SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY				
Country:	Lao PDR	Project Title:	Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth	
Lending/Financing Modality:	Project	Department/ Division:	SERD/TRM	
I. POVERTY ANALYSIS AND STRATEGY				
Targeting Classification: General Intervention A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy				
In accordance with the Greater Mekong Subregion (GMS) Strategic Framework 2012–2022, ^a the project will promote private sector-driven economic growth and foster skilled human resource development in the labor-intensive tourism sector. In the Seventh National Socio-Economic Development Plan (NSEDP) 2011–2016 of the Lao People's Democratic Republic (Lao PDR), the government is targeting graduation from Least Developed Country status by 2020, with poverty reduction as the primary objective. With its focus on job creation and inclusive economic growth, the project supports national objectives to accelerate economic growth, reduce poverty and inequality, and generate more jobs and income-generating opportunities for women and ethnic groups. The NSEDP highlights economic diversification in the service sector, in particular tourism, as essential for reaching national development and poverty reduction goals. The project design is aligned with the Asian Development, (ii) governance, (iii) gender equity, and (iv) regional cooperation and integration. ^b The project will foster tourism growth, increase tourism receipts, and boost tourism employment by improving access infrastructure in urban and rural tourism sites, improving environmental services in cross-border tourism centers, and providing capacity building to promote small and medium-sized enterprises and regional tourism cooperation.				
-	ty and Social Analysis du			
 Key Issues: Lao PDR has steadily reduced poverty over the past decade, reaching lower-middle income status in 2011 with a per capita gross domestic product of \$1,069. In 2010, 26% of the population was living in poverty, compared to 33.5% in 2002.^c The poverty rate in rural areas is 31.7%, but reaches 54% in mountainous areas, illustrating the need for more investment in off-fam, labor-intensive economic sectors. In 2010 industry accounted for 26% of GDP but employed only 5.5% of the active labor force. By comparison the service sector, of which tourism is an important component, generated 37.2% of GDP and accounted for 19.5% of employment. Tourism in Lao PDR contributes directly to poverty reduction by stimulating enterprise development and employment opportunities in a range of subsectors that are accessible to poor and low-income populations. About 27% of destination spending by tourists reaches the poor.^d Women represent about half of entrepreneurs in the tourism sector and tourism creates many jobs for youth. In order to maximize tourism's poverty reduction benefits, the project has selected areas where improvements to last-mile access infrastructure will catalyze tourism growth and investment in locations that can realize tangible gains from increased tourist numbers. Areas in Champasak, Khammouane, Luangprabang, and Oudomxay with good tourism potential (but persistent pockets of poverty) have been selected for inclusion in the project. Oudomxay is the fifth-poorest province in Lao PDR. Poverty in rural Luangprabang is 30.8% compared to 13.5% of the vill directly benefit men and women living in the proximity of upgraded tourist sites. A total of about 15,000 local residents will directly benefit from increased access to economic opportunities from tourism and improved access to markets and social services as a result of road upgrades. Women from low-income households that are supplementing farm livelihoods with handicraft production or food and beverage services stand to gain the most fro				
3. Impact Channels: The project will impact poor and vulnerable groups through the following channels: (i) involvement in tourism retail enterprises with low startup costs will provide a means for the poor to diversify livelihoods from subsistence agriculture; (ii) the project will support community tourism groups to ensure that poor households gain access to new jobs and income-generating opportunities from tourism; (iii) value-chain analysis will inform and support enterprise development activities that assist farming communities produce and market local products to tourism enterprises, and directly to tourists; and (iv) by working with the Lao Women's Union and the Lao Front for National Reconstruction to ensure female heads of households, members of poor households, and ethnic groups have equal access to the project's skills training and business support services. Civil works contractors will be required to hire local unskilled labor; 20% of those hired will be women.				
4. Other social and poverty issues: The project's training programs will include awareness raising to promote better health and hygiene, and will support village site management committees to improve solid waste management practices. These interventions will help improve the health status of target communities. The project will reduce the vulnerability of women and children to human trafficking and other forms of exploitation by conducting awareness programs and promoting collaboration between private enterprises, nongovernment organizations (NGOs), and law enforcement agencies.				
designed to maximize eco and low-income population jobs in underdeveloped ar rural areas, bringing impr	nomic opportunities for sm ns, with an emphasis on we eas, at least 50% of which oved access to markets a	all and medium-sized omen and youth. The will be held by women and services for about	environmental services, and capacity building are enterprise (SME) development that benefits poor project will contribute to (i) creating about 27,000 n; (ii) increasing the percentage of paved roads in t 15,000 residents; (iii) improving environmental rprise operators and tourists; and (v) providing at	

least 500 SME operators with business support services, including facilitating access to microfinance.				
