

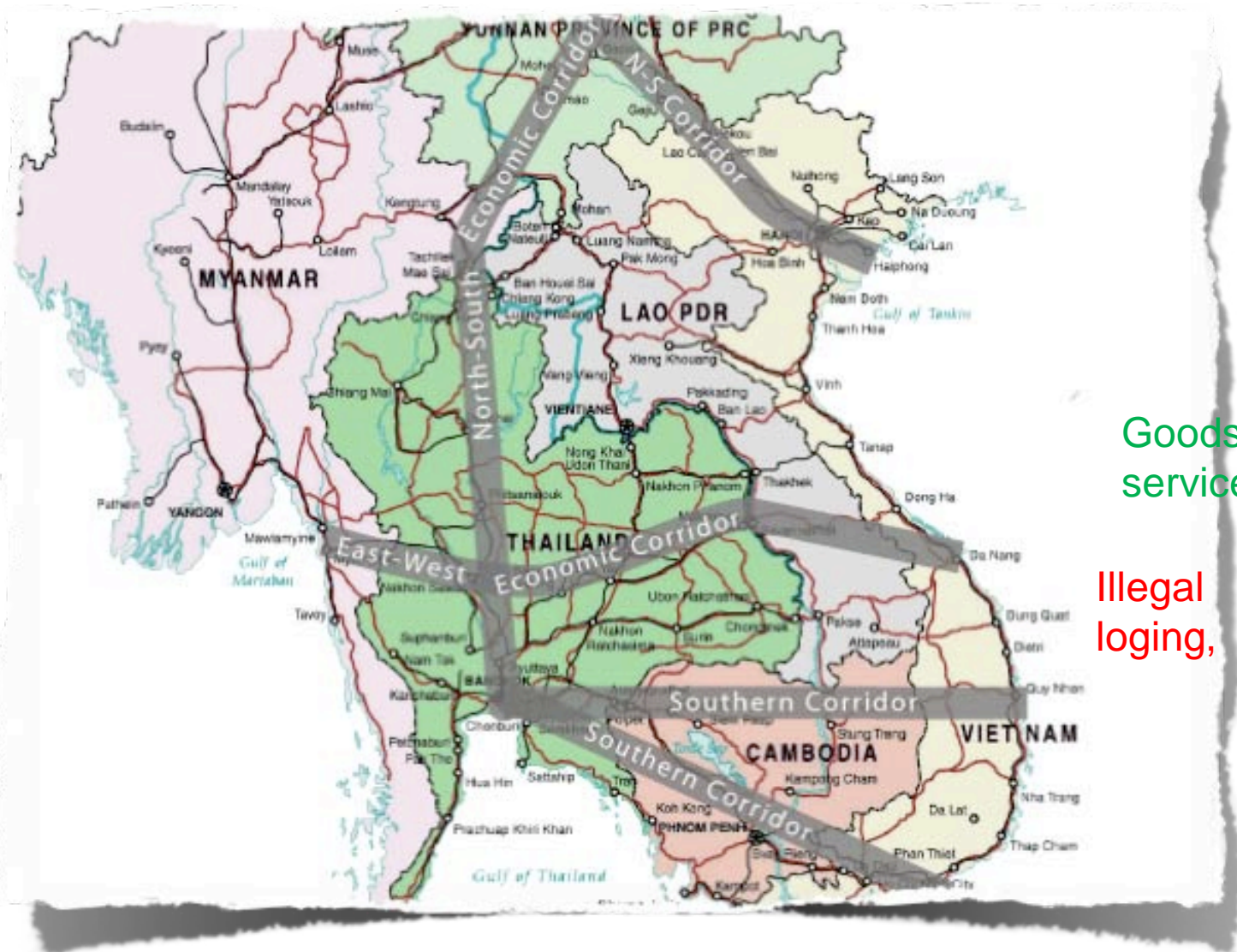


Poverty, Growth and Environment: Where is the Balance line



Dr. Bounthong BOUAHOM,
DG, NAFRI, LAOS

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Goods and services

Illegal logging,

Greater Mekong Sub-region

Laos: from land locked to land linked

From Economically isolated to the 'battery of ASEAN'

Vision

- The Government's vision for the development of agriculture, forestry, natural resources management and rural development is based on the holistic concept of long-term, **sustainable development**, including economic, social and ecological dimensions.

