

**SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY**

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|---|----------|----------------------|--|
| Country:  | Viet Nam | Project Title:       | Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth |
| Lending/Financing Modality:   | Project  | Department/Division: | Southeast Asia Department/Thailand Resident Mission                  |
| <b>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</b>  |          |                      |  |
| <b>Targeting Classification:</b> General intervention   |          |                      |  |
| <b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</b>  |          |                      |  |
| <p>In accordance with the Greater Mekong Subregion Strategic Framework, 2012–2022, the project will promote private sector-driven economic growth and foster skilled human resource development in the labor-intensive tourism sector. Viet Nam became a middle-income country in 2010, with the current Socio-Economic Development Strategy (SEDS), 2011–2020 providing the basis to transform Viet Nam into a modern industrialized nation by 2020. The SEDS underscores the need to shift the focus from low-cost manufacturing to higher efficiency, productivity, and competitiveness as the basis for growth. Preservation and promotion of cultural heritage and tourism features prominently in the SEDS and are expected to make a significant contribution to sustainable development. The project supports national objectives for poverty reduction (Resolution No. 80/NQ-CP, 19 May 2011) by creating jobs in tourism and by investing in infrastructure to catalyze economic development in poor and ethnic minority areas. The project is aligned with the country partnership strategy of the Asian Development Bank (ADB), which emphasizes inclusive growth and ensuring that women and the poor derive benefits from increased regional connectivity.<sup>a</sup></p>  |          |                      |  |
| <b>B. Results from the Poverty and Social Analysis during PPTA or Due Diligence</b>   |          |                      |  |
| <p><b>1. Key poverty and social issues.</b> Viet Nam has made significant progress in poverty reduction. The national poverty rate fell from 30% in 2001 to 14.2% in 2010<sup>b</sup> and is estimated to be less than 11.1% in 2012.<sup>c</sup> Government efforts to extend basic services in remote areas, facilitate access to capital and land, and improve infrastructure have ensured that a wide segment of the population benefits from the growing market economy. While recognizing Viet Nam’s remarkable progress in reducing poverty, a recent World Bank assessment concludes that further reductions will become more challenging because the remaining poor live primarily in remote areas with limited assets, are undereducated, and suffer from poor health or disabilities. Many of those rising out of poverty risk falling back due to risks associated with natural disasters, external shocks, high inflation, and a slowing economy. Ethnic groups are disproportionately poor, representing 15% of the total population, but 47% of those living under the poverty line.</p> <p>Part of Viet Nam’s success in raising incomes is the result of an increasingly diversified economy. Agriculture accounts for 50% of the present labor force compared with 75% in 1992, and the share of people working in the service sector has doubled from 15% in 1992 to 30% in 2012. Tourism contributes an estimated 4.5% to gross domestic product and sustains 2.3 million jobs or 9.4% of total employment.<sup>d</sup> Tourism contributes directly to poverty reduction by stimulating enterprise development and job creation in a range of subsectors accessible to poor and low-income populations, with about 26% of tourist-destination spending reaching the poor. Women represent over half of microentrepreneurs in the tourism sector and tourism creates many entry-level jobs for youth. Three of the five project provinces have poverty rates above the national average of 11.1%. These are Lao Cai, with a poverty rate of 32.6%, Dien Bien (32.8%), and Ha Tinh (14.2%). Kien Giang has a poverty rate of 9.3% and Tay Ninh 6%. Poverty in project districts and communes varies from less than 3% at one site in Kien Giang to as high as 26% in communities in Dien Bien. In total, 1,275 poor households reside in the project’s direct catchment area, defined as villages situated along roads to be upgraded or next to tourist sites where infrastructure improvements are planned. According to the social survey, women from these communities that derive their livelihood from tourism are vulnerable to falling into poverty if tourist visits stagnate or decrease.</p> <p><b>2. Beneficiaries.</b> Project investments will benefit about 51,000 residents by facilitating access to markets and services; improving sanitary conditions; and promoting micro-, small, and medium-sized enterprise (MSME) development. The project is expected to create 85,000 jobs in the five target provinces, 60% will be held by women. Women from low-income households that are supplementing farm livelihoods with handicraft production or food and beverage production or services stand to gain the most from the project. The indirect beneficiaries are 490,000 residents (50% women and girls) of districts that will experience incremental tourism growth and related economic opportunities as a result of the project. The population of the five participating provinces is 5.2 million.</p> <p><b>3. Impact channels.</b> The project will impact poor and vulnerable groups by (i) supporting tourism enterprises with lower start-up costs, allowing the poor to diversify livelihoods from subsistence agriculture to income generation; (ii) strengthening and where necessary establishing community tourism groups (CTGs) to ensure that poor households have access to new jobs and retail opportunities created by the project; (iii) conducting value chain analysis to inform enterprise development activities to assist farming, fishing, and craft-producing communities sell more local products to tourists; and (iv) working with local women’s unions to ensure that female heads of households and members of poor households have equal access to skills training opportunities. Civil works contractors will be required to hire at least 30% local unskilled labor (40% women).</p> <p><b>4. Other social and poverty issues.</b> Other social and poverty issues include a lack of potable water supply in some project sites; poor sanitation and health conditions; lack of fuel-wood resources; and low education, especially among ethnic minority women over 35 years old. Poor households often take children out of school (especially girls) so that they can work and earn extra income for the family.</p> <p><b>5. Design features.</b> Complementary investments to improve access to infrastructure, environmental services, and capacity building are designed to maximize benefits for poor and low-income populations, with an emphasis on women, ethnic minorities, and youth. The design contributes to inclusive growth by (i) creating about 85,000 tourism-related jobs, 60% to be held by women; (ii) paving 45 kilometers of rural roads to open up new areas for tourism and improve access to markets and social services for 31,000 residents; (iii) improving solid waste and wastewater management in cross-border tourism centers to reduce public health hazards for 21,000 residents and 8.8 million annual visitors beginning in 2019; and (iv) increasing the competitiveness of at least 560 MSMEs by providing business support and facilitating access to affordable microfinance.</p> |          |                      |  |

