

4.2 Lao PDR Perspective

4.2.1 *Five-Year (Year 2010) Scenario*

It can be expected that the ongoing rate of donor/lender-supported transport, energy and irrigation infrastructural development activities will continue throughout most of the next 5 years. Despite pressure from the environmental and conservation lobby, it can be expected that exploitive logging will continue as at present until most of the easily accessible timber has been exhausted. At the same time, however, increased reforestation and regeneration activity can be expected on logged-over forests or shifting cultivation areas. Rural electrification will steadily enable the conversion of pumped irrigation systems from uneconomic diesel-driven units to electrical power.

It is reasonable to expect that most of the irrigation expansion potential will be taken up within the next five years. Upgrading, however, would take much longer. The results of ongoing and projected landuse stabilisation initiatives such as the 'Sustainable Agro-Forestry Systems for Livelihood Enhancement of Rural Poor' (Nam Ha Poverty Alleviation Project), the 'Nam Ngum River Basin Development Project' (PPTA LAO 33365-01) and the Sustainable Forestry Rural Development Project, should be available as a basis for extending the stabilisation of agricultural and forest landuse (with improved atmospheric and hydrological consequences) throughout the ensuing decade. Resettlement and compensation experience, connected with the NT2 and THPC HPPs will also provide guidance in this matter, as will lessons learned from the better designed irrigation schemes, such as the Nam Ngum Pumped Irrigation Project (EU-supported), the Tan-Pieo Pump Irrigation Project (AFD-supported) and the WB-funded ADP irrigation upgrading programme.

In the Conservation Sector, the buffer zone activities associated with the above-mentioned Nam Ha Poverty Alleviation Project, the GEF-funded activities (through WCS) in Bolikhamxay Province, (including the Theun-Hinboun Catchment) and the ECRU and associated programmes in the Nakai-Nam Theun NBCA would be ready to provide valuable guidance in extending effective nature conservation country-wide.

4.2.2 *Twenty-Year Scenario (Year 2025; Assuming Best Practices)*

Income from hydropower generation will have substantially raised hard currency revenues while increased land tax and agricultural production tax revenues arising from rural landuse stabilisation, certification and poverty alleviation should have enabled the rationalisation of public expenditures and provided the appropriate salaries and allowances to ensure the effective performance of a "lean and mean" government establishment. Through enhanced forest protection and regeneration, improved timber processing and marketing linkages and efficiency (including Forest Certification), the Forestry Sector revenue base should have become sustainably revitalised. Furthermore, with improved health and education services,

combined with the adoption of best technical practices, population growth rates should have declined and the sustainable landuse scenarios as described in the Basin-wide, 20-Year scenario above, should apply to each category of landuse in Lao PDR.