

Indigenous Peoples Development Planning Document

Indigenous Peoples Development Plan
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Lao People's Democratic Republic: Northern Region Sustainable Livelihoods Development Project

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Lao PDR-Northern Region Sustainable Livelihoods Development Project

Ethnic Groups Development Plan

A. Introduction

1. The objective of the Project is to improve the sustainability of upland livelihoods through participatory livestock development. Lack of access to adequate productive resources and opportunities leads to the absence of sustainable livelihoods¹ for the predominantly non Lao ethnic populations in Northern Lao PDR. This ethnic groups development plan (EGDP) aims to provide further information and analysis of these constraints, and ways in which the Project will target ethnic groups for their equitable access to Project outputs and impacts. Sustainable livelihoods implies access to capital, resources and capabilities, which together provide individuals and households, food security, and resources to meet their present and future needs, increase well being and reduce vulnerability to sudden shocks, that in turn, may lead to poverty and deprivation. The proposed project aims at addressing some of the key constraints faced by upland communities in improving the sustainability of their livelihoods in eighteen priority poor districts located in five Northern provinces.

The EGDP is based on extensive consultations and participatory research and planning with ethnic groups in the Project area. These consultations took the following forms:

- Socio economic surveys conducted during the project preparation technical assistance (PPTA) in January/June 2005, in forty villages in the eighteen districts, which represents 10 percent of the target villages, and is representative of all the ethnicities in the target areas
- Participatory research and consultations in selected villages carried out in June-July 2005 (through additional consultant inputs on ethnic group participation, gender and poverty) to include Khmu, Hmong, and other ethnic groups, to ensure appropriate ethnic and gender perspectives on the Project
- Workshops conducted during the PPTA to determine ethnic group priorities and appropriate Project interventions
- Participatory workshop conducted in Luang Prabang in February 2006, during the Pre Appraisal mission, with representatives from all five provinces and eighteen districts, to determine once again the appropriateness of Project interventions, and priorities of local communities in the provinces.
- During Pre Appraisal, it was also indicated through consultations with ethnic groups in Luang Prabang, (February 2006) that a greater stress on smallholder poultry will be beneficial to larger numbers of poor households in the target villages, as poor ethnic households rear poultry for nutrition and food security which is a major concern in the

¹ The sustainable livelihoods framework developed by IDS, Sussex, and adopted by DFID, puts people at the center of development and views them as operating in a context of vulnerability. It provides a very useful and relevant analytical framework to understand the multi dimensional nature of poverty on the one hand, as defined by people themselves, as well as to analyze their relative access to the various types of capital,(financial, physical, social, human, natural) and their relative ability to combine and utilize these assets as individuals, households, in ways which may enable them to ensure their access to adequate subsistence and well being, including improvements therein in future, without undermining the natural resource base. Conversely, the absence of any of these can lead to poverty, vulnerability to loss of subsistence, and well being. For further details, refer to, among others, R. Chambers and G. Conway, 1992, "Sustainable Rural Livelihoods: Practical Concepts for the 21st Century", IDS Discussion Paper 296, IDS Sussex, UK.

Project area. The Project thus has included smallholder poultry improvements as an output, with a view to improving women participation, household nutrition and food security.

- After Pre Appraisal, a local consultant engaged all eighteen districts through consultative workshops, with participation of village representatives, on social and environmental related to the Project. The report was submitted to ADB in May 2006.
- The Project itself and the EGD are based on the outcomes of these discussions.

B. Description of the Project

2. The Project aims to improve rural livelihoods in these upland areas by targeting improvements in livestock production which is the second most important livelihoods activity following food crop production. In the northern provinces of Houaphanh, Xieng Khouang, Luang Prabang, Luang Namtha and Bokeo, among the predominantly ethnic groups, swidden cultivation and livestock rearing are the two major economic activities, followed by forest based gathering, handicrafts production and others. These communities face increasing constraints in meeting their subsistence requirements from swidden cultivation and forest gathering. Increasing restraints by the state on shifting cultivation on account of policies aimed at stabilization of shifting cultivation, land use planning and allocation, relocation of ethnic groups under the 'focal site' strategy, growing population pressures, reduced access to forest resources, are among factors related to increasing periods of food insecurity and lack of cash incomes among these communities. Livestock rearing is a significant livelihood activity among these groups. However, on account of a host of factors including lack of access to financial capital for investment, information on improved rearing and management practices, lack of access to physical capital, and poor market linkages, livestock rearing has remained a low input and low output activity. Poor households mainly rear poultry (on average 86%) , while approximately half (45-50%) of poor households own pigs , while better off households' livestock holdings typically include larger numbers of livestock, and larger livestock, including cows and buffaloes. For households with no agricultural land or households with less than 0.5 ha of agricultural land, poultry is often the only type of livestock reared. Smallholder poultry production is important for nutrition, easy sale or barter. On account of cultural traditions among these communities, and the lack of institutional financial services, livestock is also regarded as a form of savings/wealth accumulation.

