

Lao Biodiversity: A Priority for Resilient Green Growth

Policy Note



World Bank Lao PDR Green Growth Advisory Program Policy Note¹

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The Lao People's Democratic Republic is in one of the 10 most important global biodiversity ecoregions and home to some of the world's biologically richest and most endangered species. The country includes four ecologically diverse regions: (a) the Northern Highlands, (b) the Annamites Range; (c) the Indo-Chinese karst landscapes; and (d) the Mekong plain. These regions give Lao PDR high levels of biodiversity, and support diverse production systems for food, fiber and medicines, as well as tourism jobs.

The biodiversity endowment is crucial to the Lao economy. The goods and ecosystem services it provides are essential to reduce poverty, secure livelihoods, and drive a greener economic growth model. But Lao PDR's biodiversity is in danger. The highest priority threats to the country's biodiversity values include climate change, illegal logging and wildlife trade, infrastructure development in and around protected areas, and expansion of agriculture and settlements. In response, the Government is prioritizing conservation. On February 15, 2019, it upgraded two national protected areas (NPAs), establishing Nakai-Nam Theun and Nam Et-Phou Louey as the first two national parks. In January 2020, Hin Nam No was also re-designated as a national park, and is short-listed to become the country's first natural World Heritage Site.

Sustained investments in biodiversity conservation can be profitable. Revenues and job creation can be on par with those from the extractive industries. There is room for Lao PDR to double tourism from 4.2 percent of GDP and 3.5 percent of jobs, given that international visitors and Lao citizens seek experiences with natural landscapes, unique wildlife, and the people and cultures dependent on them. There already is a significant existing regional market for nature-based tourism. To benefit the Lao economy and create good jobs, tourism development should be guided to contribute directly to conservation, and retain the unique features that make Lao PDR special. Other sources of revenue from biodiversity can include payments for ecosystem services (PES) such as from hydropower, sustainable legal timber, patents for pharmaceuticals, and food. About 67 percent of the Lao population are rural and depend on forests to support their livelihoods; over 39 percent of rural family income is from non-timber forest products (NTFPs). As much as 90 percent of the over 1,400 species of wild animals are used as protein sources by local people.

¹ This Policy Note is a summary of the report, Lao Biodiversity: A Priority for Green Growth, which aims to highlight key issues to add value to the Government's preparation of the 9th NSEDP (2021–2025); and its periodic State of Environment Report; and the development of sector policy, plans, and investments projects such as the upcoming Lao Landscapes and Livelihoods project with financing from the World Bank and the Global Environment Facility.

The country's ongoing transformation to a green economy aims to generate economic growth and poverty reduction through sustainable solutions that boost resilience, create jobs and livelihoods, and protect natural capital and human health. Biodiversity is an important aspect of these green growth ambitions, as articulated in the Government's National Green Growth Strategy, the 8th National Socio-economic Development Plan (NSED-8, 2015–2019), the State of Environment Report series, sector strategies and the 2019 Forestry Law.

The Forestry Law promotes “village forest management” over much of the forestry estate, decentralizing new rights and responsibilities for villages to directly manage forests designated for village use. The law also provides the legal basis for promoting commercial tree plantations on degraded production forest areas, which was reinforced by Prime Minister Decree 247 enacted August 20, 2019, leading to new private sector investment in plantations. These reforms are the basis for sector renewal, poverty reduction, and job creation that can, if managed sustainably, also reduce pressure on protected areas and biodiversity.

Zoonotic diseases are increasingly linked to environmental change and human behavior. The resulting transmission of disease from wildlife to humans is a hidden cost of human economic development and has been increasing. In the last twenty years, Lao PDR and other East Asian countries have experienced SARS, Highly Pathogenic Avian Influenza (HPAI, H5N1 and H7N9), re-emergence of Schistosomiasis, and the 2020 COVID-19 pandemic. Human practices are increasing exposure to wildlife, in two main ways: through legal and illegal trade, and through habitat degradation. There is a need to widen the spectrum of actions to protect human, environmental, and economic health under the “One Health” framework.

The priority objective is to mitigate the main threats to biodiversity while sustainably utilizing biodiversity assets to help propel and protect Lao PDR's emerging green economy. Key actions to achieve this objective are summarized in three groups: (a) enhancing incentives, including policy, law, and markets; (b) improving access to information, including outreach, extension, and education; and (c) expanding public and private investments in biodiversity values.

