

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Lao People's Democratic Republic	Project Title:	Second Greater Mekong Subregion Corridor Towns Development Project
Lending/Financing Modality:	Project Loan	Department/Division:	Southeast Asia Department Urban Development and Water Division
<b>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</b>			
Poverty targeting: general intervention			
<b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</b>			
<p>The Seventh Five-Year National Socio-Economic Development Plan, 2011–2015 emphasizes that sociocultural development, economic development, and environmental protection must reinforce each other.<sup>1</sup> The Asian Development Bank country partnership strategy, 2012–2016 for the Lao People's Democratic Republic, which has the overarching objective of inclusive and sustainable economic growth and poverty reduction, is aligned with the plan. The challenges of rapid urbanization and the development of urban centers that can sustainably support stronger rural–urban linkages will be addressed through improved urban services and municipal infrastructure. One of the four core sectors of the country partnership strategy, 2012–2016 is water supply and other municipal infrastructure and services. The project is fully aligned with both these strategies.</p>			
<b>B. Results from the Poverty and Social Analysis during Project Preparatory Technical Assistance or Due Diligence</b>			
<p><b>1. Key poverty and social issues.</b> The key poverty and social issues are the need for environmentally sustainable urban infrastructure that can provide a basis for economic growth in the towns of Houayxay and Luang Namtha. The poverty rates, according to provincial statistics from 2014 and measured by the national rate (23.2% in 2012), were very low in both towns, at 0.2% in Houayxay and 0.8% Luang Namtha. The poor are more vulnerable to (i) impacts arising from higher exposure to environment-related hazards prevalent in low-lying flood-prone areas, and (ii) insufficient infrastructure and basic urban services. However, 8% of poor households in Luang Namtha and 23% in Houayxay are headed by females. Inadequate solid waste collection services and sanitation were rated as the most serious environmental sanitation problems by 70% of survey respondents in Luang Namtha and 32% in Houayxay, while 17% in Luang Namtha and 21% in Houayxay rated flooding and inadequate drainage of storm water as the most serious problems. In Houayxay, 57% of households have no solid waste collection, and in Luang Namtha, 60% of households have no solid waste collection. Social impacts include increased waterborne disease incidence due to poor sanitation, resulting in missed days of employment and school. Occurrence of major flooding events is a risk for poor and vulnerable households in exposed areas near rivers. The river port in Houayxay is economically important due to its dual role as an embarkation point for tourists traveling by boat to Luang Prabang and for cargo transport. However, it has a number of shortcomings that constrain potential benefits, including no berthing for commercial shipping fleets, unsafe car parking facilities, no covered waiting areas or seats for passengers, no public toilets, and shops that are not permanent and are scattered along riverbanks and roadsides. Lack of sustainable livelihoods is an issue, especially for women who rely on low-value traditional handicrafts and small-scale agricultural products, which are difficult to market.</p> <p><b>2. Beneficiaries.</b> The number of people serviced by solid waste collection in the two towns is projected to increase to 24,175 in 2021 from 17,460 in 2015, including poor households. In Houayxay 10,600 people will benefit from enhanced protection from flooding. All residents will benefit from upgraded roads and drainage systems that will facilitate intra-urban transport, especially during the rainy season, and public parks. The target beneficiaries from these public facilities include the full population of each town. This consists of about 3,745 households (comprising about 19,395 people of which 10,010 are women) in Houayxay, and 2,405 households (comprising about 13,730 people, of which 6,620 are women) in Luang Namtha. It also includes businesses and tourists who will benefit from improved urban infrastructure.</p> <p><b>3. Impact channels.</b> Tourism in both towns will increase due to improvements in environmental sanitation and recreational areas, and in Houayxay's upgraded riverbank and river port. Skills development and vocational training opportunities, supported by market and value chain analysis, will be provided to poor and unskilled laborers to enhance and capture local employment opportunities as a result of project investments. Access to goods and services will increase through expansion and improvement of solid waste collection service areas, recreational parks, and upgraded roads and drainage. Implementing and supporting agencies in the towns will increase their capacity to plan, design, and implement urban improvements. Various information campaigns will develop the capacity of implementation institutions and staff and social assets, strengthening community awareness and responsibility for environmental sanitation.</p> <p><b>4. Other social and poverty issues.</b> The majority (85%) of Luang Namtha Province is mountainous, and most people outside Luang Namtha town have vulnerable natural resource-based livelihoods. Tourism, which is important</p>			

<sup>1</sup> Government of the Lao PDR, Ministry of Planning and Investment. 2010. *Seventh Five-Year National Socio-Economic Development Plan, 2011–2015*. Vientiane.

to the town, is sensitive to regional epidemics such as bird flu and natural disasters. Deforestation for rubber plantations in Luang Namtha has been detrimental to ecotourism.

