



Initial Poverty and Social Analysis

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Proposed Loan and Grant and Administration of Loan and Grant Lao PDR: Sustainable Rural Infrastructure and Watershed Management Sector Project

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Lao PDR	Project Title:	Sustainable Rural Infrastructure and Watershed Management Sector Project
Lending/Financing Modality:	Sector	Department/Division:	SERD/SEER

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

ADB supports the four core sectors of the government's 8th National Socio-Economic Development Plan: agriculture, health, education, and infrastructure. It supports the overall national development framework, its poverty reduction objectives, and a medium-term strategy to reach these objectives. The 7th National Socio-Economic Development Plan, 2011–2015 cites significant achievements attributable to economic growth, improvements to infrastructure and to basic services. The Country Partnership Strategy retains a focus on inclusive growth in rural areas, supporting infrastructure and improved natural resource management. Support to the development of productive rural infrastructure (PRI) in rural areas is resulting in significant improvements in rural incomes from greater productivity and access to markets. Poverty remains at 23% however, with rural poverty close to three times as prevalent as urban.¹ The effectiveness and longevity of rural infrastructure is vulnerable to the incidence of floods, slope failures and low dry season stream flows. In particular, the predicted effects of climate change involve altered seasonal precipitation patterns which are expected to feature longer dry seasons and an increased incidence of extreme weather events such as typhoons. The proposed project aims at addressing watershed integrity in the face of climate change, thus prolonging the poverty reduction effects of ongoing investments in PRI, as well as reducing poverty among farmers in the upper watershed. The project will help reduce rural poverty, particularly in remote upland regions and in communities made up of a diversity of ethnic groups.

B. Poverty Targeting

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

The project is to operate in upland provinces, leading to roll-out in watersheds in hilly terrain and is therefore classified as a geographic intervention. Hilly areas feature higher figures for poverty indicators including food insecurity, literacy, landholding size, access to essential services and limitation of available surpluses. Rates of poverty reduction in Lao PDR have varied markedly over the past decade, with disparity linked to geography and terrain. Between 2003 and 2008 the poverty headcount in districts with mostly steep slopes declined slightly from 40.4% to 38.8%, while those in mostly flat districts fell more markedly from already lower levels of 27.4% in 2003 to 18.9% in 2008. A similar trend was observed with village altitude. The direct poverty reduction focus of the project is to improve the livelihoods of farmers within the (upper) watershed.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

On average, rural households exist on \$1.4/day in Lao PDR compared to urban households (\$2.3/day). Within districts with predominantly hilly land, averages range from \$0.9/day for Phongsaly to \$1.4 in Xiengkhuang.² This shows that poverty is more prevalent in rural areas and especially in upland areas. The expected beneficiaries of the project are villagers in rural areas situated on predominantly sloping land, engaged primarily in agriculture or subsistence agriculture and dependent on fragile watersheds for irrigation water supplies. These include communities with existing road access, and those for which road access is planned in the future. The group includes villagers who have access to improved irrigation infrastructure, the integrity of which is vulnerable to damage by flooding and landslides. (i) Potential needs that can be addressed by the project are primarily improved reliability of stream water flows to feed irrigation and water supply systems, and reduced risk of slope failures in steep watershed areas which impact on the function of irrigation and water supply systems, causes severance of road links and long term loss of productivity. (ii) The target group has constraints on access to benefits and services from PRI in less sloping, lowland terrain through deteriorating vegetation cover in upland watersheds and increased risks of major slope failures and floods associated with climate change. The project addresses these accessibility constraints by improving the stability of slopes, improving the quality of vegetative cover to better regulate runoff, and introducing low cost bio-engineering techniques that improve the durability of PRI.

2. Impact channels and expected systemic changes: Impacts will be realized through (i) access to improved PRI; (ii) employment opportunities during construction; (iii) access in the long term to improved natural resources resulting from the implementation of watershed management plans and forest rehabilitation; (iv) access to improved and

¹ Ministry of Planning and Investment, Expenditure and Consumption Survey 2012–2013, Vientiane.

² Based on household expenditure and household size figures provided in the 2013 *Expenditure and Consumption Survey* of the Ministry of Planning and Investment.

sustained land assets in the long term through land survey and registration activities; and (v) enhance the integrity and sustainability of recent, ongoing, and planned investments in PRI.