3. The northern region is becoming increasingly well connected with the Greater Mekong Subregion (GMS) through road and riverine transport. It also shares a long and porous border with neighboring PRC, Thailand, Vietnam and Myanmar. Rising incomes in urban areas, in the country as well as in the subregion augur well for livestock production and in trade between the northern provinces and the rest of the GMS. However in order to enable the poor in these areas to take advantage of the growing subregional and domestic demand for livestock products, a transformation of the livestock production system in the region needs to be brought about. The Project aims to help bring about such a transformation, while helping to improve the productivity of smallholder poultry production for food security and nutritional improvements. The Project aims to promote gradual improvement and transformation of the livestock subsector in the northern provinces by addressing a) village based livestock productivity, including both smaller and larger livestock b) participatory farmer group formation and c) supporting Project implementation. The constraints identified above can be addressed within the framework of a livelihoods approach. Under the first component, the Project attempts to meet the need of production skills among the smallholders, develop closer market linkages, so that farm gate price signals reflect the growing demand for livestock products, provide new incentives for the adoption of improved production technologies, and develop Extension Worker (EW) skills to

facilitate change and resource their extension activities. By supporting smallholder poultry among other livestock production, the Project aims to reach out to approximately 70-80% of poor ethnic households in the target area. By providing improved management, feeding and housing, the Project will help to ensure better productivity, reduce incidence of disease, and by establishing biosecurity² measures, largely reduce the risk of avian influenza. This is expected to increase food security as well as nutritional status of vulnerable groups. The second component is directed at enhancing village capacities and participatory approaches, used in identifying public investments, and managing village resources to ensure participation of the poor households, and women, in project benefits. The Project pays particular attention to the full participation of ethnic women who are fully responsible for smaller livestock. They will participate and benefit from training, formation of producer groups, micro credit oriented activities. The third component addresses the need for implementation management of a multi faceted Project involving the cooperation of a number of government agencies, village based farmer/producer groups, and private organizations and individuals. Through these components, the Project aims to principally engage the ethnic group smallholders, with a view to ensuring their full participation in improving access to livestock assets, improved technologies, smallholder mobilization and organization, better market information and linkages.

C. The Situation of Ethnic Groups in Lao PDR

4. One of the main characteristics of the Lao PDR is its cultural diversity. Although there have been differing numbers given for the groups, specialists mostly agree on the ethno linguistic classification of the ethnic groups. For the purposes of the 1995 census, GOL recognized 47 main ethnic groups or categories and 149 subgroups, and the last revision of this list by the Lao Front for National construction (LFNC) contained 49 categories, and over 160 subgroups. Thus, the official terminology for describing the diverse population of the Lao People's Democratic Republic is 'ethnic groups.' This terminology was introduced with the 1991 Constitution. The term 'ethnic minorities' is used by some to classify the non Lao ethnic groups while the term 'indigenous peoples' is not used by people in Lao PDR. The official terminology of the Lao Constitution is used in this Plan.

5. In Lao PDR all people are considered equal, irrespective of ethnic background.³ Although close to 50 major ethnic groups are recognized by the national census, ethnic groups are conventionally divided into three major groups, based on proto-typical location. These are (i) Lowland Lao (*Lao Loum*) who tend to settle in the valleys and flatlands; (ii) Upland Lao (*Lao Sung*) who prefer the higher altitudes; and (iii) Midland Lao (*Lao Theung*) who tend to inhabit the mid-level slopes. However, Chamberlain⁴ notes that there are many exceptions to these stereotypic village locations and therefore such universalities need to be used with care. Over two thirds of the national population is *Lao Loum*, which comprise 8 ethnic groups within the Lao - Tai language family. The Upland or highland Lao make up about 10 percent of the population

² Biosecurity is an important component of good poultry husbandry. It incorporates processes and structures that prevent the transmission of disease between individual birds and groups of poultry. These include hygiene measures, reduce contact between birds through fencing, spacing between flocks, minimizing contact with wild birds, quarantine of sick and newly introduced birds, surveillance and testing if required. A biosecurity strategy can be applied to all scales of poultry production, from a household production enterprise with a few birds to large scale commercial enterprises.

³ Resolution of the Party Central Organization Concerning Ethnic Minority Affairs in the New Era (Government; 1992).

⁴ Poverty Alleviation for All: Potentials and Options for People in the Uplands (J. Chamberlain & P. Phomsombath; SIDA, September 2002; p.23).

and comprise some 7 groups within the Chine - Tibet language family and 2 groups within the Hmong - lu Mien 'language family. The Midland Lao account for 25 percent of the total population and comprise some 32 groups within the Mon-Khmer language family.⁵

Table 1: Ethnicity of Population

<i>Ethno-Linguistic</i>	<i>Topographical</i>	<i>Language Family</i>	<i>No. Of Ethnic Groups</i>	<i>Proportion of Population</i>
Tai Kadai	Lao Loum	Lao Phoutai	8	66.20%
Austroasiatic	Lao Theung	Mon Khmer	32	23.00%
Hmong - lu Mien	Lao Sung	Hmong Yao	2	7.40%
Chine – Tibetan	Lao Sung	Tibeto Burman	7	2.50%
Chine – Tibetan	Lao Sung	Hor Han	1	0.20%