5. **Design features.** The project's poverty reduction and socially inclusive design features include (i) provision of basic infrastructure for solid waste collection and management to the 57% unserved households in Houayxay and the 60% unserved households in Luang Namtha; (ii) improved connectivity and environmental sanitation for residents due to expanded urban roads and drainage systems; and (iii) livelihood opportunities associated with improved river port facilities and riverbank protection, and recreational areas. The project is likely to contribute to poverty reduction through employment creation in the short term through opportunities in project civil works. Job creation in the medium and long term will be enhanced by an increase in private investments that is expected to result from improvements in urban services, and an increase in sustainable livelihood improvement activities such as vocational training opportunities and skills development. Waste collectors at the dump site in Houayxay will be given continued access to employment at improved landfill sites.

## II. PARTICIPATION AND EMPOWERING THE POOR

1. **Participatory approaches and project activities.** All stakeholders, including the poor and vulnerable, participated in discussions to identify problems at the town and village levels during the project preparatory technical assistance. Targets for employment in O&M of infrastructure improvements are designed to increase local participation, while targets for capacity development of underrepresented female staff in key management areas are designed to increase female participation in urban infrastructure management

2. **Civil society organizations.** The bulk of community outreach work done will be implemented by government agencies, including the LWU and Lao Youth Union. The LWU will work directly with community groups. However, during project implementation, civil society organizations may be established (e.g., community waste management operators) that may coordinate local solid waste collections with municipal service providers.

3. 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):

NA  Information gathering and sharing NA  Consultation NA  Collaboration NA  Partnership

4. **Participation plan.**  No. Local community outreach and mobilization will be facilitated by the LWU, which is not classified as a civil society organization per the definition in: ADB. 2012. *Strengthening Participation for Development Results: An Asian Development Bank Guide to Participation*. Manila.

## III. GENDER AND DEVELOPMENT

Gender mainstreaming category: effective gender mainstreaming

**A. Key issues.** Key gender issues relevant to the project include (i) unequal impacts from poor environmental sanitation due to higher exposure among females associated with gender-defined responsibilities; (ii) limited availability of sustainable livelihoods and gender inequality in livelihood opportunities where traditionally women with limited or no formal education are involved in handicrafts that are of low value and difficult to market; (iii) low female representation in urban infrastructure management, particularly in decision-making positions; and (iv) the risk of human trafficking, with the Lao People's Democratic Republic a major country of origin of women trafficked primarily to Thailand.

**B. Key actions.**  Gender action plan

A GAP has been prepared to ensure that 10,012 women in Houayxay and 6,621 women in Luang Namtha will benefit from improved infrastructure improvements. Key gender design measures to strengthen the role of women in local economic activities, and to increase female representation in the sector and in decision-making positions, include the following: (i) gender design elements in urban infrastructure provision; (ii) promotion and monitoring of women's employment in all available project positions and related investments; (iii) targeted skills development (supported by market and value chain studies) provided through the capacity development plan; (iv) training of female staff in the PMU/PIUs, with a targeted 30% of key management comprising female staff, including 20% in decision-making positions; (v) training and awareness raising campaigns on risks for women related to human trafficking; (vi) 100% of informal waste pickers near existing dump sites have continued access to improved landfill sites; (vii) 10% of unskilled laborers employed in subproject construction are women; (viii) 30% of staff members employed in O&M are women; and (ix) 75% of unskilled laborers are of local origin.

