



Initial Poverty and Social Analysis

Project Number: 41924
July 2014

LAO: Nam Ngiep 1 Hydropower Project

An initial poverty and social assessment (IPSA) is prepared in the early stage of the project cycle to assess the significance of social issues for a project. In accordance with ADB's public communications policy (PCP, 2005), the IPSA is disclosed upon completion. The final summary social assessment is included as an appendix to the project's report and recommendation of the President.

Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	LAOS	Project Title:	Nam Ngiep 1 Hydropower Project
Lending/Financing Modality:	Project loan	Department/Division:	PSOD/PSIF2

I. POVERTY ISSUES

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy¹

ADB's country strategy and program (CSP) 2007-2011 for Lao PDR is aligned with the Government's socioeconomic development plan which prioritizes the development of, among others, natural resource and infrastructure. The CSP focuses on promoting pro-poor sustainable growth by nurturing employment opportunities through private sector development. The CSP also incorporates the GMS strategy which is aimed at, among others, promoting large-scale foreign direct investment and enabling member countries to have access to more economically viable energy resources.

Nam Ngiep 1 Hydropower Project is consistent with the CSP as it will increase the supply of affordable power, generate employment opportunities for Lao nationals, improve the workforce skills, and provide local infrastructure in the project area, all of which will have multiplier effects to the country's economy. Moreover, the Project mobilizes large-scale foreign direct investment into Lao PDR. At the end of the concession period, the Project will be turned over to GOL at no-cost. It is expected that the Project will continue to generate income for the country after the turnover of the asset.

GOL has established a poverty reduction goal which aims to take the country out of LDC category by 2020. Poverty in the country has close correlations with topography and ethnic minority areas. While poverty in the country has declined overall, 58% of households in northern provinces are poor, compared with 4.4% in Vientiane Municipality. This is due to the mountainous areas and remoteness and to the higher ratio of ethnic minorities in the areas as well. Poverty incidence amongst ethnic minorities in Laos is far higher than in the majority Lao-Tai population, at 40-55% compared to 28.6%. Almost all affected households in the immediate project area are from Hmong ethnic group.

B. Targeting Classification

Select the targeting classification of the project:

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The Project is among the priority projects of the Government to meet its export commitments to Thailand as part of its poverty reduction strategies. These export-oriented projects are to enhance the revenues to the Government for use in social and economic development programs. Under the Project, the development activities are clearly outlined in the Resettlement and Ethnic Minority Development Plan (REMDP), Gender Action Plan (GAP), Social Forestry Program (SFP), Programs for Youth and Children, Cultural Awareness/Heritage Preservation Program, and Public Health Action Plan.

C. Poverty Analysis

1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed?

The social impact assessment, the stakeholder analysis have been conducted. The risks and benefits of the proposed project are described. These documents are currently being updated for final submission to ADB. The consultation process has been continuing.

2. What resources are allocated in the PPTA/due diligence? N/A

3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)? Please explain

The opportunity for pro-poor design is not possible. However, the Project might have impact on poverty reduction through social and economic development programs for the long term perspective. The poverty issues of the Project impacted areas are addressed in the required safeguards documents.

II. SOCIAL DEVELOPMENT ISSUES

A. Initial Social Analysis

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project?

The potential primary beneficiaries of the project are (i) affected people, majority of them are Hmong ethnic group who receive the packages through the developer's requirement to fulfill compensation, relocation and livelihood improvement for those experiencing adverse impacts as well as replacement of improved community infrastructure and facilities such as school, clinic, drinking water system, rural road; (ii) Government employees at different levels with skills training related to project implementation such as agricultural development, health care, and revised national resettlement policy application. The specific support for the poor and socially excluded benefit from the project will be provided and is fully described in the project's Social Development Plan.

2. What are the potential needs of beneficiaries in relation to the proposed project?

The project should provide compensation and assistance to the directly and indirectly affected people to rehabilitate the livelihood and assure their living conditions are better than before the project implementation. This requires improved housing conditions, community infrastructure, livelihood restoration, basic social services. It should also provide capacity building to local authorities to integrate them into project processes, and to ensure sustainability of the project investments for the communities such as maintenance of rural roads, water supply system, and irrigation systems.

3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them?

Number of constraints is mainly related to top-down approach of planning and implementation, and decision making process is made by outsiders without the participation and/or consultation of the community members, and the voice of the poor is not heard. This will be dealt by increasing the participatory approach and consultation process in all stages of project cycle with actively participatory role of community members especially the affected people who should know clearly the entitlements under compensation and livelihood restoration programs.