Source: ADB 1999

6. The cultural and linguistic differences are greater among many of the midland Lao than those among the Lowland and Upland Lao. The Mon-Khmer language family comprises the largest number of ethnic groups but slightly less than one-quarter of the total population. Although there are various ethnic groups within the lowland Lao, only the upland and midland Laos are considered ethnic "groups". Lao PDR policy emphasizes the multi-ethnic nature of the nation and in many ways works to reduce the discrimination against midland and upland minorities. The use of the "three-ethnic group" emphasizes the commonality of Lao nationality "Lao First"⁶ and is widely used in the country to refer to specific ethnicity. While there is participation in the political process with a number of non Lao ethnic people holding positions in government, as yet there is no equal representation at all political levels when compared to their total numbers in the provincial populations. In Lao PDR poverty, culture, and ethnicity are closely linked⁷. Often due to their remote location, the ethnic people have comparatively less access to government services such as health, education, agricultural extension and infrastructure. Many development plans, including infrastructure, are not planned or implemented with ethnicity as the overriding variable. As a result, development impacts can inherently be marginalizing on the isolated and pre-market ethnic economies unless adequate mitigation measures are adopted and the potential beneficiaries are consulted in project planning and implementation. Further, the higher incidence of poverty particularly among minority groups makes them more vulnerable socially and economically.⁸

D. Government of Lao PDR Policies towards Ethnic Groups

7. **Review of Government Policy on Ethnic Groups.** Since 1975 Government has shown great interest in rural people and ethnic groups. The Central Committee for Ethnic Minorities

⁵ Chamberlain & Phomsombath; 2002.

⁶ "My Way and the Highway: Ethnic People and Development in the Lao PDR" M Milloy & M Payne, in *Development or Domestication? Indigenous Peoples Of Southeast Asia* (D. McCaskill & K. Kampe(eds.) University of Washington Press, 1998

⁷ ADB 2001. Lao PDR Participatory Poverty Assessment.

⁸ *Participatory Poverty Assessment PDR* (State Planning Committee, National Statistics Centre, & ADB; June 2001).

(CCEM) was created in 1975 to develop a policy regarding ethnicity in Lao PDR. The concept of multiple cultures and ethnicity was strongly advocated.

8. The main policy of the CCEM was to continue strengthening the solidarity and conciliation among all ethnic groups and to create a unified force to protect both the sovereignty of the nation and the development of the country. Its priority activity was to conduct research regarding all aspects of the nation's ethnic groups and report the results to the Central Party.

9. Various decrees and laws throughout the 1980s and 1990s aimed to strengthen protection of the rights of all ethnic groups in the country. Increasing emphasis was made on the importance of diversity, which is increasingly seen as a source of strength rather than as a threat.

10. **Ethnic Minority Affairs in 1981.** In 1981 by recognizing the lack of policy and attention towards some ethnic groups, the Political Bureau issued a resolution concerning the affairs of ethnic groups, although the resolution was aimed specifically at issues of the Hmong and became known as the 'Hmong Policy'. The main items in the resolution included:

- (i) Improving the political foundations at the sub-district and village levels;
- (ii) Emphasizing production and improvement of livelihood;
- (iii) Strengthening the security and defense mechanisms;
- (iv) Establish four model/focal districts (in Muang Hom, Muang Nong Het, Muang Duk Cheung and Muang Pak Xong); and
- (v) Increasing the level of Party leadership in ethnic affairs, especially the appointment of Hmong officials into the administration in the regions where Hmong people are the majority.

11. The second item was primarily focused on shifting cultivation in rural development and required that the livelihoods of the people, both materially and mentally, be improved. In the case of Hmong, the policy required conditions to be in place to allow a solid basis for production and over the next five-year period various resettlements of highland groups were undertaken in an attempt to improve their food security. The policy also required consultation and a remedial approach to solving problems of land shortage, land disputes between Hmong and other ethnic groups, and problems created by resettlement during the war and through rural development (including those who wished to return to their original territory or move to the new ones). The policy showed that Government was aware of deficiencies in meeting the basic needs of the rural ethnic people, especially the Hmong, and proposed solutions which emphasized participation and consensus of traditional/local leaders as well as the people themselves.

12. The Third Party Congress (April 1982) while focusing on economic development and national defense, followed an agenda in relation to the development of the ethnic minorities that included:

- (i) The stabilization of shifting cultivation by allocating 3 to 5 plots of land for each midland and highland household, especially in the northern provinces that have high proportions of ethnic minority groups; and
- (ii) Relocation and resettlement of upland villages to lowland areas where there was 'potential' for paddy rice cultivation.

13. The policy on stabilization of shifting cultivation and relocation of villages was aimed specifically at upland ethnic groups. Due to the insufficient preparation of both resettling and

host communities and inadequate resources and experience to support the policy, most of the resettlement projects failed to meet expectations, and in some cases resulted in resettled villages moving back to their previous land within a few years.

14. The Fifth Party Congress (March 1991) reiterated commitment to the maintenance of ethnic identities and the economic development of all groups. In addition, the Congress subsequently confirmed adoption of the 'new economic mechanism' and reaffirmed that transition from subsistence to a market economy must be accompanied by the progressive abandoning of slash and burn practices.

15. There were two main achievements of the Fifth Party Congress in relation to ethnic groups; the first being the adoption of the Constitution of Lao PDR that recognized citizens of all ethnicity (refer to Section 2.1.2); and the second being the recognition that implementation of the 1981 ethnic policy had been ineffectual, resulting in the 1992 Resolution on Ethnic Affairs in the New Era (refer to Section 2.1.3).