## II. PARTICIPATION AND EMPOWERING THE POOR

**1. Summary of participation approaches.** The project incorporates mechanisms in its design and implementation arrangements to ensure participation of a diverse range of stakeholder groups. It will establish provincial steering committees that include representatives from various government agencies and mass organizations such as the Vietnam Women's Union. Destination management organizations (DMOs) will be established and/or strengthened in districts and provinces, comprising at least 40% women managers, to set strategic directions for tourism planning. DMO members will include the private sector, nongovernment organizations (NGOs), and local government officials. Community tourism groups (CTGs) will involve civil society organizations such as women and youth unions, and traditional village leadership in guiding project implementation. The CTGs will mobilize and empower local community members, especially the poor, women, and ethnic minority groups to participate in project activities throughout all stages of project implementation.

**2. Civil society participation** envisaged during project implementation?

M - Information sharing     H - Consultation     M - Collaborative decision making     P - Partnership

**3. Project-level participation plan** be prepared to strengthen participation of civil society groups?  Yes     No

The main form of engagement with civil society is through the strengthening and creation of DMOs and CTGs and engaging them to (i) participate in decisions on infrastructure design, construction planning, and selection of equipment; (ii) promote 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 detail design of works; (ii) activities to promote accountability and transparency in contracting, fund disbursement, and community involvement in monitoring contractor services; and (iii) representation of women and ethnic minorities. Participation strategies are integrated in the gender action plan and ethnic minority development plan.

## III. GENDER AND DEVELOPMENT

**Gender Mainstreaming Category:** Effective gender mainstreaming

### A. Key Issues.

Women represent 51% of the labor force and have a participation rate of 72.6% (compared with 81.3% for men);<sup>e</sup> 33.3% of women work in the service sector (29.4% for men), 49.5% in agriculture, and 16.8% in industry. On average women earn 89% of the wages earned by men. An estimated 81% of women work in the informal sector, characterized by precarious working conditions, low earnings, and low-skilled but physically demanding work. Many women choose the informal sector for the flexibility it offers and to balance employment with child care and domestic tasks. Interviews with women living near project sites confirmed their interest in expanding or opening MSMEs linked to tourism. Women identify tourism retail services as a lucrative opportunity that is less arduous than farming or other forms of informal employment. Handicraft production is a favored activity in Lao Cai and Dien Bien, but production times can be long compared with the sales value. Poor and low-income women can enter the tourism sector with small investments but many require training and access to affordable credit, in particular households headed by women. Similarly, ethnic minority women in project areas have less formal education than men and a significant portion face difficulties communicating in Vietnamese. When poorly managed and uncontrolled, tourism can engender problems such as human trafficking, the spread of HIV/AIDS, drug trafficking, and exploitation of children putting local populations at risk of negative social outcomes. Despite their active presence in jobs linked to tourism, women are underrepresented in tourism planning and management. Representation within government tourism departments and agencies responsible for infrastructure development and enterprise promotion is also low.