B. Consultation and Participation

1. Indicate the potential initial stakeholders.

Project displaced persons and host community members who are directly and indirectly impacted by the project. The Government employees at different management levels in three provinces of Vientiane, Xieng Khouang and Bolikhamxay.

2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)?

Different rounds of consultation process have been conducted, documenting processes to date with affected communities and authorities of different levels. The consultation is on-going process with affected communities and host communities, local authorities where needed. Type of consultation, timing and venues are described in REMDP and relevant sections in the Social Impact Assessment, Social Development Plan. The consultation method is diversified and conducted in the local language of the affected communities. For ethnic minority people who are physically relocated, the broad community support to the new resettlement sites and agricultural land allocation must be secured and documented in the REMDP.

3. What level of participation is envisaged for project design?

Information sharing Consultation Collaborative decision making Empowermentⁱⁱ

4. Will a C&P plan be prepared during the project design for project implementation? Yes No

The consultation chapters and C&P sections of different social development programs are being integrated in the Resettlement and Ethnic Minority Development Plan, Social Impact Assessment and Social Development Plan.

C. Gender and Development

Proposed Gender Mainstreaming Category: SGB

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program?

Key gender issues include (i) women has less voice in decision making; (ii) women in ethnic minority villages, including Hmong communities do not have right to the land as the land right is with the male members of the family; (iii) most ethnic minority households do not see much value in education for their daughters as girls are expected to know housework, cooking and helping with field works. Otherwise, the influx of workers during the construction can pose high risk of HIV/STDs and trafficking of women and opportunistic marriages to obtain land rights as well.

2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No Please explain.

Some gender benefits are expected and the draft Gender Action Plan and Public Health Action Plan have been prepared and are being finalized.

3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality?ⁱⁱⁱ

Yes No Please explain

Forced labor, exploitation of the poor, ethnic minority women from either project staff or outside workforce could bring adverse impacts on social status, local economy and health. These issues are addressed in the SIA, GAP, PHAP and REMDP.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Nature of Social Issue	Significant/Limited/No Impact/Not Known	Plan or Other Action Required
Involuntary Resettlement ^{iv}	About 580 households will be directly affected due to physical displacement and loss of agricultural land in 9 villages (4 in Thathom district, Xieng Khouang province; 4 in Hom district, Vientiane province and 1 in Bolikhan district, Bolikhamxay province) by the construction of dam, access roads and transmission lines. Households in upstream and downstream areas will experience indirect impacts.	Significant as about 3900 persons will be directly affected thus the overall project category is A. Indirect economic displacement in upstream and downstream areas are not expected to be significant. The REMDP will be updated during detailed design.	<input checked="" type="checkbox"/> Resettlement Plan <input type="checkbox"/> Resettlement Framework <input type="checkbox"/> Environmental and Social Management System Arrangement ^v <input type="checkbox"/> None <input type="checkbox"/> Uncertain
Indigenous Peoples	Large proportion of affected people is poor ethnic minorities of Hmong and Khmu. Physical displacement of ethnic minorities in 9 villages in Zone 2UR (4 villages), Zone 2LR (4 villages) and Zone 3 (1 village of Hmong entirely) requires broad community support.	Significant. A full REMDP will be combined with the RP as a large proportion of affected people are ethnic minorities. Other social plans such as gender, social forestry, programs for youth and children, and cultural awareness/heritage preservation program, are being updated into the SDP and summarized in REMDP.	<input checked="" type="checkbox"/> Indigenous Peoples Plan <input type="checkbox"/> Indigenous Peoples Planning Framework <input type="checkbox"/> Environmental and Social Management System Arrangement <input type="checkbox"/> None <input type="checkbox"/> Uncertain
Labor <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input checked="" type="checkbox"/> Core Labor Standards	Management of labor force, employment of local labor, community management and infrastructure development.	The Labor Management Plan (LMP) has been prepared and will be updated during detailed design.	<input checked="" type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	None	No impact	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input checked="" type="checkbox"/> HIV/AIDS <input checked="" type="checkbox"/> Human Trafficking <input type="checkbox"/> Others (conflict,	PHAP and LMP have been prepared to address health issues of HIV/STD and trafficking of	Significant	<input checked="" type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> No Action

political instability, etc.), please specify	women as well as labor force.		<input type="checkbox"/> Uncertain
IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT			
1. Do the TOR for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist/s? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.			
2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&P during the PPTA/due diligence? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.			