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18. **2.2.1 The Constitution.** The Constitution of Lao PDR was passed in 1991 as a consolidation of the rights and responsibilities of the State and the people. Throughout the Constitution the term "citizens of all ethnicity" is used. The Constitution states that all citizens have rights in education, health, land use and ownership, domicile of choice, and economic development regardless of sex, religion, social status, education, or ethnicity; as well as freedom of religion, freedom of speech; freedom to peacefully assemble and to protest. All citizens have the right to work and carry out their chosen livelihoods. Articles 8 and 22, guarantee that there will be no discrimination on the basis of ethnicity or gender.

19. Articles in the Constitution where ethnic minorities are specifically mentioned are as follows:

- Article 1 - Laos is a nation unified and indivisible of all ethnic groups;
- Article 2 - all power is of people, by people, and for the use of the multiethnic people;
- Article 3 - the right of a multi-ethnic people to be owners of the nation is exercised and guaranteed by the political system;
- Article 7 - mass organizations are the focal point for the solidarity and mobilization for citizens of all backgrounds and ethnicity as participating members in the safeguarding and edification of their rights and interests;
- Article 8 - the State will carry out a policy of unity and equality among the various ethnic groups. All ethnic groups have the right to preserve and improve their own traditions and culture and those of the nation. Discrimination between

ethnic groups is forbidden. The state will carry out every means in order to continue to improve and raise the economic and social level of all ethnic groups;

- Article 13 - the economic system is for the purpose of improving the standard of living, materially and spiritually, of a multi-ethnic people;
- Article 19 - the State and the people will collaborate to build schools of all levels in order that a complete education system will be available to all, especially areas inhabited by ethnic minorities; and
- Article 22 - all Lao citizens, regardless of their sex, social position, education, beliefs or ethnicity, are equal before the law.

20. These articles form the foundation of a policy signed by the President in 1992 entitled *Resolution of the Party Central Organization Concerning Ethnic Minority Affairs in the New Era*. The general policy of the Party concerning ethnic minorities is discussed below. The Constitution was revised in 2003 and the relevant provisions are new Articles 8 and 35.

21. **2.2.1 The 1992 Resolution.** In 1992 the Party Central Committee issued a resolution on Ethnic Affairs in the New Era. The first section of the Resolution constitutes an evaluation of the implementation of the 1981 Ethnic Affairs Policy. While acknowledging some progress, this section is essentially a strong critique of the lack of progress in most areas of implementation, summarized as follows:

- The problems of the ethnic groups had not been given enough attention by several authorities and organizations;
- The livelihood of the ethnic groups both in term of materials and cultures had not been improved sufficiently, and the policy on land allocation and resettlement (permanent occupation) of 'mountainous' people had not been seriously implemented and resulted in turmoil;
- Many ethnic children were not attending school and the illiteracy rate was increasing. The Hmong and Khmu scripts had not been included in the curriculum or teaching at ethnic schools;
- Civil servants from ethnic groups had not been adequately trained and motivated to work in their own areas;
- Political awareness had not been established in politically sensitive areas;
- There had been no in-depth research on the issues. related to the realities of socioeconomic life for ethnic groups ; and
- There had been a lack of co-ordination between government agencies responsible for addressing problems facing ethnic groups.

22. This resolution was to be implemented through both political and economic development activities. Included in the latter was the halting of shifting cultivation and the permanent settlement of the people who practiced it. This was to be followed by programs to improve their livelihoods.

E. ADB Policy On Indigenous Peoples

23. The ADB's *Policy on Indigenous People* (1998) focuses on the circumstances of indigenous peoples ("ethnic minorities" in the Lao context) and on identifying and satisfying the needs and developmental aspirations of these people. It emphasizes the participation of ethnic minorities in development and the mitigation of its negative effects and impacts.

24. The ADB policy then stipulates that Bank-funded projects in which ethnic minorities are affected should be:

- Consistent with the needs and aspirations of affected ethnic minority peoples.
- Compatible in substance and structure with affected ethnic minorities' culture and social and economic institutions.
- Conceived, planned, and implemented with the informed participation of affected communities.
- Equitable in terms of development efforts and impact.
- Not imposing the negative effects of development on ethnic minorities without appropriate and acceptable compensation.

25. The term 'indigenous people' is generic and includes cultural minorities, ethnic minorities, indigenous cultural communities, tribal peoples, scheduled tribes, natives and aboriginals. The definition, as used in ADB's OM F-3/BP⁹, is encompassing and describes indigenous people as having the following characteristics:

"... (i) descent from population groups present in a given area before modern states or territories were created, and (ii) maintenance of cultural and social identities separate from mainstream or dominant societies or cultures. Additional characteristics include (i) self-identification and identification of others as being part of a distinct indigenous cultural group, and the display of desire to preserve that cultural identity; (ii) a linguistic identity different from that of mainstream or dominant society; (iii) social, cultural, economic, and political traditions and institutions distinct from mainstream or dominant culture; (iv) an economic system oriented more toward a traditional system of production than the mainstream system; or (v) a unique tie and attachment to traditional habitat and ancestral territory and natural resources."

26. The approach adopted by ADB in project and program development is to seek the greatest possible reduction in poverty amongst indigenous peoples and in cases where adverse cultural effects are unavoidable, to minimize these effects through identification of appropriate mitigation measures. Furthermore, where indigenous people are to be affected by a project, it is important to incorporate mechanisms into project planning that will ensure the equal or enhanced enjoyment of project benefits by indigenous people.

