

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Lao People’s Democratic Republic	Project Title:	Climate-Friendly Agribusiness Value Chain Sector Project
Lending/Financing Modality:	Sector Grant	Department/ Division:	Southeast Asia Department/ Environment, Natural Resources and Agriculture Division

<p><b>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</b></p> <p>Poverty targeting: general intervention</p> <p><b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy, and Country Partnership Strategy</b></p> <p>The proposed project supports the national poverty reduction strategy of the Lao People’s Democratic Republic (Lao PDR) and directly contributes to poverty reduction, inclusive growth, and achievement of social development goals for rural populations. The Five-Year National Socio-Economic Development Plan VIII (2016–2020) (8th NSEDP) maps out the National Strategy on Socio-Economic Development until 2025 and Vision until 2030. The long-term framework for the development of the agriculture and forestry sector of the Ministry of Agriculture and Forestry (MAF) is enshrined in the Agricultural Development Strategy (ADS) to 2025 and Vision to 2030, which includes the aim of “ensuring food security; producing comparative and competitive agricultural commodities; developing clean, safe, and sustainable agriculture and a shift to the modernization of a resilient and productive agriculture economy”.<sup>a</sup> The current Asian Development Bank (ADB) country partnership strategy, 2017–2021 for the Lao PDR supports the 8th NSEDP. The project directly supports two of three country partnership priorities—infrastructure and private sector development to support employment and income generation (strategic priority 1), and sustainable natural resource management and climate resilience (strategic priority 3).</p> <p><b>B. Results from the Poverty and Social Analysis during Project Preparation or Due Diligence</b></p> <p><b>1. Key poverty and social issues.</b> The Lao PDR has achieved the Millennium Development Goal target of halving its national poverty rate by 2015.<sup>b</sup> However, poverty reduction and consumption growth lag the country’s gross domestic product growth. The poverty rate in rural areas is 2.9 times that of the urban areas. Important factors determining poverty levels and trends are education levels, agricultural produce prices, livelihoods, and geographic location. Ethnicity, traditions, and attitudes toward gender and education also affect poverty levels. Rural households in subproject areas are constrained by small landholdings, vulnerability to extreme climatic events, limited available water for cropping, and unaffordable credit.</p> <p><b>2. Beneficiaries.</b> Farmland holdings range from 0.4 hectares (ha) to 2 ha in target paddy-growing communities, and generally only one crop is produced per year. The literacy levels of ethnic minority farmers are lower (60%) than those of Lao Lum communities (90%). For vegetable-growing communities, the average size of land holdings is 1–2 ha per household. Year-round supplementary irrigation is a main need. One of the problems facing the biofertilizer factory is the decline in the number of clients purchasing biofertilizer. Biofertilizer could provide poor households with low-cost fertilizer for paddy, fruit trees, rubber trees, flowers, and other crops.</p> <p><b>3. Impact channels.</b> The project will directly assist in the development of effective supply arrangements between poor farmers, cooperatives, water user groups, processors, distributors, and traders. Subproject investments will directly reduce poverty among beneficiaries and lead to higher household incomes and the creation of rural employment. The project will provide support along the length of the rice and vegetable value chains to ensure that value chain links are strengthened. Poor farmers will be encouraged to strengthen their producer groups to provide quality products at the right time and with continuity of supply. Landless and poor households will be included in agribusiness development and vocational training.</p> <p><b>4. Other social and poverty issues.</b> The very poor have problems in accessing microfinance. Affordable credit is a priority need of farming households. The project provides limited support through smallholder financing scheme.</p> <p><b>5. Design features.</b> Poor households in subproject areas will be targeted for jobs related to civil works. Landless and poor farmers will have the opportunity to access off-farm and on-farm employment related to postharvest support services such as drying, milling, grading, and storage. Details are contained in the design and monitoring framework.</p>
<p><b>II. PARTICIPATION AND EMPOWERING THE POOR</b></p> <p><b>1. Participatory approaches and project activities.</b> Regular community meetings will be held to strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation. Project design, monitoring progress, measures to enhance benefits, and recommendations for capacity building will be discussed, as indicated in the project administration manual and stakeholder consultation and participation plan.</p> <p><b>2. Civil society organizations.</b> The project will engage with civil society organizations (CSOs) by sharing information about evidence-based, effective climate-friendly interventions related to agribusiness value chains. Information will be shared via workshops, meetings, events, the Ministry of Agriculture and Forestry website, and</p>