### B. Key Actions.

The project has developed a gender action plan that includes measures and targets to ensure women equitably benefit from the project and do not experience negative impacts. Measures in the plan address women's practical and strategic interests, including (i) promoting women's participation in project management positions, steering committees, and forums such as DMOs to facilitate public-private and civil society collaboration and strengthen women's role in making strategic decisions to influence tourism management; (ii) ensuring consultation with women on detailed infrastructure design and requirements for contractors to hire women for unskilled construction jobs; (iii) providing training for women in packaging local products to market to tourists; and (iv) supporting tourism-related enterprises, including business support services to facilitate access to affordable credit and training in hospitality services to ensure women can access wage-employment opportunities. Appropriate timesaving technology and/or equipment will be introduced where appropriate to increase the productivity of men and women. Awareness-raising programs will improve sanitation and traffic safety, and help women to recognize and avoid risks such as human trafficking, HIV/AIDS, and child exploitation.

Gender plan     Other actions/measures     No action/measure

## IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

### A. Involuntary Resettlement

**Safeguard Category:**  A  B  C  FI

**1. Key impacts.** Land acquisition and resettlement impacts involve 7 severely affected households losing access to more than 10% of productive land, with 34 affected persons for the Nguyen Du environmental improvement subproject; minor land acquisition from 137 households (617 affected persons) for upgrading the road to Muong Phang; minor land acquisition from 110 families (568 affected persons) to upgrade the Ta Phin-Ban Khoang access road; and temporary disruption of 35 businesses at Huong Tich Pagoda, 27 businesses at Ba Den mountain, and 51 shops at Phu Tu tourism zone in Kieng Giang during civil works construction. A total 583 people will experience minor impacts from temporary business losses.

**2. Strategy to address impacts.** Five resettlement plans address land acquisition and resettlement impacts. The plans include measures for (i) compensation for all households based on replacement cost and assistance including allowances for vulnerable households; (ii) temporary disruption of businesses or shops during construction where disruptions risk negatively impacting livelihoods; and (iii) guarantees that all vendors renting or owning stalls at sites (and mobile vendors) will have right-of-return and an improved location to operate after completion of the civil works. A corrective action plan was prepared to resolve outstanding disagreements on compensation rates for 18 households at Phu Tu in Kieng Giang. Meaningful consultations will be ongoing during project implementation.

**3. Plan or other actions.**  Resettlement Plan  Combined RP and IPP  Resettlement Framework  Combined RF and IP Participation Framework  Environment and social management system arrangement  Social Impact Matrix