<b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b>	
<b>A. Involuntary Resettlement</b>	<b>Safeguard Category:</b> <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
<p>1. <b>Key impacts.</b> The project will have land acquisition and resettlement (LAR) impacts in both towns. In Houayxay, a total area of 28.19 ha of land acquisition is required. Project components will affect a total of 45 households (244 APs) and one boat association. All other impacts include crops, trees, and aquaculture products. In Luang Namtha, a total land area of 0.92 ha will be acquired. A total of 10 households (107 persons). None of the AHs will require physical relocation or experience a loss of more than 10% or more of their productive assets, while one AH is poor household. The other impacts include crops and trees in Luang Namtha.</p> <p>2. <b>Strategy to address the impacts.</b> All affected households are entitled to compensation and rehabilitation assistance. Income restoration will be provided to severely affected and vulnerable households.</p> <p>3. <b>Plan or other Actions.</b> Two resettlement plans, one for Houayxay and one for Luang Namtha.</p> <p><input checked="" type="checkbox"/> Resettlement plan</p>	
<b>B. Indigenous Peoples</b>	<b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<p>1. <b>Key impacts.</b> There are no indigenous peoples in the project's area of influence.</p> <p>2. <b>Strategy to address the impacts.</b> Not applicable.</p> <p>3. <b>Plan or other actions.</b></p> <p><input checked="" type="checkbox"/> No action</p>	
<b>V. ADDRESSING OTHER SOCIAL RISKS</b>	
<b>A. Risks in the Labor Market</b>	
<p>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). The project's impact on the labor market is marginal.</p> <p>L <input type="checkbox"/> unemployment L <input type="checkbox"/> underemployment L <input type="checkbox"/> retrenchment L <input type="checkbox"/> core labor standards</p> <p>2. <b>Labor market impact.</b> The project will include the following targets: 10% of unskilled laborers employed in subproject construction are women, with core labor standards clauses included in the contractors' contracts; 30% of staff employed in O&amp;M are women; 75% of all unskilled laborers/staff are of local origin; 100% of informal waste pickers near existing dumpsites (2015 baseline: 30 people) will be given continued access to rehabilitated landfill sites; and female government staff and poor unskilled laborers accessing capacity development plan activities have access to better paying jobs.</p>	
<b>B. Affordability</b>	
<p>Affordability for sanitation services will not be a concern, since household connections are included in the project cost and will be provided at no charge to households. Proposed tariffs for both wastewater and solid waste management have been assessed as affordable for low-income (lowest quartile) households.</p>	
<b>C. Communicable Diseases and Other Social Risks</b>	
<p>1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):</p> <p>L <input type="checkbox"/> Communicable diseases L <input type="checkbox"/> Human trafficking</p> <p><input type="checkbox"/> Others (please specify) _____</p> <p>2. <b>Risks to people in project area.</b> The project will offset possible risks from communicable diseases by hiring 75% of all unskilled laborers locally. The PIU and the contractor will work closely with village and district health services to develop awareness, training, prevention, diagnosis, and treatment programs for workers. There is a low risk the project may have an additional effect on human trafficking, as the towns are close to the border with Thailand. The project will mitigate risk by conducting community outreach programs to raise awareness.</p>	
<b>VI. MONITORING AND EVALUATION</b>	
<p>1. <b>Targets and indicators.</b> The key targets and indicators for poverty reduction and inclusive social development in the design and monitoring framework include the following. By 2021: (i) 24,175 people serviced by solid waste collection in the two towns (2015 baseline: 17,460) (ii) 10,600 people with enhanced protection from flooding (2015 baseline: 0) ; (iii) 7,645 women in Houayxay and 6,620 in Luang Namtha benefit from improved urban infrastructure (2015 baselines: 0); (iv) 10% of unskilled laborers employed in subproject construction are women (2015 baseline: Not Applicable – N/A); (v) 30% of staff members employed in O&amp;M are women; (vi) 75% of all unskilled laborers/staff are of local origin (2015 baseline: N/A); (vii) 100% of informal waste pickers near existing dumpsites are given continued access to rehabilitated landfill sites; (viii) PIUs recruit 30% female staff, including 20% in decision-making positions (2015 baseline: N/A); and (ix) at least 20 people (30% of whom are female) trained in key project management areas (2015 baseline: N/A).</p> <p>2. <b>Required human resources.</b> An intermittent international (4 person-months) and national (10 person-months) social development and gender specialist and at least one counterpart staff in each town to coordinate the implementation, monitoring, and reporting of the project's GAP and stakeholder communication strategy.</p> <p>3. <b>Information in the project administration manual.</b> Monitoring of impacts on social and gender aspects, including social inclusion and gender benefits, will be incorporated into the PPMIS.</p> <p>4. <b>Monitoring tools.</b> The PMU and PIUs will be assisted by the project implementation consultant team in devising the monitoring indicators and reporting templates in assessing progress of the social action plans.</p>	

ADB = Asian Development Bank, GAP = gender action plan, LWU = Lao Women's Union, O&M = operation and maintenance, PIU = project implementation unit, PMU = project management unit, PPMIS = project performance monitoring information system.

Source: Asian Development Bank estimates