability issues.</p>
<p>C. Communicable Diseases and Other Social Risks</p> <p>1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): NA <input type="checkbox"/> Communicable diseases NA <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others (please specify) _____ Not applicable.</p> <p>2. Risks to people in project area. Not applicable.</p>
VI. MONITORING AND EVALUATION
<p>1. Targets and indicators. The project will generate employment for the agriculture and tourism sectors, which have significant female worker participation. It will also provide training for female staff from the implementing ministries who will make up at least 30% of the training cohort, and support the employment of female staff in the PMU who will make up at least 40% of the unit.</p> <p>2. Required human resources. The PMU will have a project performance monitoring specialist.</p> <p>3. Information in the project administration manual. Monitoring, evaluation, and reporting on social safeguards and social and gender dimensions are included in the project administration manual.</p> <p>4. Monitoring tools. Monitoring, evaluation, and reporting on the social and gender aspects are included in the project administration manual.</p>

Source: Asian Development Bank.