27. This approach recognizes that even programs that are aimed at improving quality of life (i.e. poverty reduction projects) do not necessarily equally reach all sectors of the community, and invariably, indigenous people - for a raft of reasons - often bear a disproportionate burden of adverse social and economic effects of development. Therefore, project planning must include strategies to overcome such structural constraints and appropriate communication avenues are identified, particularly when conventional approaches to information dissemination may not be adequate. Any such strategy would also need to provide specific mechanisms for indigenous women's concerns to be identified and addressed through the project process. To this end OM F-3/BP notes that *"...development interventions that will affect indigenous peoples should ensure that they have opportunities to participate in and benefit equally from the interventions."*

28. To ensure that people of ethnic minority groups are included in appropriate ways in the development process OM F-3/BP requires the preparation of an indigenous peoples' development plan (IPDP). In the context of the Project the process of facilitating the participation of ethnic minorities in the Project, and benefiting equitably thereby, is termed as an ethnic

⁹ Issued on 13 May 2004.

minority development plan (EGDP). The Plan lays out basic principles for ensuring the equitable participation of ethnic minority households/communities in development of sustainable livelihoods, with particular attention to the needs of ethnic minority women.

F. GOL Plans for Poverty Reduction

29. The Lao PDR's Five Year Plan from 2001-2005 has several objectives of central relevance to ethnic groups related to poverty reduction. These include: (i) support for food security, (ii) commercial agriculture production, (iii) rural development, (iv) infrastructure development, (v) external economic relations, (vi) access to services. In 2000, in PM01, the government prepared a plan for decentralization that calls for establishment of the province as the strategic unit, the district as the planning unit, and the village as the implementation unit. In addition to these functions, villages are responsible for data collection on the living condition of families. The National Growth and Poverty Eradication Strategy (NGPES) is based on analysis of poverty and its causes in Lao PDR. It states that the Lao *Theung* and Lao *Sung* ethnic groups are the poorest in the country and identifies several causes of poverty including problems pertaining in land availability for food production and income generation. The NGPES spells out support for multi ethnic development through support for poor district development, participatory development, capacity building of rural populations and local government for participatory planning. It identifies seventy two poor districts for targeting of poverty reduction programs in the country as a whole. The Project areas consist of eighteen of these poor districts which require priority interventions.

G. GOL Strategy for the Sub Sector

30. The Government recognizes the importance of the livestock sector for poverty reduction and for achieving commodity diversification in regional trading patterns. One of the key objectives of the NGPES is to improve food security. The NGPES¹⁰ seeks a multi-sector approach to poverty reduction and recognizes agriculture's pivotal role in rural development and poverty reduction. Public investment through development projects has been targeted for the 47 districts identified for priority investment amongst the 72 poor districts identified in NGPES. As part of its objective of improving food security, promoting diversification of livelihoods and redressing the particular hardships in upland farming communities, the GOL identifies the relevant initiatives for livestock development which include the strengthening of the disease monitoring capabilities of Department of Livestock and Fisheries (DLF) supported by an increased distribution of vaccines associated with farmer training in their application, and the strengthening of livestock extension services, coupled with improved information networks for disease and markets. It also emphasizes participatory planning, improved technical assistance for private sector breeding and production of livestock and livestock products, improved market linkages for rural producers to reap the benefits of increasing trade. It takes note of the need for improved availability of financial and physical resources to enable producers to acquire livestock assets as well as to make the critical investments into improved feeding, animal health and livestock management for better incomes. Another strategic GOL document of specific relevance to livestock development is the "Vision for Livestock Development in Lao PDR to the year 2020" prepared in 1998 by DLF. The development goal for the livestock sub-sector in the medium term is "to improve returns to producers and export earnings through the environmentally and economically sustainable improvement of livestock

¹⁰ Lao PDR. June 2004. *National Growth and Poverty Eradication Strategy Vientiane..*

productivity." In this document, regional demand for livestock products is thought to provide the appropriate incentive for development of livestock wherein the regional and domestic prospects for trade in live cattle, buffaloes and meat are sound.^{11 9} The Vision recognizes the key constraints to livestock development as low productivity caused by limited technical support and feed supplies, low capital formation, and links to markets, whereby producers are trapped in a system of low inputs and low outputs.¹² The incremental productivity is anticipated to come from key investments in its prioritized program and action plan together with the improved capacities of the technical extension staff and better access to credit.¹³

31. Government policies on livestock trade are aimed at regulating both internal and external trade. In an effort to minimize transaction costs and opportunities for rent-seeking, the Government issued Instruction No. 12/PMO dated 10 June 2004 requiring officials to cease unauthorized inspections and collection of charges on the movement of goods on all roads in the country. However, enforcement is extremely weak and producers, traders, and officials operate within an inconsistent and uncertain institutional framework.