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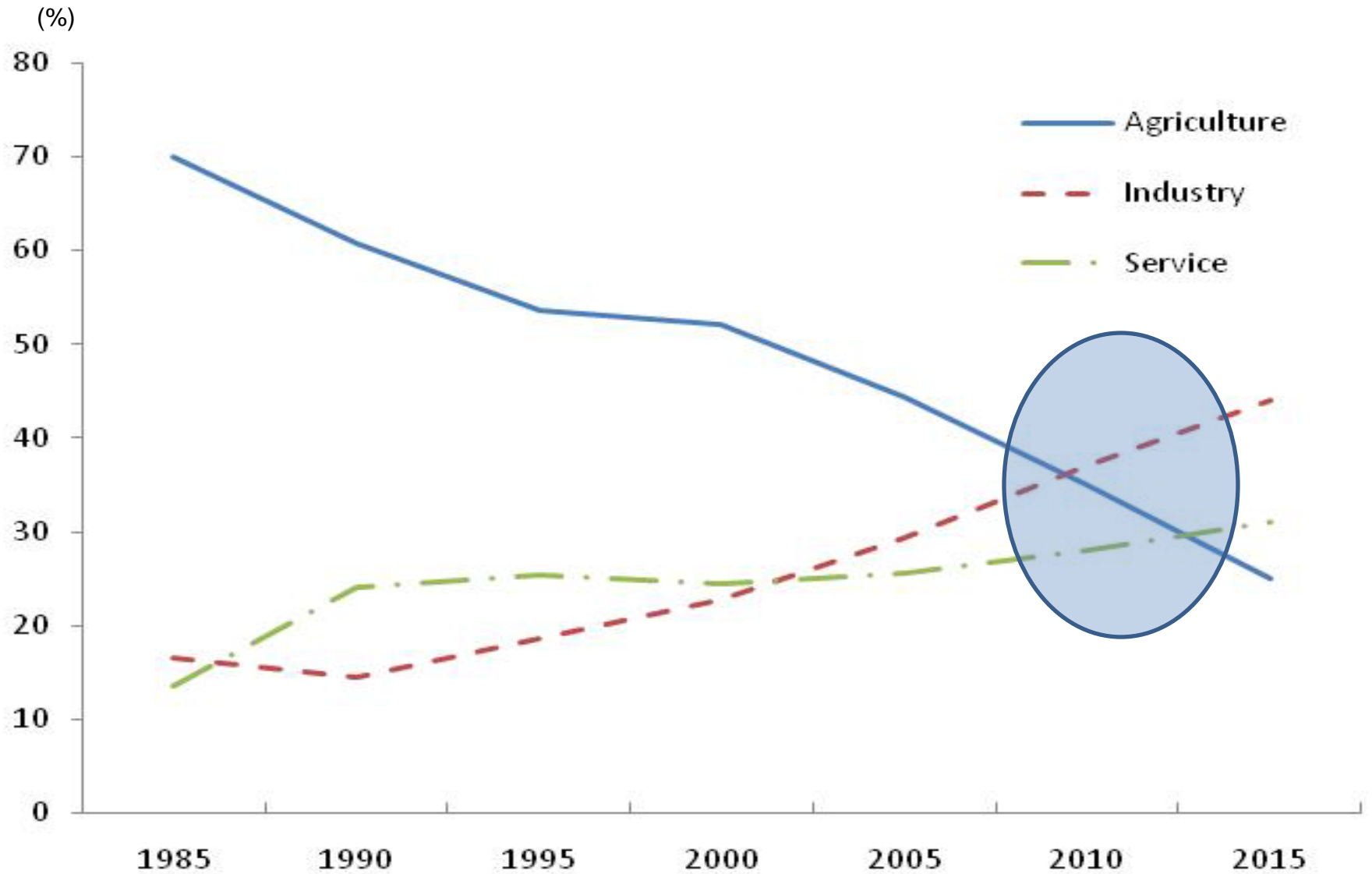
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- GDP growth depends much on natural resources exploitation and FDI

GDP by sectors



Agriculture

- Transition to market economy:
 - Traditional vs commercial production
 - Labor constraints, Mechanization & Processing, productivity
 - SME, value chains,
- As a key player for livelihood improvement, but not all, need more support from other sectors.
- Agriculture is more than just farming; it is about business, education, health, land rights and culture (multi-functionality)