II. PARTICIPATION AND EMPOWERING THE POOR				
 Summary of participation approaches: The project has incorporated different mechanisms in its design and institutional and implementation arrangements to ensure participation of a diverse range of stakeholder groups. The project will establish a National Steering Committee that includes representatives from different government agencies such as the Lao Women's Union. Destination management organizations (DMOs) will be established and/or strengthened in districts and provinces, with women filling 40% of manager positions, to set strategic directions for tourism planning. DMOs will include the private sector, NGOs and local government officials. The project will also establish community tourism groups (CTGs). CTGs will involve civil society organizations such as the women's union, youth union and traditional village leadership in guiding project implementation. Forms of civil society participation envisaged during project implementation? M - Information sharing H - Consultation M - Collaborative decision making N - Partnership Will a project-level participation plan prepared to strengthen participation of civil society is through the creation and strengthening of CTGs and by engaging them to (i) participate in decisions on infrastructure design, construction planning, and selection of equipment that is suitable for local conditions; and (ii) promoting collaboration with women's groups and NGOs in tourism training, outreach to vulnerable groups, and destination management. The consultation and participation plan includes (i) mechanisms to ensure community and stakeholder consultation throughout the detailed design of works; (ii) activities to promote accountability and transparency in contracting, fund disbursement and community involvement in the monitoring of contractor services; and (iii) representation of women and ethnic groups in DMOs and CTGs. Strategies for participation are also integrated into the Gender Action Plan (GAP). 				
III. Gender and Development				
Gender Mainstreaming Category: Effective Gender Mainstreaming A. Key Issues. Women's social, economic and political equality is recognized in the Lao PDR constitution. A comprehensive legal framework and economic development strategies have helped Lao PDR reduce gender disparities but challenges remain. While 73% of Lao women are active in the labor force (compared to 78% of men), women are over-represented in seasonal employment and temporary jobs. Women also generally earn less than men and are under-represented in managerial positions and higher-paying industries. High domestic and on-farm workloads, limited mobility, poor infrastructure and limited Lao language proficiency among ethnic women are key barriers to expanding women's enterprise opportunities. Interviews with women living near project sites confirmed their interest in expanding or opening small enterprises. Women identify tourism retail services as a lucrative opportunity that is less arduous than farming. Handicraft production is also a favored activity but production times can be long compared to the sales value. Poor and low-income women can enter the tourism sector with small investments, but many—in particular ethnic households and those headed by women—lack access to affordable credit. When poorly managed and uncontrolled, tourism can bring risks, such as human trafficking, HIV and AIDS, drug trafficking, and exploitation of children (child prostitution and child labor). Despite their active presence in service jobs and income-generating activities linked to tourism, women are underrepresented in tourism planning and management at all levels. Representation is also low within government tourism departments, DMOs and industry associations, and agencies responsible for infrastructure development and enterprise promotion. B. Key Actions. The project has developed a GAP that includes measures to ensure women bene				
III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS				
A. Involuntary Resettlement Safeguard Category: $\Box A \boxtimes B \Box C \Box FI$				
 Key impacts: The project has limited resettlement impacts. Chomphet Heritage District Access Improvements includes improvements to a ferry terminal and access road through the market in Xieng Maen village. This will cause temporary disruption of 21 businesses with 104 affected persons. The upgrading of 54 kilometers of rural road to Chom Ong Cave will require acquisition of less than 10% of agricultural land from six affected households with 42 affected persons. The Xang Cave access improvement subproject includes road upgrades with loss of residential garden areas and trees, including small secondary structures of three affected households, with 13 affected persons. Strategy to address impacts: Three resettlement plans were prepared to address land acquisition and resettlement impacts. Compensation for all households will be based on replacement cost, and assistance including allowances is provided for vulnerable households. Consultations have been carried out and will continue during project implementation. Plan or other actions: Resettlement Plan Combined RP &Indigenous Peoples Plan Resettlement Framework Combined RF & IP Participation Framework Environment & social management system arrangement Social Impact Matrix No Action 				

B. Indigenous Peoples Safeguard Category: A B C FI	
