

Economic Valuation of Ecosystem Services from Land Use Change



Poverty and the Environment

Mr. Boonser Kueanleka, a maize farmer in one of the villages in the research sites, revealed that he would love to see more of the green forests as he did 10 years ago. "Now, I can only dream about it as most part of the land in my village turned to be maize farms. But to be able to earn some money to raise my four kids, maize plantation is my only way", he stated.

Poverty reduction is the top priority for Lao P.D.R. The government's development plan is to free the country from the status of least-developed country by 2020 (National Growth and Poverty Eradication Strategy, 2005). Sound environmental management is also critical to poverty reduction efforts as the poor in Lao PDR are very dependent on natural resources and hence, particularly vulnerable to environmental degradation. It is essential to raise the awareness of poverty-environment linkages and put them into action in decision-making.

About the project

The Poverty-Environment Initiative (PEI) program of support to the National Economic Research Institute (NERI) is a research project on economic valuation of ecosystem services from land use change. The research focuses on four land use alternatives to forests in Oudomxay Province; rubber plantation in Namor district, maize plantation and upland rice farming in Hun district and non-timber forest product (NTFP) use in Beng district.

This research project is one of five components of the PEI program in Lao P.D.R., which will collectively contribute to meeting the sustainable development goals described in the 7th National Socio-Economic Development Plan for 2011-2015 and the National Growth and Poverty Eradication Strategy.

Project's objectives

- To provide policy makers with critical information that facilitates informed decision making for the joint goals of sustainable development and poverty reduction.
- To strengthen capacity of targeted central and provincial authorities in integrating poverty-environment concerns and linkages into key development planning processes.
- To build capacity and support institutional strengthening in environmental economic research, thereby ensuring the long term sustainability of activities following the completion of the research.

Who is involved in this project?

The research activity is led by the National Economic Research Institute (NERI) of Ministry of Planning and Investment (MPI), with active involvement of a national group of experts from the following agencies:

- Water Resources and Environmental Research Institute, Water Resources and Environment Administration.
- National Agriculture and Forestry Research Institute
- Forestry Department, Ministry of Agriculture and Forestry.
- Land and Natural Resource Research and Information Centre, National Land Management Authority.
- Faculty of Economics and Business Administration and Faculty of Environmental Science, National University of Laos (NUOL).

In addition, the team works closely with Department of Planning and Investment, Department of Agriculture and Forestry, Water Resources and Environment Office, National Land Management Office in Oudomxay province, and includes junior staff from NERI and NUOL students to participate in the research process.

Why is this project important?

Lao PDR is currently experiencing rapid economic development, fueled by growth in domestic and foreign investments, and this has frequently resulted in dramatic land use changes. Natural forests are often replaced by plantations and commercial agricultural land. In conventional economic analysis, the real value of forests and the ecosystem services that they provide are often not adequately captured. This research uses environmental economic approaches to value important ecosystem services, such as flood and soil erosion mitigation, and incorporate these values into economic analyses of land use options. This information will provide policy makers with critical information that facilitates better informed and environmentally sustainable decision making, which in turn will support rural poverty reduction.

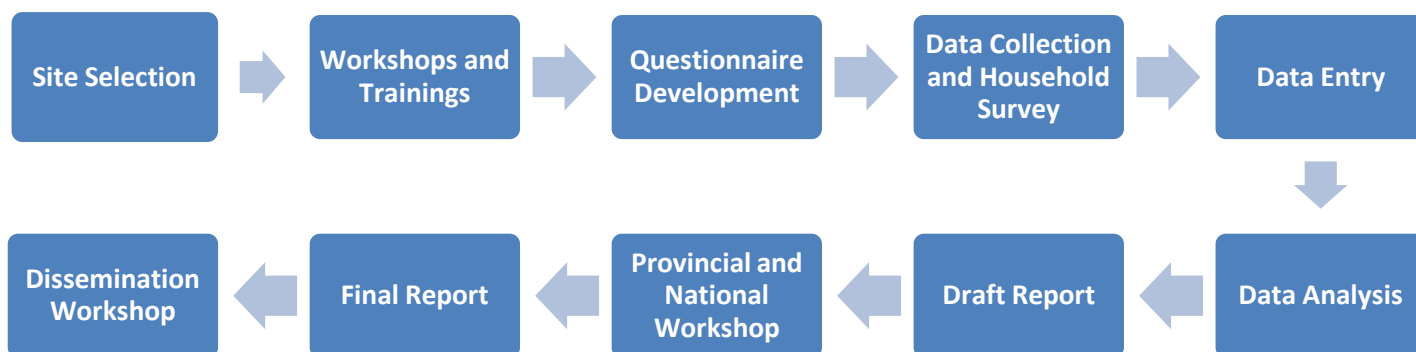
Budget: USD 207,400

Contributing donors:

UNDP Lao PDR, UNDP-UNEP

Project timeframe: **June 2010 – June 2011**

Research Process



What is PEI?

The United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) support the Poverty-Environment Initiative (PEI), a program that aims to mainstream poverty and environmental issues into national level planning and development processes. The objective of PEI in Lao PDR is to ensure that the country's rapid economic growth generates inclusive and sustainable development. PEI supports the strengthening of institutional capacity in national development planning and private investment management, the development of guidelines for social and environmental impact assessments, and the generation of evidence-based research on the social and environmental costs of land use decisions. The project is coordinated by the Ministry of Planning and Investment (MPI) with project components managed by Department of Planning, Investment Promotion Department, National Economic Research Institute of MPI and the Department of Environmental and Social Impact Assessment of the Water Resources and Environment Administration.

www.unpei.org/programmes/country_profiles/lao-pdr.asp

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