<p>press coverage. Community-based organizations, agricultural production groups and cooperatives, nongovernment organizations, mass organizations such as the Youth Union and Lao Women's Union, professional associations, research institutes, and universities will be engaged in information sharing and consultation.</p> <p>3. The following forms of CSO participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):</p> <p><input checked="" type="checkbox"/> Information gathering and sharing <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p><b>4. Participation plan.</b></p> <p><input checked="" type="checkbox"/> Yes. <input type="checkbox"/> No.</p> <p>A stakeholder consultation and participation plan was prepared. Methods of engagement will be through information sharing, consultation, and informed participation in decision-making. The process of stakeholder consultation began during project preparation and will carry on throughout the project cycle. Information on the proposed subprojects was fully disclosed to subproject beneficiary communities and stakeholders. Feedbacks, opinions, needs, and priorities of communities and stakeholders were recorded. The consent and cooperation of beneficiaries for activities required for project planning were also obtained.</p>
<p><b>III. GENDER AND DEVELOPMENT</b></p>
<p>Gender mainstreaming category: effective gender mainstreaming (EGM)</p> <p><b>A. Key issues.</b> Women are key actors in the rice and vegetable value chains; they are producers, collectors, intermediaries, and rice millers, and they own and operate their own brokerage and trading enterprises. Rural women generally have joint access to and control over land and capital with their husbands. Men and women have equal access to markets, although it is mainly men accessing marketing information. They generally jointly agree when, where, and to whom to sell produce. On average, women represent 50% of the population engaged in agriculture in the targeted provinces. The two top priority needs for both women and men farmers are: all-year supplementary irrigation water and access to affordable (short-term) credit. Women farmers face additional constraints, such as (i) limited capacity and insufficient technical skills for productivity enhancement, insufficient information about the impact of climate change, and an inadequate understanding of market mechanisms and how to respond effectively to market information; (ii) less access to agricultural extension and business training; and (iii) less financial literacy than their male counterparts in the targeted areas. Moreover, women in the Lao PDR were found to spend over four times more time than men on household and caring work, which limits their participation in economic activities and training opportunities. The target populations are largely homogeneous, but ethnic minority (Laven) households may be poorer than other households. Households headed by women or elderly households are generally constrained by labor shortages.</p> <p><b>B. Key actions.</b> The gender action plan (GAP) includes gender actions and quantitative targets to promote women's voice and active participation in all project activities. The project will promote gender equality and women's empowerment by boosting their capacity for climate-smart agricultural production and processing, management and business, agricultural machinery use and maintenance, access and use of agricultural and green financing and by strengthening links between women-led enterprises and the agribusiness industry. Other actions in the GAP include a detailed gender analysis of the rice and vegetable value chains and the development of a gender-responsive agribusiness policy, which are expected to identify and tackle the key constraints on women's participation in higher-level value chain activities. Women will be targeted for training on infrastructure operation and maintenance, biofertilizer use, and as decision-makers in the selection of climate-resilient varieties of rice and vegetables. Adequate resources are allocated to implement the GAP. The project will actively involve the Ministry of Agriculture and Forestry, the local division of the Commission for the Advancement of Women, and their provincial and district gender focal points, as well as the Lao Women's Union as key partners in project implementation and monitoring, especially for the GAP activities.</p> <p><input checked="" type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure</p>
<p><b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b></p>
<p><b>A. Involuntary Resettlement</b> <span style="float: right;"><b>Safeguard Category:</b> <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</span></p> <p><b>1. Key impacts.</b> The project is classified <i>category B</i> for involuntary resettlement, and a land acquisition and resettlement framework was developed because it is envisaged that under output 1, small strips of land will be acquired for some irrigation infrastructure subprojects, the extent and scope to be determined during the detailed design. Some of the subprojects are yet to be identified, and these will be screened for involuntary resettlement.</p> <p><b>2. Strategy to address the impacts.</b> The subprojects will be screened for involuntary resettlement impacts during the detailed design, and the project will not support any category A subprojects. The approach to any land acquisition will be to adopt negotiated settlement based on the market value of the asset, and voluntary contribution or land donation, using the guidelines in the land acquisition and resettlement framework. There will be full disclosure of information related to interventions, and grievance redress mechanism will be established. Communities will participate in consultations, and a stakeholder consultation and participation plan has been prepared.</p> <p><b>3. Plan or other actions.</b></p> <p><input type="checkbox"/> Resettlement plan <input type="checkbox"/> Combined resettlement and indigenous peoples plan</p> <p><input checked="" type="checkbox"/> Land acquisition/resettlement framework</p>

