

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Lao People’s Democratic Republic	Project Title:	Northern Smallholder Livestock Commercialization Project
Lending/Financing Modality:	Project Loan	Department: Division:	Southeast Asia Regional Department Environment, Natural Resources, and Agriculture Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY
 Poverty targeting: General intervention

A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy
 The project follows the success of the recently completed Northern Region Sustainable Livelihoods through Livestock Development Project (LDP) whose main thrust was poverty reduction by improving the sustainability of livelihoods of upland smallholders in northern Lao People’s Democratic Republic (Lao PDR). Geared toward commercialization of livestock products, the project aims to increase annual household incomes of smallholder livestock producers in four of the country’s poorest provinces, previously supported by the LDP.^a This objective is consistent with ADB’s country partnership strategy, with a focus on agriculture and trade for pro-poor, sustainable growth through private sector development, regional integration, and transforming agriculture from its subsistence orientation into a diversified and commercialized sector.^b The project is aligned with the government’s sector development objectives, which promote the expansion of market-oriented agricultural production^c and with the Seventh National Socioeconomic Development Plan 2011–2015, which aims to support sustainable economic growth and reduce poverty and inequality.^d

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

- Key poverty and social issues.** Agriculture is the main source of livelihoods for 83% of the country’s population of 6.2 million, of which 27% are poor. Poverty is concentrated in rural areas, particularly in remote and mountainous areas. One of the project’s selection criteria for identifying districts for support is that they must be among the country’s 50 poorest districts. The project has preselected 11 districts, 10 of which were covered by the LDP.
- Beneficiaries.** About 1,600 smallholder livestock production and management groups (SLPMGs) were formed during the LDP. As the project’s focus shifts from poverty reduction to commercialization, the main beneficiaries are the successful SLPMGs that show strong potential for market orientation. Direct beneficiaries include those who will be trained and certified for meat handling and butchering, as well as students who will avail of the curriculum to be developed with the Northern Agriculture and Forestry College (NAFC). Poor households (PHHs) will constitute secondary beneficiaries, as they will be able to provide labor needed for expanding commercial livestock production. They will also benefit from better community infrastructure to be supported by the project and from more sanitary butchering, meat handling, and processing.
- Impact channels.** The project will continue to offer PHHs access to credit, which the poor identified as the most important of all LDP interventions. It will provide extension support to PHHs through extension activities and training on livestock production and health of other animal species to increase livestock productivity and income.
- Other social and poverty issues.** The project will re-assess the Village Livelihoods Fund under the LDP, and take corrective measures to enhance its performance and help PHHs.
- Design features.** The project will continue supporting the Village Livelihoods Fund to help poor farmers access credit. Poverty will be among the criteria for scholarship awards under the project.

II. PARTICIPATION AND EMPOWERING THE POOR

- Participatory approaches and project activities.** Inputs from the SLPMGs during project preparation have been useful in shaping several elements of project design including (i) types of animals with high potential for commercialization, (ii) the need for an accessible credit facility and reasonable interest rates, and (iii) types of support infrastructure needed to strengthen the value chains for commercialization. NAFC contributed to shaping the project’s soft interventions, such as scholarships, internships, and curricula to support commercialization. Meaningful consultations among stakeholders will be conducted during project implementation to decide on specific project interventions. Consultations with the community and private sector will be held as an important step in the site selection for slaughterhouses, which are deemed to be the most environmentally sensitive infrastructure component. The project includes district participatory market assessments. The poor will participate during land use planning to ensure that areas that are useful for them will be retained, managed, and maintained. The Village Livelihoods Fund will enhance the economic empowerment of the poor and help them to better respond to shocks. Scholarships to be provided to poor students will hopefully break the cycle of poverty in households.