Priorities for policy, law, and markets

- Policies and legislation should be introduced to identify and mitigate the emergence of new zoonotic diseases to avoid a repeat of pandemics such as COVID-19. These policy and legislative measures might include: (i) increasing efforts to conserve areas rich in wildlife diversity by reducing human activity; (ii) strengthening illegal wildlife trade law enforcement through better cooperation among concerned law enforcement agencies and protected area staff, and tools to effectively curb illegal trade and regulate legal wildlife trade, and (iii) creating or improving wildlife handling, transportation, and isolation facilities, wildlife breeding and rescue facilities, and (iv) the markets should be better regulated and controlled.
- The Prime Minister's Decree on Protected Areas could be enhanced to reflect the strengthened commitment of the Government of Lao PDR to the emerging national park agenda and the



adoption of the internationally recognized protected area categories of the International Union for Conservation of Nature (IUCN). The Government could consider the formation of a Department of National Parks and Wildlife Conservation in the Ministry of Agriculture and Forestry to help ensure staffing levels could become adequate for the national park and protected area system.

- Regulations and procedures for tourism concessions in protected areas and other natural landscapes would benefit from clear steps and incentives for businesses to invest in NBT.
- To help protect biodiversity in village-use forests and reduce pressure on sensitive habitats and ecosystems, a regulation and implementing procedures on village forest management could be formulated by the Ministry of Agriculture and Forestry to clarify the roles at the national, provincial, and district levels in supporting decentralized “village forest management.” Similarly, clarification of roles and responsibilities is needed for government agencies on issuing commercial plantation concessions that require demonstrable commitment to environmental and social sustainability principles.
- The legislative framework for interagency law enforcement cooperation could be reviewed and enhanced to boost implementation of Prime Minister’s Order 15 on controlling timber harvesting and Order 5 on combating illegal wildlife trade.
- Environmental and Social Impact Assessments (ESIAs) of all proposed infrastructure projects in and around protected areas and other biodiversity-rich areas should be undertaken utilizing the Lao policy framework including the 2019 Prime Minister’s Decree on ESIA. Strategic

Environmental Assessment (SEA) is another useful tool in the recently updated Lao policy framework to address impacts and opportunities beyond single projects, such as helping balance biodiversity protection with hydropower development.

Priorities for outreach, extension, and education

- Continue to educate enforcement agencies and public on the links between the illegal wildlife trade and zoonotic diseases such as COVID-19, and the need to halt this trade throughout the country.
- Continue to implement outreach in buffer zone villages in and around protected areas and other forest-dependent villages on biodiversity conservation, the illegal wildlife trade and zoonotic disease, and natural solutions to climate change.
- Empower ethnic groups to conserve and utilize their traditional ecological knowledge in enhancing agrobiodiversity and protected area management.
- Promote research on biodiversity by relevant government research institutes, Lao universities, and concerned non-governmental organizations.
- Mainstream biodiversity into education and learning.
- Develop an environmental education strategy, building on the “Environmental Education and Awareness Vision for 2030, National Strategy for 2018–2025, and Mission for 2018–2020.”

Priority public investments in biodiversity values

- Invest in building institutional capabilities in protected area management, village forest management, and interagency law enforcement.
- Continue to strengthen multi-agency law enforcement actions to disrupt the illegal timber and wildlife trade in line with Prime Minister Orders 15 and 5 and the 2019 Forestry Law. Investments are needed in the environmental police, and other concerned law enforcement agencies.
- Investments in the national park and protected area system could be strengthened by diversifying revenue into each reserve, including the establishment of sustainably managed private conservation and NBT concessions.
- Investments in villages located in protected area buffer zones could be strengthened by MAF using poverty reduction funds, rural development NGOs, and co-funding measures.
- Develop village forest management outside protected areas to help operationalize good

working relationships between provincial and district offices and villages in terms of allocating management responsibilities, protecting village forests, and enhancing sustainable village livelihoods and biodiversity assets.

- Promote only socially and environmentally sustainable commercial plantation investment in appropriate, degraded land outside conservation forests and other preserves, to reduce pressure on natural forest, protected areas, and wildlife.
- Build a strategic investment platform for coordinating actions on forest landscapes would be valuable at the national and sub-national levels to inform investment decision making and help manage trade-offs and identify mutual opportunities among diverse activities and projects in the landscape.





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