

## New grants to boost silk industry, community-driven livelihood programs



**VIENTIANE, April 22, 2011---** The two grant agreements for silk production and livelihood programs for ethnic communities have been signed between the Ministry of Finance of Lao PDR and the World Bank today. The grants are from the World Bank-administered Japan Social Development Fund (JSDF).

The **US\$ 1.8 million Sustainable Silk Production Partnership in Rural Lao PDR grant will allow textile firms to train and contract rural farmers for silk production.** Lao silk, which supports a strong tradition of hand weaving, has significant potential in the

global marketplace. High-value Lao silk productions are already being sold in the US and Japan. However, the main constrain to production is the availability of quality, domestic silk yarn – an estimated 80 to 90 percent of silk yarn used to making Lao textiles is imported. Thus a greater production of silk yarn will increase the industry’s capacity to produce more silk products for export market.

“By training more rural framers to produce raw silk the country can double output in the next four years and provide a source of income for about 1,200 disadvantaged households,” says Keiko Miwa, World Bank Country Manager. “The project is expected to leave behind a robust and tested series of production partnerships that will continue to provide sustainable livelihoods to farmers.”

The Ministry of Industry and Commerce will implement the four-year project under the National Integrated Framework Governance Structure as part of efforts to improve export competitiveness and integrate Lao PDR into the global market. SNV, the Netherlands Development Organization, is also providing technical assistance to ensure the project is implemented with an “inclusive” business model that will ensure poor people benefit.

The **US\$ 2.6 million grant will support community-driven livelihood programs for 28,800 members of poor remote communities.** The Government of Lao PDR’s Poverty Reduction Fund agency will implement these programs in five priority poverty districts in Hupanh and Savannakhet provinces.



The three-year programs will support self-help groups to empower women and help them develop sustainable livelihoods. Young graduates and youth leaders will be trained to serve as community facilitator. The programs will also award about US\$ 2,000 grants competitively to village groups to help them get good to markets, improve their financial literacy, and promote nutrition. Villagers will also be encouraged to grow school vegetable gardens and discuss their nutritional needs with other community members. The impact of the programs will be regularly monitored and evaluated.

“These programs respond directly to the needs of the vulnerable in Lao PDR - ethnic communities, remote rural villages, and female-headed households,” says Mme. Viengthong Siphandone, Vice Minister of Finance. “The JSDF programs are critical support for the 7<sup>th</sup> National Socio-Economic Development Plan of Lao PDR,” she added.

The Japan Social Development Fund was established in June 2000 by the Government of Japan and the World Bank as mechanism to provide direct assistance to the poorest and most vulnerable group in eligible World Bank countries including Lao PDR.

Source:

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