32. The Project is located within the broader Government development goals as well as sub sector goals and strategies. It targets in particular Lao *Theung* and Lao *Sung* ethnic groups that eke out livelihoods in the Project area that are often inadequate and insecure. It will work in close cooperation with ethnic communities through their mobilization and organization into interest/producer groups, village credit committees (CBOs) for training, extension, identification of their constraints to improved livestock production, village based demonstration of technical packages and their adoption, introduction of forage cultivation and use, disease control and monitoring, start up of small livestock enterprises, development of village based savings and revolving funds, infrastructure funds for developing physical capital and drudgery reduction, improved access to markets and returns through group marketing, and participatory monitoring and evaluation. All ethnic groups in the Project area will benefit through improved access to technology, extension services, livestock assets, reduced mortality and improved health and productivity of livestock, accrual of savings, and improved market links. The sustainability of upland livelihoods, at present facing the risks of increasing marginalization, is likely to be improved through these outputs of the Project.

H. Ethnic Groups and Poverty in the Project Area.

33. Detailed socioeconomic and livestock production investigations were conducted in two target districts of each province to better understand the conditions where the Project might be implemented comprehensive information was collected on all districts¹⁴¹² identified and agreed between the Government and ADB including demographic information, livestock data and accessibility ratings of villages based on a code developed by the Project. The five northern provinces include Houaphanh, Xieng Khouang, Luang Prabang, Luang Namtha, and Bokeo.

¹¹ Protein consumption levels are estimated to increase from their current figure of 22kg per capita per annum in rural areas-(33-kg-in-urban-areas) to-50=70 kg-per-head-per-annum-by-the-year2020.

¹² Government of Lao PDR, DLF "Vision for Livestock Development in Lao PDR to the Year 2020", Vientiane, 2002.

¹³ Veterinary legislation is based upon Prime Ministerial Decree (1993) and three Ministry of Agriculture (MAF) documents. Changes were proposed to these under the Lao EU Project that provided assistance in drafting a revised veterinary law in 2002. The draft veterinary law has been approved by Council of Ministers and is awaiting consideration by parliament.

¹⁴ Target districts include Meung, Pha Oudom, in Bokeo province, Add, Houameuang, Viengthong Viengxay Xamtay Xiengkhor in Houaphanh province, Long, Nalae, and Viengphuoka districts in Luang Namtha province, Phonexay, Phoukhoun, Viengkham districts in Luang Prabang province, and Khoun and Nonghet in XiengKhouang Province.

The Project areas in these provinces are inhabited predominantly by ethnic groups including Tai-Kadai (lowland Lao or Lao Loum, 20%), Tibeto Burman (Akha, 10%), Austro Asiatic (Khmu, 38%), and Hmong Mien (Hmong 8%). There are smaller groups including the Phong (Austro Asiatic), Lantene (Hmong Mien) and others. Poverty¹⁵ levels in these provinces are high, particularly among ethnic minorities.¹⁶ The target districts form part of the 47 districts identified under the NGPES as lacking the basic attributes for poverty reduction, and are targeted for priority investments in this regard. The incidence of poverty ranges from 55% in Nonghet to 92% in Houamouang district in Houaphanh province, which has the highest number of poor villages and poor households. This extensive poverty is compounded by lack of access to adequate resources for livelihoods, including declining land availability, lack of suitable land to grow irrigated rice, limited opportunities to market agricultural produce, declining performance of swidden agriculture, declining access to non timber forest products, lack of education and limited labor and capital resources. Education levels are low with literacy rates varying from 33% in Luang Namtha to 75% in Houaphanh and are lower amongst women. With only half the adult population receiving any formal education, the environment in which to promote livelihoods development is difficult.

34. Upland livelihoods are based on traditional swidden (shifting cultivation) agriculture which provides rice, maize, cassava and occasionally cash crops. Livestock rearing, hunting and gathering and selling or exchanging labor are integral to all upland communities. Increasing population pressure has reduced fallow periods to the extent that upland plots cannot recover their original fertility and weed infestations have increased. The consequences of this additional pressure on land resources are that crop yields have declined, there is greater erosion of the topsoil, and crops require more labor for weeding. Most household labor resources are allocated to the immediate task of securing food supplies in this predominantly subsistence environment. Rice production is seasonal and dominates during the growing season, but, at other times of the year, considerable time is spent gathering food and other items from the forest. There is little household labor available to supervise livestock and, other than to prevent access to growing crops, livestock are left unsupervised to graze harvested crop areas and surrounding forests. The livelihoods of poor households are more dependent on livestock production, especially of smaller stock, than any other single activity. Households that do not own any agricultural land, only rear poultry whereas households with less than 0.5 ha of land rely mainly on poultry and a few pigs for livestock production.

I. Land and Forest Allocation

35. The comprehensive Participatory Poverty Assessment (PPA) in 2000, implemented under the State Planning Committee and supported by the ADB, was the first Lao government-issued report to frankly acknowledge the negative impacts on poverty and livelihoods of the resettlement, Focal Site, and land allocation initiatives throughout the country. The report details who in Lao PDR is poor and why they are poor. Rather than alleviating poverty, the study found

¹⁵ Poverty is estimated at 31% at the national level according to the LECS III completed in 2003. It is defined as the level at which a person cannot access the equivalent of 2100 calories per day from foodstuff or the equivalent of KN 142,500 or US\$0.50 per day. The Lao PDR defines this as the food poverty line but it also has a non-food poverty line, which also includes the expenditures required, for essential non food items. It also differentiates between average poverty for urban and rural areas as well as for different regions.