3. Focus of (and resources allocated in) the TRTA or due diligence: Poverty and social issues requiring review are (i) decision making structures for use in identifying and designing project interventions that foster the involvement of those groups within a community (women, men, ethnic groups); (ii) social safeguards for equitability in the process of supporting water user groups (WUG) to obtain land ownership certificates; (iii) means of effective integration of landless groups and households; and (iv) potential positive and negative impact on indigenous people/ethnic groups.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?
Women are primarily responsible for caring for children and the elderly, cooking, and most other household duties, resulting in "time poverty" that can limit availability for women to participate in consultation and planning process, usually, planning and extension services being oriented only to males. The project will focus on (i) equality of project benefits and opportunity sharing between men and women; (ii) systematic approach to reduce gender inequalities in the project areas; (iii) targeted approach for women; (iv) collection of gender disaggregated data including benefit monitoring and evaluation; and (v) increased representation of women in decision-making bodies at all levels.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No

The project entails eliciting long term, planned land use changes, based on decisions made by local user groups. Traditional decision making structures do not invariably involve women and men. For example, WUGs currently in existence to manage and operate and maintain irrigation facilities in the northern provinces, invariably have greater numbers of male members, in contrast to the fact that cash management is, within the household at least, traditionally handled by women. Long term implementation support to such groups has the potential to elicit structural changes in women's participation in decision making, and control of assets. This will have direct relevance to the sustainability of changes in land use to improve watershed management.

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

Yes No

The proposed project seeks to address issues of gender equality and exclusion of women and/or girls in terms of access to resources and participation in decision making.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people?

The project will be executed by the Ministry of Agriculture and Forestry, with implementation effected via the provincial and district agriculture and forestry offices. Beneficiaries will be rural farming communities, including those directly involved in irrigated agriculture, uplands farmers and entrepreneur groups involved in supplying inputs and in the value chains of the main agricultural products such as rice. Other private sector entities are local contractors involved in construction and in maintenance and repair of the PRI. While no significant negative effects are envisaged, there may be some loss of privately owned assets although physical works comprise rehabilitation and improvement of existing infrastructure, not construction of new assets. The TRTA will carry out social impact studies and measurement of any losses.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?

The project involves community based and community wide activities such as the preparation and implementation of watershed management plans and support to WUGs, including assistance in obtaining land registration to secure access for these groups. These activities need to be inclusive and to ensure groups such as ethnic group households and landless households are not excluded. This will be done as part of the social safeguards studies during the TRTA.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

H Information generation and sharing **H** Consultation **H** Collaboration **L** Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No

Project activities such as watershed management plan preparation and implementation, and design of PRI improvements, will involve participation of the poor and excluded as part of the core project concept.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No

While physical works under the project will involve rehabilitation or improvements of existing PRI, any acquisition of land or other assets, especially productive assets is expected to be limited and avoidable, and physical displacement would only occur in exceptional cases.

2. What action plan is required to address involuntary resettlement as part of the TRTA or due diligence process?

- Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

The project will have positive impact on livelihoods of ethnic groups. Impact assessment on indigenous people and involuntary resettlement will be conducted during TRTA.

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

Physical works under the project will focus on rehabilitation of existing irrigation systems and therefore will not be involved in sequestration of any land that could be considered 'ancestral domains'. Any lands that are required will be mostly for infrastructure works and as these are rehabilitative works areas required will be minimal and will be dealt with through routine resettlement procedures. Pre-screening procedures for each subproject will eliminate any that will result in ethnic groups being disadvantaged.

3. Will the project require broad community support of affected indigenous communities? Yes No

Indigenous communities (the term ethnic minorities, in place of indigenous communities is more acceptable and understandable in Lao PDR) are an integral part of most rural communities and their support is necessary.

4. What action plan is required to address risks to indigenous peoples as part of the TRTA or due diligence process?

- Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix
 Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

- Creating decent jobs and employment (L) Adhering to core labor standards Labor retrenchment
 (L) Spread of communicable diseases, including HIV/AIDS Increase in human trafficking (L) Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the project design?

The TRTA activities required to address these will be confirmed in the summary poverty reduction and social strategy prepared for the project. For adherence to core labor standards and mitigation of spread of communicable diseases, appropriate clauses will be provided in the bid documents for works contractors who employ local people and may bring workforces from outside the immediate project area. Issues of affordability may arise with charges for use of irrigation water and will be addressed in training and support of WUGs.

VI. TRTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the TRTA (or other due diligence) contain key information needed to be gathered during TRTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact; (iii) participation dimensions; (iv) social and environmental safeguards; and (v) other social risks. Are the relevant specialists identified? Yes No

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the TRTA or due diligence?

3 person-months (p-m) of international and 6 p-m of national consultant time is used for conducting poverty, social and gender analyses. \$29,800 is allocated to workshops and \$170,000 to surveys that include social studies. ADB staff resources for social, environmental safeguards, gender and others to support the preparation of this project amounts to 25 p-m.