



## Initial Poverty and Social Analysis

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Project Number: 47300  
PPTA  
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# Lao People's Democratic Republic: Preparing the Northern Smallholder Livestock Commercialization Project

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Lao PDR	Project Title:	Northern Smallholder Livestock Commercialization Project
Lending/Financing Modality:	Project	Department/ Division:	SERD/SEER

<b>I. POVERTY IMPACT AND SOCIAL DIMENSIONS</b>
<p><b>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</b></p> <p>The project supports the Government of the Lao PDR's Seventh National Socio-Economic Development Plan<sup>a</sup> and long-term goal to achieve economic growth of at least 8% annually, reduce poverty, achieve the Millennium Development Goals by 2015, and construct basic infrastructure for industrialization and modernization. The project is consistent with the country partnership strategy of the Asian Development Bank (ADB), through greater attention to agriculture, rural development, and infrastructure while supporting private sector development, capacity building, gender equity, and regional cooperation.<sup>b</sup></p>
<p><b>B. Targeting Classification</b></p> <p><input type="checkbox"/> General Intervention <input type="checkbox"/> Individual or Household (TI-H) <input checked="" type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p> <p>The project is targeting to improve livelihood of farmer households that will have access to stable and sustainable marketing channels for their feed and livestock production. Rural farming households continue to be among the poorest people in the Lao PDR. Details about poverty levels and positive and negative impacts on farmers will be collected as part of the PPTA, and fed into project design.</p>
<p><b>C. Poverty and Social Analysis</b></p> <p>1. Key issues and potential beneficiaries. The project supports three of the Lao PDR's National Growth and Poverty Eradication Strategy priorities—agriculture development, regional trade and modernizing infrastructure. It also promotes sustainable economic growth, increased agricultural productivity, and commercialization by addressing recognized constraints in the entire value chain from farm livestock production to consumer safety. The project will: improving household food security; improving living standards; enhancing market-based farming; and increase exports to neighboring countries. The project targets the northern provinces of Luang Namtha, Luang Prabang, and Xieng Khouang that have potential to increase surplus production. They are strategically located for trade with neighboring countries that have current unmet demand for agricultural produce. The North remains the poorest region. Upland areas and priority districts remain poorer than lowland areas and non-priority districts despite concentration of poverty reduction efforts on these areas. The average provincial poverty rate is estimated to be: Luang Namtha at 31%, Luang Prabang at 28%, and Xieng Khouang at 43%.</p> <p>Key determinants of poverty are low education, female-headed households lacking male labor, small landholdings, low crop yields, and lack of investment capital. Poorly operating agricultural infrastructure and inadequate markets exacerbate poverty. Low educational attainment, particularly among women, continues to constrain off-farm wage earning and community participation. Female-headed households are the most disadvantaged because of lack of labor, difficulty in productively farming land, and exclusion from decision making. Poor landless and small land-holding households are also disadvantaged.</p> <p>Primary beneficiaries are rural farm households, almost all of whom depend on agriculture for their livelihoods, with many either poor or vulnerable to shocks. Farmers need stable access to market and stable prices for their products, and improved access to marketing information, which will be provided to them through the participating enterprises. Secondary beneficiaries are the external markets and/or agribusinesses and traders who will have improved access to agricultural products and thereby more potential to expand their businesses. Provincial agriculture and forestry office (PAFO) staff will benefit from enhanced capacity to implement, manage, and account for projects and, at the district level, improved capacity to extend agricultural technologies. The faculty and students at the Pakseung Agriculture College in Luang Prabang from improved courses and facilities.</p> <p>2. Impact channels and expected systemic changes. The project's social impacts are positive, with the only negative impact being minor land acquisition for market infrastructure construction. Through the implementation of civil works, local people will be able to benefit as paid labour. Thereafter, stronger producer groups, better farming techniques, will improve production and enable engagement with agribusinesses on more favorable terms. This will provide more reliable incomes and food security. Moreover the improved value chain will generate employment for both skilled and unskilled labour. The need for a stable and increased supply of input in their value chain, from breed animals to feed, and this input will be provided by farmers participating in the value chain, in part through equitable and socially inclusive contract farming arrangements to be designed with PPTA support.</p> <p>This will help make households more resilient to short-term shocks and destructive natural events. The poor able to increase cash income through farm day labor. Women will benefit from increased demand for their farming skills.</p> <p>Support to raise a variety of livestock provides opportunities for cash market sales as well as improved household</p>

nutrition. Increased income will provide cash for school and health costs. Better quality livestock will attract buyers and traders with agricultural and non-agricultural goods and services into villages.

The civic responsibilities and participation of farmers and villagers will improve through better communication, accountability, and information sharing by the producer groups and provincial and/or district agriculture and forestry offices (PAFOs/DAFOs). The project provides access to direct employment, training, capacity building, and decision making.