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| <b>B. Indigenous Peoples</b>   | <b>Safeguard Category:</b> <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI |
| <p><b>1. Key impacts.</b> The project will bring beneficial impacts to diverse ethnic minority groups living near the selected tourist sites and along access roads. In Kieng Giang the project will benefit ethnic Khmer women who sell products as mobile vendors. In the northern provinces of Lao Cai and Dien Bien, the project will benefit Dao, Hmong, and Thai women who are producing and selling handicrafts to tourists, presently with relatively low returns but with high potential to increase incomes. Project sites have been open to tourism for a number of years and are in areas where ethnic minorities are engaged in and supportive of tourism development. Increased numbers of tourists are not expected to have a negative impact on traditional lifestyles and maintenance of culture. The key issue is to ensure that local ethnic people maintain or gain access to tourism-related enterprise opportunities and participate in tourism planning.</p> <p><b>2. Strategy to address impacts.</b> The ethnic minority development plan includes actions to ensure that ethnic minority groups in project areas benefit from tourism activities and actions that promote responsible tourism. Measures to ensure benefits include (i) strengthening management of community-based tourism activities in ethnic villages; (ii) supporting ethnic groups, in particular women, for business planning and microenterprise development; and (iii) encouraging ethnic minorities to form CTGs. The design of information and awareness campaigns will focus on promoting responsible tourism. Learning materials will incorporate ethnically sensitive design and local languages when appropriate.</p> <p><b>3. Plan or other actions.</b><br/> <input checked="" type="checkbox"/> Indigenous Peoples Plan <input type="checkbox"/> Combined RP and IPP <input type="checkbox"/> IP Planning Framework <input type="checkbox"/> Combined RF and IP Participation Framework <input type="checkbox"/> Environmental and Social Management Arrg. <input type="checkbox"/> IPP elements in project with summary <input type="checkbox"/> No Action</p> |  |
| <b>V. ADDRESSING OTHER SOCIAL RISKS</b>  |  |
| <p><b>A. Risks in the Labor Market</b><br/> <input type="checkbox"/> Unemployment <input type="checkbox"/> Under-employment <input type="checkbox"/> Retrenchment <input checked="" type="checkbox"/> Core labor standards</p>   |  |
| <p>Risks in the labor market are minimal and relate primarily to the construction phase. Contractors will be required to hire local laborers and apply Viet Nam's labor laws and internationally recognized standards, including fair wages at market prices, equal hiring and pay for women, and no use of child labor.</p>   |  |
| <p><b>B. Affordability</b><br/> The project will improve tourism-related infrastructure; no mandatory service fees will be imposed on local residents. The main public service is upgraded rural roads with no tolls. Existing vendors, primarily women and ethnic minorities, will not pay additional fees as a result of the project improvements. Site management committees will manage rental fees for any new retail stalls as per the existing norms. Entry fees to public tourist sites will employ dual pricing mechanisms to ensure affordability for domestic tourists.</p>   |  |
| <p><b>C. Communicable Diseases and Other Social Risks</b><br/> Indicate the respective risks, if any, and rate the impact as high, medium, low, or not applicable:<br/> <input checked="" type="checkbox"/> Communicable diseases <input checked="" type="checkbox"/> Human Trafficking <input type="checkbox"/> Others</p> <p>Communicable disease and other social risks are rated medium because such risks are known to occur in association with tourism growth. Despite this association, the risks are not rated high because the project includes specific activities to raise awareness of health issues, HIV/AIDs and human trafficking, as well as other social risks such as traffic safety and child exploitation. The activities include promoting collaboration between government agencies, communities, mass organizations, law enforcement, and the private sector to prevent negative social impacts.</p>   |  |
| <b>VI. MONITORING AND EVALUATION</b>   |  |
| <p><b>1. Targets and indicators.</b> Gender and social impact indicators are included in the design and monitoring framework and include performance targets for increased employment and economic benefits, and to ensure women participate in project consultations and tourism planning. Additional social safeguard monitoring indicators are described in the action plans.</p> <p><b>2. Required human resources.</b> Government counterparts and international and national consultants will be engaged to carry out independent monitoring for resettlement plans and the ethnic minority development plan. International and national gender specialists will support the executing and implementing agencies to implement, monitor, and report the gender action plan's progress and achievements. Various counterparts and consultants will be engaged to support inclusive tourism growth with mandates to ensure that local women, ethnic minorities, and youth benefit from economic opportunities generated by the project.</p> <p><b>3. Information in PAM:</b> Summaries of the safeguard requirements and references to the safeguard plans are described in the PAM. Quarterly project progress reports will include a description of physical progress and status of implementation of resettlement plans, the gender action plan, the ethnic minority development plan, and the consultation and participation plan.</p> <p><b>4. Monitoring tools.</b> Baseline data for performance monitoring is included in the design and monitoring framework. Additional information on poverty and social indicators will be collected shortly after project start-up to produce a more detailed baseline and end-of-project impact evaluation. Safeguards monitoring, and the monitoring mechanisms for economic, social, and environmental aspects of the project will be included in the project performance management system.</p>  |  |

<sup>a</sup> ADB. 2012. *Country Partnership Strategy: Viet Nam (2012–2015)*. Manila.

<sup>b</sup> World Bank. 2012. *Well begun, not yet done: Vietnam's Remarkable Progress on Poverty Reduction and the Emerging Challenges*. Hanoi. The official poverty rate is based on average income required for basic needs, defined in 2012 as less than D400,000 per month in rural areas, and less than D500,000 in urban areas.

<sup>c</sup> General Statistic Office. 2013. *Statistical Yearbook of Vietnam 2012*. Hanoi.

<sup>d</sup> World Travel and Tourism Council. 2013. *Travel and Tourism Economic Impact 2013: Viet Nam*. London.

<sup>e</sup> General Statistics Office, Ministry of Planning and Investment. 2012. *Labour Force Survey*. Hanoi.

Source: Asian Development Bank.