Forest Strategy 2020

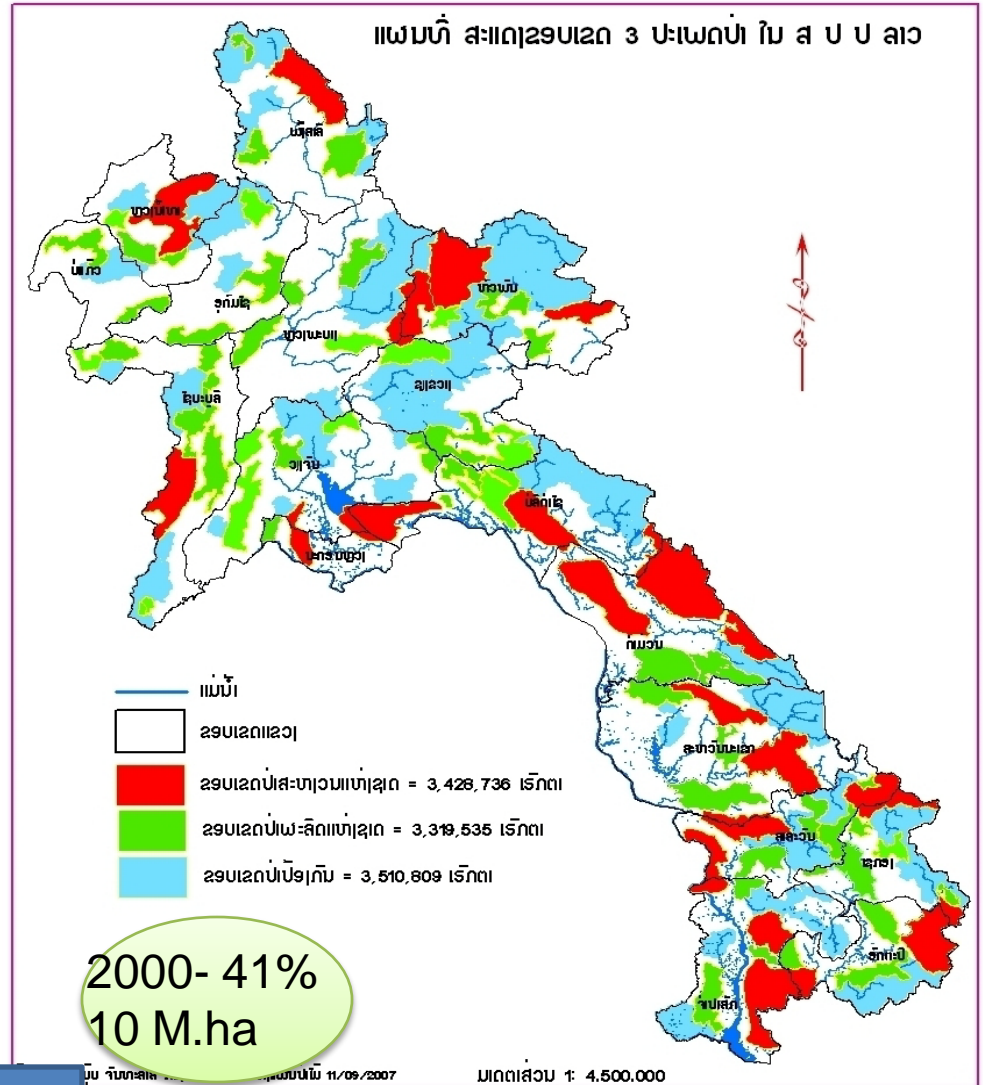
Forest category Areas (M. ha)

- **Protection Forest** 8.2
- **Conservation Forest** 4.7
- **Production Forest** 3.1

Total 16

**Forest cover 70%
in 2020**

2010 – 53%
12.5 M.ha



LAO PDR

Battery of ASEAN

The country now produce **8,650 MW** of electricity from hydropower.



By 2020, plans to produce **30,000 MW**

from hydropower projects

(but, Laos shares less)

Investment booming

Electricity Hydropower

Mining

Rubber

Eucalyptus

Coffee, Maize

Sugar cane, Cassava



Lao Oji Paper

Measuring Success: **mDG** Indicators 2015

- **Health**

- **Goal 4: Reduce child mortality**
- **Goal 5: Improve Maternal Health**
- **Goal 6: Combat HIV/AIDS, malaria and other diseases**

- **Livelihood & Environment**

- **Goal 1: Eradicate extreme poverty and hunger**

- Reduce by ½ the % of people whose income is less than \$1 per day
- Reduce by ½ the % of people who suffer from hunger

- **Goal 7: Ensure environmental sustainability**

- Integrate sustainable development into country policies & programs & reverse the loss of environmental resources

- % of land covered by forest

- % of protected area for biodiversity

- Energy use

- CO₂ emissions per capita

- Reduce by ½ the % of people without access to safe drinking water and basic sanitation



Poverty and the Environment

- Poor people **are forced to** use common property or natural resources such as forests for food and fuel, and ponds and rivers for water.
- Consequently, they suffer most directly the consequences of environmental degradation, whether caused by their own actions or by consumption on the part of higher-income groups (WB).
- **Poverty alleviation is crucial for environment**

UXO contamination

- There is a clear correlation between Unexploded Ordnance (UXO) contamination and prevalence of poverty.
- over 270 million American cluster sub munitions were dropped on Laos. With an average failure rate of 30%, approximately 80 million remained in the country after war.



The poverty alleviation

Poverty definition: permanent house, enough food, access to the development: school, health care, clean water and etc..

Poverty

1992 (LECS I) – 45%

1998 (LECS II) – 39%

2003 (LECS III) – 33.5%

2009 (LECS IV) - 22.6 %

2011 19%

2015 - < 10%

MDG target

Environmental impact

- **Flash flooding in north**
- **Drought in the South**
- **Biodiversity loss**
- **Pesticide use/labor constraints/erosion**
- **Water pollution**



The cost of environmental damage

- The cost of environmental damage 6,6 trillion us\$= 11% of global GDP (UNEP financial initiative, 2010)
- Illegal logging, inappropriate investments, conversion of forest land to agriculture, and etc... causes serious environment damage and ecosystems in Laos.

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- How to make regional trade fair & legal
- How to find High quality investments: Foreign & domestic investments must lead to job creation for Lao people. The government should ensure that the jobs will be created when considering whether to approve a foreign investment project.

Concluding remarks (1)

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- Not only GDP but other indicators, need quality growth, GNI, Happiness: household income.

Concluding remarks (2)

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- Joint effort of national, regional and global measures for better use of neighboring businesses for good quality trade.



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