 Key impacts: The project will bring beneficial impacts to diverse ethnic groups living near the selected tourist sites a along access roads. The subproject in Oudomxay will benefit a cluster of Khmu villages living near the Chom Ong Cave well as Khmu and Hmong villagers who live along the rural road to be upgraded. In Khammouane, a Makong villager benefit from an upgraded road that will provide better access to markets and social services and facilitate tourist visits. Tham Ting-Xang Hai access improvements subproject in Pak Ou District Luangprabang will benefit mixed ethnic villages upgrading road access and providing more tourism-related business opportunities. The sites have been open to tourism for number of years and are in areas where members of ethnic groups are already engaged in existing tourism activities. The project will ensure that local ethnic people continue to maint and gain more access to tourism-related enterprise opportunities and participate in tourism planning. In Oudomxay, improved Chom Ong Cave site shall remain under the management of the local Khmu village. Strategy to address impacts: The Indigenous Peoples Plan (IPP) includes actions to ensure that ethnic groups project areas benefit from tourism activities and actions to promote responsible tourism. These include (i) strengthen management of community-based tourism activities in ethnic villages; (ii) supporting ethnic groups, in particular women fr ethnic groups, with business planning and enterprise development services; and (iii) promoting the formation of CTGs ethnic groups. The design of information and awareness campaigns will focus on promoting responsible tourism. Learn materials will incorporate ethnically sensitive designs and local languages where appropriate. Plan or other actions: Indigenous Peoples Plan indigenous Peoples Plan indigenous Peoples Planning Framewer Diriement and Social Management Arrg. 	as will The by or a All tain the ing oby
Indigenous Peoples plan elements in project with summary No Action	
IV. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market Unemployment Under-employment Retrenchment Core labor standards Risks in the labor market are minimal and relate primarily to the construction phase. Contractors will be required to hire lo labor and apply Lao PDR's labor laws and internationally recognized Core Labor Standards, including fair wages at mar prices, equal pay for equal work, and no use of child labor.	rket
B. Affordability: None. The project will improve tourism-related infrastructure but does not include mandatory service for to be imposed on local residents. The main public service is upgraded rural roads that do not have tolls. Existing vendors not pay additional fees because of project improvements. The village and site management committees will manage rer fees for any new retail stalls as per the existing norms in place. A dual pricing mechanism for entry fees to public tour attractions will ensure affordability for domestic tourists.	will ntal
C. Communicable diseases and other social risks	
 1. Indicate the respective risks, if any, and rate the impact as high, medium, low, or not applicable: M – Communicable diseases M – Human Trafficking L – Others Communicable diseases and other social risks are rated medium because such risks are known to occur in areas w poorly managed tourism growth. Despite this association, the risks are not rated high because the project includes spect activities to raise awareness on issues of health, HIV/AIDs, human trafficking, and other social risks such as traffic saf and child exploitation. The activities include mechanisms to promote collaboration between communities, law enforcement the private sector, government agencies and NGOs to prevent negative social impacts from arising. 	cific fety
IV. MONITORING AND EVALUATION	
 Targets and indicators. Gender and social impact indicators are included in the design and monitoring framework a include performance targets for increased employment and economic benefits, and to ensure that women participate consultations and tourism planning. Additional social safeguard monitoring indicators are described in the various social action plans. Required human resources. International and national consultants will be engaged to assist project implement agencies update, implement, and monitor (i) resettlement plans, (ii) the IPP, and (iii) the gender action plan. Vario consultants will be engaged to support the project's SME support programs, with mandates to ensure that local wom ethnic groups and youth benefit equally from economic opportunities generated by the project. Information in PAM: Summaries of the safeguard requirements and references to the safeguard plans are described the PAM. Quarterly project progress reports will include a description of the physical progress, and implementation status resettlement plans, gender action plans, the IPP, and the consultation and participation plan. Monitoring tools. Baseline data for performance monitoring is included in the design and monitoring framewor Additional information on poverty and social indicators will be collected shortly after the project starts, in order to produce more detailed baseline and enable a detailed end-of-project impact evaluation. Safeguard monitoring, and the monitor mechanisms of key performance indicators for economic, social and environmental aspects of the project will be elabora in the project performance management system. 	e in cial ting ous ien, d in s of ork. ee a ring
ADB. 2011. Greater Mekong Subregion Economic Cooperation Program Strategic Framework, 2012–2022. Manila. ADB. 2011. Country Partnership Strategy: Lao People's Democratic Republic, 2012–2016. Manila. Ministry of Planning and Investment, Lao PDR. 2011. The Seventh Five-Year National Socio-Economic Development	

- Plan 2011-2015. Vientiane. The poverty level in 2012 was equal to KN180,000 kip per person/month for people living in rural areas and KN210,000 per person/month for people living in urban areas.
 ^d Mitchell, J., and C. Ashley. 2010. Tourism and Poverty Reduction, Pathways to Prosperity. London: Overseas Development Institute and Earthscan.