

Poverty, Growth and Environment: Where is the balance

Dr. Bounthong BOUAHOM, Director General, National Agriculture Research Institute - NAFRI, LAOS

Protecting the environment and sustainable use of natural resources in Lao PDR is vital for poverty reduction and economic growth. Hydropower, mining, agriculture, timber production and tourism depend to a very large extent on natural resources. Over eighty percent of the poor in Lao PDR live in rural areas practicing agriculture and hence completely depend on natural resources for their survival. The economical growth currently depends on exploitation of the natural resources. The government to emphasize on the growth quality while accelerating poverty reduction which consider the sustainable development by balancing economic development with social and cultural development and the protection of the natural environment.

The government has approved the forest strategy 2020 with the aims to increase forest cover upto 70 percent by 2020. However, the forest cover has been declining for more than five decades. In 1940, forest cover stood at 70 percent, covering 17 million hectares but by 2001 this figure had dropped to 41 percent. The main reasons for deforestation in Laos are the conversion of forests into agricultural land for food production (land concession, shifting cultivation), the construction of hydropower plants, mining, road building, and illegal logging which lead to biodiversity loss, water scarcity, soil degradation and etc... The Environmental Investigation Assessment said it was up to Western governments to act to stop the deforestation in Laos.

There is a clear correlation between Unexploded Ordnance (UXO) contamination and prevalence of poverty. During the Indochina War (1954-75), Laos was heavily bombed and left with million tons of unexploded ordnance and bomb craters that ultimately altered the local ecology and poverty.

Investment in infrastructure in rural areas, especially in water, roads, power and communications, has a crucial role in kindling agricultural growth. If countries get these conditions right, dramatic benefits to agriculture and poor rural households can be expected. Foreign 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. The foreign investment has boosted GDP growth to an average of 8 % over past five years, but many Lao people still have trouble getting jobs because foreign investors are generally reluctant to employ Lao nationals as they consider them to be unskilled. The poverty rate of the rural people is still high. The

employment is not secured. High quality foreign investment should support to tackle with poverty, enhance and safeguard the environment.

The environment plays an important role in the livelihoods of Lao people as most earn a living from natural resources. The destruction of the environment will push vulnerable people into poverty traps. Currently, the flash floods, land slide, soil erosion, UXO contamination, water pollution, biodiversity loss, the draught, deforestation occurs more often and have negative impact to the environment.

For long term sustainable development of the country, there is a need for the government and the partners in the region in formulating and implementing the policy for better balance of the poverty alleviation with growth quality so all people benefit from the growth and environmental protection: need to improve the investment environment and law enforcement in order to have good investment that help local people, follow the rule, regulation and law, and conserve environment; the economic growth should not considered only GDP, but the livelihoods and rural development, minimize the gap between rural and urban; shift the natural resources based economy to knowledge based economy, joint effort of national, regional and global measures for better use of neighboring businesses.