¹⁶ Poverty levels in the provinces are estimated at Houaphanh 74.6% poor, Luang Namtha 57.5% poor, Luang Prabang 49.4% poor, Bokeo 37.4% poor, and Xieng Khouang 34.9% poor.

that Land and Forest Allocation and village relocation are seen by the poor themselves as contributing directly to their increased poverty.¹⁷

36. Shoemaker & Baird (2005) write that many studies from different parts of Lao PDR, and involving many ethnic groups, show that, 'the eradication and severe restriction of swidden agriculture is often associated with chronic food shortages, increased and over-exploitation of forestry and fishery resources, decreased human and animal health, and increased soil degradation and other types of biodiversity degradation caused by adopting fallow cycles that are too short to allow for forest or soil regeneration'. They write, 'the end result is generally increased poverty levels (State Planning Committee 2000; Chamberlain 2001; ADB 2001). While there is not a province in Lao PDR which has not been impacted by the swidden agriculture eradication policy, it has been especially significant for mountainous areas in the northern and eastern parts of the country, which present few good opportunities for developing large-scale wet rice paddy cultivation.' According to the authors, the data show that hundreds of thousands of families are being affected by restrictive shifting cultivation policies. In the late 1990s, 280,000 families, or 45% of the villages in the country, were dependent on shifting cultivation for their subsistence.¹⁸ During the social and poverty assessment carried out under the PPTA some ethnic women including Hmong and Khmu women stated that their preference was to move away from swidden cultivation as the hardships associated with repeated weeding was too much to bear. However, after moving, those households/communities that lack paddy land may have to go back to swidden cultivation. Under these circumstances, their dependence on livestock rearing for food security and cash income is a growing one.

J. Development Activities under the Project Components

1. Enhanced Village Livestock Systems

37. Activities proposed under this component seek to change the current perspective of low input-low output systems, in improving the productivity of ethnic groups and rendering them more market oriented. Such a change requires participatory approaches to build upon their cultural traditions of upland farming and livestock rearing. It requires a shared vision and approach to introduce proven technologies to modernize the livestock production systems.

38. **Productivity Initiatives.** The Project will (i) improve livestock growth through the introduction of forages from contracted nurseries (initially 2 ha per district) supported by the Project, supply seed and planting material and provide training in forage establishment, management and feeding to livestock and develop other animal feed sources; (ii) improve livestock survival through (together with the European Union (EU) funded Livestock Farmer Support Project¹⁹), better management of livestock movements, improved disease monitoring, and support for emergency vaccinations; (iii) improve livestock fertility through smallholder training and improved management of smaller livestock, including smallholder poultry and piggery, goat rearing, cattle rearing and management, coupled with demonstrations using project supplied equipment; and (iv) improve management practices through farmer training, training to women, demonstrations of livestock management (exclusion techniques, fencing,

¹⁷ State Planning Committee 2000; ADB 2001; Chamberlain 2001. State Planning Committee and National Statistical Center 1999.

¹⁸ Aiding or Abetting, Internal Resettlement and International Agencies in Lao PDR", Ian Baird & Bruce Shoemaker, Probe International, 2005.

¹⁹ Houaphanh is not included in the EU Project.

breeder management) using equipment and materials provided by the Project. It will particularly target smaller livestock including smallholder poultry, with a view to reaching poor households, and women in particular, who tend these. It will support a village revolving fund to be administered by local village based groups to be trained under the Project. A significant proportion of the village revolving funds is expected to be used for livelihoods improvement, although experience shows that a larger percentage gets allocated to livestock associated activities. This can enable poor small holders increase livestock assets and improve nutrition and health of livestock. Lao Women Union (LWU) will work through service contracts with the Project, in close concert with LFNC and staff of district agriculture and forestry extension offices (DAFEO), to develop capacity of groups to participate in livelihoods planning, technology transfer, and operation of small savings and rural credit programs. All of these outputs are expected to be delivered through participatory and culturally appropriate approaches, to ensure that ethnic groups, particularly Lao *Theung* and Lao *Sung* ethnic groups are able to participate fully in Project activities, particularly in training, extension, participation in savings and credit programs, and benefit thereby. The Project will support women's equitable participation. It is expected that among the Project beneficiaries, Lao *Theung* and Lao *Sung* ethnic groups will compose the majority of beneficiaries (80%). The following is the distribution of likely beneficiaries: Khmu 38%, Lao, 20%, Hmong 18%, Akha, 10% and other ethnic groups at 15%. Women will form at least half of all Project beneficiaries. Recruitment and training of ethnic minority staff, improved cultural and linguistic skills of DAFEO staff, village based Lao literacy programs, participation of mass organizations including the Lao Front for National Construction (LFNC) and the Lao Institute of Culture, in capacity development of DAFEO staff, will be included in the Project, in order to accomplish the above.

39. **Market Linkages and Enterprise Development.** The second component will improve market efficiency and enterprise development through promoting input supply businesses (feed, veterinary products, breeders etc.), support the establishment of private livestock trading farms to assist export development, supply local breeders and undertake develop contract supply mechanisms with smallholders. The Project will also provide smallholder training and support for group marketing activities to improve farm-gate returns for livestock and provide efficiencies in marketing, and contract appropriately qualified institutions to provide, amongst others, marketing group support and promote small enterprises in rural communities. Particular attention will be paid to the organization of Lao *Theung* and Lao *Sung* ethnic groups, and their training and access to enterprise development. The Project will fund village infrastructure to rehabilitate or establish essential transport and other small scale village infrastructure to improve market access (pathways and bridges) and village life (gravity fed water supplies) amongst others, to be identified through participatory processes.²⁰ The Project will support farmer trader contacts, market improvements, livestock trading farms, and a strategy for market information dissemination. The Project will ensure that Lao *Theung* and Lao *Sung* ethnic groups are able to participate fully in decision making regarding the operation and use of the village infrastructure fund. Women's participation in such decision making is critical, as their labor is mostly allocated to labor intensive livestock rearing activities as part of domestic labor. Reduction of women's drudgery, improved returns to household labor and freeing up of ethnic women's time for training, and other uses, are likely outcomes.

