



Initial Poverty and Social Analysis

Project Number: 53368-001
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Proposed Loan and Grant Lao PDR: Flood and Drought Mitigation and Management Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 6 October 2020)

Currency unit	–	Kip (KN)
KN1.00	=	\$0.00011
\$1.00	=	KN9,230

ABBREVIATIONS

ADB	–	Asian Development Bank
MAF	–	Ministry of Agriculture and Forestry
TCP	–	Three central provinces

NOTE

In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Lao People's Democratic Republic	Project Title:	Flood and Drought Mitigation and Management Project
Lending/Financing Modality:	Project	Department/Division:	Southeast Asia Department/Environment, Natural Resources and Agriculture Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

In line with the Lao People's Democratic Republic's 8th Five-Year National Socio-Economic Development Plan for 2016–2020, ADB supports inclusive and sustainable economic growth of the country to help Lao PDR move upward from its least-developed country status by 2020. ADB's strategic priorities are (i) infrastructure and private sector development to support employment and income generation, (ii) enhanced human development, and (iii) sustainable natural resource management and climate resilience. Floods and droughts are increasing in severity and frequency, causing evermore human, financial and economic cost. The government realizes the need to develop measures to manage floods and droughts while maintaining rural development and are elaborating the National Water Management Strategy and Action Plan to 2030 through the ADB financed Sustainable Rural Infrastructure and Watershed Management Sector Project executed by the Ministry of Agriculture and Forestry (MAF). The proposed project aims at improving sustainable water management and water related climate disasters that undermine economic and social development. The Flood and Drought Mitigation and Management Project (FDMMP) will address all three ADB strategic priorities within the project areas by improving resiliency to floods and droughts, modernizing agrometeorological information systems, and enhancing nutrition and human development within the project area. The FDMMP is aligned with the Agricultural Development Strategy to 2025 and Vision to 2030 of the MAF which include climate resilient water management infrastructure, to increase agricultural production and competitiveness; and contribute to job creation, income generation along agricultural market chains, and decreasing disparities between urban and rural areas.

B. Poverty Targeting

General intervention Individual or household (TI-H) Geographic (TI-G) Non-income MDGs (TI-M1, M2, etc)

Lao PDR is an agrarian economy. The country's small population and mountainous topography limit expansion of agriculture development, with only about 10% of the country's land area fit for agriculture. Over 65% of the country's population are active to some extent in the agriculture and natural resource sector and about 50% of all households still mainly or partly are subsistence farmers. The poverty headcount was 24.8% nationwide in 2015. On average, rural households exist on \$1.4/day compared to urban households (\$2.3/day). The FDMMP covers the three central provinces (TCPs) of Bolikhamxai, Khammouan and Vientiane Capital. The populations of poor individuals and poverty levels in the TCPs are respectively: (i) Bolikhamxai 54,781 and 20.7%; (ii) Khammouan 103,978 and 27.1%; and (iii) Vientiane Capital 65,695 and 8.5%. (Lao PDR Census 2015). The poor are often the most vulnerable to the effects of flood and droughts as they usually depend on agriculture and live on the most exposed and marginal land.

C. Poverty and Social Analysis

- Key issues and potential beneficiaries. The FDMMP will have multilayers of beneficiaries due to better water management that mitigates floods and drought impacts on people, property, businesses and food security: (i) the general populations within the areas of influence of selected water basins; and (ii) agriculture market chains.
- Impact channels and expected systemic changes. Impacts will be realized through reduced risks associated with floods and droughts to people, property, businesses and food security: (i) surplus water that could cause flooding diverted from critical areas to be released safely; (b) stored for both social (domestic water supply) or agricultural (irrigation) use during periods of droughts; (ii) Water efficiency infrastructure will lengthen the growing season and enable market oriented production increasing rural incomes; (iii) employment opportunities during construction; (iv) improved natural resources resulting from the implementation of flood and drought management plans and forest conservation.
- Focus of (and resources allocated in) the transaction TA 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) means of effective integration of landless groups and households and; (iv) potential positive and negative impact on ethnic groups.

II. GENDER AND DEVELOPMENT

- What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? Use the results of the rapid analysis of the key gender issue to inform: (i) Equality of project benefits and opportunity sharing between men and women; (ii) systematic approach to reduce gender inequalities in the FDMMP

areas; (iii) targeted approach for women of ethnic groups; (iv) collection of gender disaggregated data including benefit monitoring and evaluation; (v) increased representation of women in decision-making bodies at all levels.

2. Does the proposed project or program have the potential to contribute 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 FDMMP entails eliciting long term, planned land use changes, based on decisions made by local water user groups (WUGs). WUGs manage, operate and maintain irrigation facilities, will be important actors in managing the flood and drought impacts on their communities and livelihoods. 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. Moreover, Output 4 - *Nutrition awareness and facilities improved* directly targets girls and women. Carry out a discussion on all proposed gender designs and possible entry points to be explored during due diligence A gender action plan will be elaborated during WMP preparation.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?
 Yes No

The project seeks to address issues of gender equality and inclusion of women 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? Identify how they will participate in the project design.

The Project will be executed by MAF. The TCP Governor's offices will be the implementing agencies. Daily implementation operations will be carried out by the TCP agriculture and forestry offices. Beneficiaries will be people, property, business and agriculture adversely affected by flooding and droughts within the FDMMP targeted areas. Girls and women will benefit from better nutritional awareness. 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 construction and improvement of water control infrastructure and PRI. The project preparation 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 flood and drought management plans and support to WUGs. 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 safeguard studies during the WMP preparation.

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

M Information generation and sharing M Consultation M Collaboration NA Partnership
Medium level through: Water User Groups (WUGs), community-based women and youth groups will be involved in processing activities through their engagement in community surveys, consultation workshops and focus groups.

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

Project activities such as flood and drought water management infrastructure 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

The construction of water management infrastructure will require some land acquisition, the extent of which is not yet known and will be determined during project preparation and the final categorization will be assigned accordingly. A resettlement plan will be prepared that identifies compensation and mitigation measures. For the improvement of irrigation schemes very little resettlement is envisioned.

<p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?</p> <p><input checked="" type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The Project will have positive impact on livelihoods of ethnic groups. Impact assessment on indigenous people and involuntary resettlement will be conducted during the project processing.</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Physical works will avoid the acquisition of or impact upon land that is considered 'ancestral domains. Any lands that are required will be for infrastructure works will be dealt with through routine resettlement procedures. Pre-screening procedures will minimize any that will result in ethnic groups being disadvantaged.</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>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.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?</p> <p><input checked="" type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
<p>V. OTHER SOCIAL ISSUES AND RISKS</p>
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input type="checkbox"/> Creating decent jobs and employment <input checked="" type="checkbox"/> (L) Adhering to core labor standards <input type="checkbox"/> Labor retrenchment</p> <p><input type="checkbox"/> (L) Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input checked="" type="checkbox"/> (L) Affordability</p> <p><input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability</p> <p><input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design?</p> <p>The FDMMP preparation activities required to address these will be confirmed in the Report and Recommendation to the President linked document - Summary Poverty Reduction and Social Strategy. 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 water user groups.</p>
<p>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</p>
<p>1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks. Are the relevant specialists identified?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>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 transaction TA or due diligence?</p> <p>5.0 person-months of international and 9.5. person-months of national consultant time is used for conducting social analyses. \$27,000 is allocated to workshops, and \$317,700 to surveys that also include social studies. ADB staff resources for social safeguards, environmental safeguards, gender and others to support the preparation of this project amounts to 4 person-months.</p>