- Civil society organizations.** The project will highly utilize the SLPMGs for commercial livestock production. It will collaborate with the NAFC on knowledge and skills-related aspects.
- The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):

- Information gathering and sharing Consultation Collaboration Partnership

4. Will a participation plan be prepared? <input checked="" type="checkbox"/> Yes. <input type="checkbox"/> No. The participation plan proceeds from a stakeholder analysis conducted during the project preparatory technical assistance. The plan discusses how stakeholders including the private sector and civil society organizations such as the SLPMGs and NAFC will be consulted and on what issues. It also discusses ways to effectively involve NAFC and the SLPMGs throughout project implementation.	
III. GENDER AND DEVELOPMENT	
Gender mainstreaming category: Effective gender mainstreaming	
A. Key issues. Women's limited participation in the project and their lack of involvement in decision-making are the key gender issues. Women do not have time to join trainings and meetings; they only do so when men are not available. Women's exclusion from the public sphere appears to be due to cultural practices. Shifting from subsistence-based to market-oriented household economies can be particularly difficult for women in non-Lao-Tai ethnic groups whose cultural roles, limited technical skills, and lack of marketing information often leave them unprepared to engage with the market.	
B. Key actions. <input checked="" type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure A gender action plan was developed to (i) ensure equality of project benefits and opportunity sharing between men and women, (ii) reduce gender inequalities in the project areas, (iii) set targeted approaches for both men and women, (iv) collect sex disaggregated data for benefit monitoring and evaluation, and (v) increase representation of women in decision-making and include actions that promote gender equality and women's empowerment for each of the project's outputs. The project will support female scholars from rural areas. Gender mainstreaming and practical training on promoting and applying good practices on gender will be conducted among the main project implementers and beneficiary group members. The design and monitoring framework provides a quota for women's involvement in SLPMGs and in committees to improve their participation and involvement in decision-making. The implementing agencies, with the support of a gender specialist, will be responsible for implementing the gender action plan. The project's midterm review will be an opportunity to review targets and specific gender actions.	
IV. ADDRESSING SOCIAL SAFEGUARD ISSUES	
A. Involuntary Resettlement	Safeguard Category: <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
1. Key impacts. The project preparatory technical assistance and the fact-finding mission identified that insignificant involuntary resettlement impacts may ensue as a result of land acquisition for infrastructure components of the project. As such, the project remains category B for involuntary resettlement. Slaughterhouses are expected to acquire the largest land area at a maximum of 3 hectares each. Community infrastructure such as corrals and fences may need small parcels of land that may also damage crops and structures. Land use planning will not result in adverse social impacts due to involuntary restrictions on land use or access to legally designated protected areas.	
2. Strategy to address the impacts. To the extent possible, the project's infrastructure components will be built on unused government or village land. A resettlement framework was developed to guide screening for involuntary resettlement impacts, ensure that impacts will be minimized, and make effective mitigation measures readily available to project implementers. During project implementation, specific locations for infrastructure components will be determined for each province. If screening reveals that involuntary resettlement is triggered in a given province, a resettlement plan for that province will be prepared in accordance with the approved resettlement framework and submitted to ADB for approval. The environment and social management system (ESMS) will be prepared for the credit facility to be established in 2016, using International Fund for Agriculture Development funds, will include involuntary resettlement safeguards, and will be subject to International Fund for Agriculture Development approval.	
3. Plan or other Actions. <input checked="" type="checkbox"/> Resettlement framework	
B. Indigenous Peoples	Safeguard Category: <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
1. Key impacts. For ethnic groups, the project will increase their incomes, provide additional knowledge and skills on livestock production, and facilitate their access to credit facilities to support expansion of their livestock-related businesses. However, as the project focuses on commercialization, in some villages, ethnic groups with better economic status may have more of an advantage than poorer groups. No adverse impacts are expected on ethnic groups because the project's interventions are generally compatible with their way of life. Land to be acquired for infrastructure components will not adversely affect ethnic groups.	
Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The project does not trigger any of the three instances requiring broad community support.	
2. Strategy to address the impacts. An ethnic groups development framework was developed in accordance with ADB's Safeguard Policy Statement (2009). During project implementation, an ethnic group development plan will be prepared if any project intervention will have impacts on ethnic groups. The ESMS to be prepared for the credit facility will include safeguards for ethnic groups, and be subject to International Fund for Agriculture Development approval.	
3. Plan or other actions. <input checked="" type="checkbox"/> Indigenous peoples planning framework	