40. **Participatory Extension Network.** The Project will support the government extension service through capacity building and by providing the resources needed to introduce changes

²⁰ For details regarding the implementation of these funds refer to Appendix xx - Not included in MOU.

to the livestock farming systems. It will address the technical skills and extension techniques of existing and newly appointed EWs in the DAFEOs of participating districts and the extension staff in the village clusters whilst developing the technical skills of subject matter specialists in the provincial agriculture and forestry offices (PAFO)s that provide support to the field EWs. This will help to improve the cultural and linguistic capacities and gender responsiveness of EWs and enable them to reach non Lao ethnic groups, particularly women, with appropriate messages. Training will also be provided in the management of extension activities through a training and peer review process at provincial and district level.

41. **Participatory Producer Group Formation and Development.** The Project will also fund through service contracts with LWU and other mass organization/NGOs, capacity building activities in upland communities, in order to promote their understanding of introduced technologies in their own languages, and provide for literacy training, particularly for disadvantaged groups, to ensure they share the benefits of the Project. It will particularly target ethnic women, in order to assist them to learn Lao, and develop their accounting and book keeping skills, in order that they can participate equitably in all village based training and revolving funds. It will support community mobilization, and the formation of such groups, such as interest groups or producer groups for purposes of training and extension, enterprise development, group marketing, access to revolving funds, among others. Women will become members of such groups, and gain new opportunities or marketing of small livestock, which are crucial for poor households in particular. These groups will be developed through service contracts with organizations or individuals, who have the necessary skills and experience to provide support for CBOs, in developing participatory procedures, and in the management village revolving funds, ensuring participation of all groups within the community. Participation of mass organizations such as LWU, LFNC will be important in this regard.

42. **Monitoring and Evaluation.** All Project monitoring and evaluation will address the participation and benefits to non Lao ethnic groups under all Project components. The regular project progress reports will address these, in terms of ethnicity and poverty levels of beneficiaries, measures included under the Project to reach them, their specific levels of participation in benefits arising out of the Project, and the likely impacts of the Project in terms of improving their livelihoods. The IFAD Result and Impact Management System (RIMS) will be used to monitor outcomes of the Project. This will include changes to asset structures of households and information on malnutrition and changes therein. A baseline survey will be conducted prior to implementation of the Project activities. This survey will address the issues of ethnicity and poverty and extent of livestock rearing by the poor, medium and better off sections. It will identify the major constraints faced by non Lao ethnic groups in developing their livestock productivity and specific measures identified by the Project to address these. All subsequent monitoring and evaluation will use the baseline data to measure Project outcomes and impacts. At mid-term, a full scale evaluation will be carried out on ethnicity and gender issues in improving livelihoods through livestock production. Towards the end of the Project, a final evaluation will be prepared on the effectiveness of the Project in achieving its objective of reducing poverty and improving sustainability of upland livelihoods, particularly among non Lao ethnic groups.

K. Budget

43. The budgetary allocations that will directly support the implementation of the EGDP include the following:

Extension Materials in Ethnic Group Languages	\$ 473,264
International Consultancy Support for Gender and Community Development	120,000
National Consultancy Support for Gender and Community development	105,000
Contract Services ²¹	954,934
Revolving Funds	2,807,000
Farmer Training	614,000
Total	\$ 5,074,198

In addition to this, indirect support to ethnic group participation will be derived from surveys and studies, training of extension staff in working with ethnic groups, technical training to extension staff, gender sensitivity training of staff, improved mobility of extension staff to undertake regular visits to the ethnic communities which are often located in remote areas.

L. Conclusion

44. The EGDP forms an integral part of the Project. The approach is to develop sustainable livelihoods of upland ethnic groups, through a culturally sensitive and responsive methodology, of transferring knowledge and opportunities to people. The Project, by building the technical capacities, and cultural knowledge and praxis of EWs, who are the first line of knowledge transfer to the communities, will have positive impacts on the participation of these groups, in the growing economic opportunities created by subregional integration. By supporting community mobilization and emergence of CBOs for livelihoods development, the Project will support development from the grassroots. Community decision making, peer learning and group marketing are among some of the features of the Project, which aim to bring about culturally appropriate development, and increased awareness, among hitherto isolated communities, of the growing market for livestock products, as a way to ensure sustainability of their livelihoods. All benefit monitoring and evaluation (BME) will take into account the ethnicity aspect, as well as the gender based disadvantages faced by ethnic women, and address these aspects when examining the extent to which their livelihoods were indeed improved by Project interventions.

²¹ These refer to contracts to be entered into by the Project with LWU, mass organizations/NGOs to provide capacity building services to village communities for group formation, technology transfer, credit and savings programs.