3. Focus of (and resources allocated in) the PPTA or due diligence. The PPTA will improve the project design to (i) ensure poor and vulnerable rural households can benefit from the project; (ii) ensure benefits by and participation of women (through a gender action plan); and (iii) empower local farmers by improving farmer associations and cooperatives. Resources will be allocated in the PPTA to ensure that the implementation procedures for poverty and social concerns meet the Government and ADB requirements.

## 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 work as much as men in agriculture, own and operate household businesses, take part in maintenance activities, and control household finances, yet are generally not included in village decision-making groups. Women have less access to marketing information and agri business and women also have less opportunity to lead the production group due to lack of experience and women's mobility is very limited.

Women work on unpaid activities such - caring for children and the elderly, cleaning, cooking, and most other household duties. Exclusion from the public sphere appears to be due to a combination of cultural practices and women's lower confidence and educational attainment.

Female-headed households are the poorest, most marginalized, and most vulnerable group. Very few women occupy senior or technical positions in the Ministry of Agriculture and Forestry (MAF) or Provincial Agricultural and Forestry Offices (PAFO) and District Agricultural and Forestry Offices (DAFO) levels. This perpetuates the mind-set of planning and extension services being oriented only to males. While the National Commission for the Advancement of Women (NCAW) has made some progress with gender mainstreaming concepts, practical application of these concepts at community level with farmers and village leaders is limited. There is a lack of system for reporting of collected sex and ethnic disaggregated data in MAF projects.

The PPTA will assess the situation and provide project design features that ensure the project contributes to gender equality. The PPTA will identify gender issues specific to livestock production and processing. The PPTA will also assess the situation in the value chain, contract farming, and the producer groups.

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 will improve local people's livelihood by (i) creating employment opportunities for women, (ii) providing increased demand for livestock and feed by involving local farmers in the supply chain, and (iii) empower local farmers and increase sustainability of farming systems by improving farmer production groups. The PPTA will prepare a gender action plan that ensures (i) women benefit from employment opportunities, (ii) women receive appropriate capacity development and it is ensured they can participate in supply chains, and (iii) women are empowered to participate in educational and training activities.

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

Yes  No

In the worst case scenario, assuming the project does not take any proactive measures action, the project will not increase inequality between genders.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme)  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 main stakeholders are the farmer livestock production groups, the provincial and local governments, participating government units and agribusinesses in the supply chain, and local people that will be employed by the expanded associated economic activities. Consumers of meat products also will benefit from consistently better quality meat products. Local populations will be consulted to ensure they participate in project design and benefit, in particular as the project success depends on their up-take of participation in employment and value chain.

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 will support existing farmer groups supported under the NRS. During PPTA, vulnerable groups at risk of being excluded from benefiting from the project due to lack of financial, human and/or social capital will be consulted to ensure what are their needs regarding their benefiting from the project through e.g., quotas and/or subsidies.

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?

Key groups relevant for the project are: farmer associations, cooperatives, Lao Women's Union, Lao Front for National Construction, village heads and development committees. They will be consulted during project design, included as far as possible in the project steering committee, and be involved in project implementation.

Information generation and sharing     Consultation     Collaboration     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

The PPTA will consult poor and vulnerable households to provide their input to project design to make sure impediments to their participation and benefiting from the project are removed. The PPTA will include a social development consultant tasked with integration of consultation and participation and stakeholder communication into the project design through features such as strengthening of healthy farmer associations and cooperatives through capacity development.

#### 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

Minor land acquisition may be needed during construction or to improve infrastructure design. This will be verified under the PPTA; due diligence will be conducted to check whether land acquisition was done in anticipation of the project, and if required, a corrective action plan will be prepared for those sites that have remaining issues.

2. What action plan is required to address involuntary resettlement as part of the PPTA 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

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain?     Yes     No    The project is providing clear benefits to indigenous people through better livelihood opportunities. This will be verified during PPTA. The task is included in the TOR of the PPTA social development specialist.

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

4. What action plan is required to address risks to indigenous peoples as part of the PPTA 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     Adhering to core labor standards     Labor retrenchment  
 Spread of communicable diseases, including HIV/AIDS     Increase in human trafficking     Affordability  
 Increase in unplanned migration     Increase in vulnerability to natural disasters     Creating political instability  
 Creating internal social conflicts

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

The project will create employment opportunities for long-term and short-term employment, as well as 'contract farming' arrangements that are equitable and following international best practices and standards. The PPTA will design project elements that ensure national and as far as possible international labor standards are a condition of work, civil works, and other contracts.

#### VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) 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 PPTA or due diligence?    ADB staff and consultant input.