V. ADDRESSING OTHER SOCIAL RISKS

A. Risks in the Labor Market

1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L) unemployment underemployment retrenchment core labor standards

2. Labor market impact. Under output 1, the groups that participated in the LDP have already been introduced to more labor-intensive livestock management systems. The proposed project will not increase the labor requirement of households. With or without the project, the labor requirement is provided by households. Under output 2, slaughtering practices are expected to improve. As part of the site selection and feasibility study, a survey will assess the employment impacts of the new slaughterhouses and the expected accompanying government ban on uncertified slaughter facilities or slabs. This is not expected to have an adverse impact on employment as the slaughtering is carried out by traders. Introduction of the slaughterhouse should not create unemployment risks for the traders. This is to be confirmed. The project, through its training component (including internships and scholarships) will improve the vocational skills of at least 48 scholars and 85 interns, improving their employment opportunities.

B. Affordability

Incremental livestock production from the project is not expected to influence meat prices. No affordability issue has been identified.

C. Communicable Diseases and Other Social Risks

1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):

Communicable diseases Human trafficking Others (please specify) _____

2. **Risks to people in project area.** Livestock diseases that can be passed on to humans may be exacerbated by unsanitary husbandry, meat processing, and butchering. Because animal diseases, especially when they cause death among the livestock, will affect people's businesses, measures to address the issue are embedded in the project design. The design and monitoring framework includes indicators that show that this issue is seriously considered (i.e., 12 district and 2 provincial market facilities improved for meat handling hygiene and sanitation, number of trained and certified meat handlers and butchers). In addition, environmental safeguards ensure good management of animal waste and carcasses, and will install sanitation standards for slaughterhouses.

VI. MONITORING AND EVALUATION

1. **Targets and indicators.** The project benefit monitoring system (PBMS), the main data source, will be used for monitoring the following indicators related to poverty reduction and inclusive social development: (i) number of scholarships provided to students from SLPNG villages; (ii) 300 SLPNGs organized with 35% female participation, and complete technical and business training program; and (iv) credit to SLPNGs on a sustainable basis.

2. **Required human resources.** National project implementation consultants include experts on poverty and social assessment, gender, environment and social safeguards, and participation. Asian Development Bank (ADB) staff will support the project with expertise to supervise and monitor the poverty and social impacts. The project will install community participation, gender, and safeguard officers in its national, provincial, and district offices.

3. **Information in the project administration manual.** The Project Administration Manual discusses the project benefit monitoring system, monitoring and evaluation requirements for environment and social safeguards, and overall project progress reporting that will cover poverty and social dimensions.

4. **Monitoring tools.** The project benefit monitoring system will be the main tool for monitoring DMF indicators on poverty and social issues.

^a The project will be implemented in Houaphanh, Luang Namtha, Luang Prabang, and Xieng Khouang provinces.

^b ADB. 2012. *Country Partnership Strategy: Lao People's Democratic Republic, 2012–2016*. Manila. It is included in the ADB. 2013. *Country Operations Business Plan: Lao People's Democratic Republic, 2014–2016*. Manila.

^c Seventh National Socio-Economic Development Plan, 2011–2015, Strategy for Agricultural Development 2020, and Agricultural Master Plan, 2011–2015. Government of the Lao People's Democratic Republic.

^d ADB. 2011. *Country Partnership Strategy: Lao People's Democratic Republic, 2012–2016*. Manila.

Source: Asian Development Bank staff.