FUTURE DEVELOPMENT TRENDS IN LAOS AND CAMBODIA:
GREEN GROWTH POSSIBILITIES

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MEKONG REGION IN CHANGE
Lao PDR population scenario

Population, History and Forecast
Population, History plus Forecast (Working) (Cambodia)
DIFFERENT POPULATION GROWTH FIGURES

Vientiane capital

Phongsaly

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STRUCTURAL CHANGE OF ECONOMY

Lao GDP structure

- Commercial
- Transportation, communication
- Industry
- Agriculture

Potential scenario

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GDP GROWTH

Cambodia

Lao PDR

3.23.1 Supply-side contributions to growth

- Taxes on products less subsidies and FISIM
- Agriculture
- Industry
- Services
- GDP

Percentage points

0.1
6.0
7.1
7.3
7.2

2009 2010 2011 2012 2013

Sources: Lao Statistics Bureau; Asian Development Outlook database.

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ECONOMIC BALANCE

Cambodia

Lao PDR

3.23.7 Current account balance

% of GDP

0


Forecast

3.25.7 Current account balance

% of GDP

5-year moving average


Forecast
IMPORT AND CONSUMPTION, BUDGET DEFICIT
LAO PDR

**Figure 15. Key import commodities (% of total)**

- Consumer Goods
- Capital Goods
- Intermediate Goods

**Source:** Lao authorities and partner countries data. Latest staff estimates and projections (2007)

**3.25.3 Fiscal indicators**

- Expenditure
- Revenue
- Fiscal deficit with grants
- Fiscal deficit

% of GDP

- 40
- 20
- 0
- -20

- 2009
- 2010
- 2011
- 2012
- 2013
INVESTMENTS AND EXPORT LAO PDR

Figure 19. FDI by sector (US$ m)

- Agriculture
- Services
- Resource industries
- Non-resource industries

2004 2005 2006 2007

Source: Lao authorities and partner countries data. Latest staff estimates and projections (2007)
MDG 1 TARGET

Population below poverty line

- Lao PDR
- Cambodia

Population below minimum level of dietary energy consumption

- Cambodia
- Lao PDR
**MDG Goal 2:**
Achieve Universal Primary Education

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### Progress toward target for primary school enrollment

**Early achievers**
- Armenia
- Brunei Darussalam
- Cambodia
- China, People’s Rep. of
- Hong Kong, China
- Cook Islands
- Fiji
- Georgia
- India
- Indonesia
- Kazakhstan
- Kiribati
- Korea, Rep. of
- Kyrgyz Rep.
- Lao PDR
- Malaysia
- Marshall Islands
- Micronesia, Fed. States of
- Mongolia
- Nauru
- Taipei, China
- Tajikistan
- Tonga
- Tuvalu
- Vanuatu
- Viet Nam

**On track**
- Palau

**Slow progress**
- Bhutan
- Pakistan
- Papua New Guinea
- Solomon Islands
- Timor-Leste

**No progress/regressing**
- Azerbaijan
- Maldives
- Philippines
- Samoa
- Sri Lanka
- Thailand
- Uzbekistan
**MDG GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY**

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<th>Early achievers</th>
<th>On track</th>
<th>Slow progress</th>
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**Box 7.1 Progress toward the target for proportion of population with access to improved drinking water**

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ECONOMIC GROWTH

- Where do the investments come from?
  - China?
  - Japan?
  - EU and USA?
- Where to invest?
  - Mining, Aluminium
  - Electricity
FOREIGN DIRECT INVESTMENTS
HUMAN DEVELOPMENT INDEX

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Electricity consumption per capita in Laos
- 2013: 500 kWh per capita
- 2030: 4 000 kWh per capita?
- compare Finland 15 000 kWh per capita
HYDRO POWER AND ECONOMY?

Nam Theun 2
income 2 billion USD for Laos

Who gets profit?
Who has to pay?
Where does the money go?
LAO ECONOMY

GDP about 5.5 billion USD
Annual education budget about 0.1 billion USD

Nam Theun 2 income provides 20 years education budget?
Does the money go to education and health?
But what are the environmental costs?
PRIMARY EDUCATION COMPLETION RATE

![Graph showing primary education completion rate over time for Lao PDR and Cambodia. The graph indicates a general upward trend with fluctuations.]
PRIMARY EDUCATION TEACHER-PUPIL RATIO
QUALITY OF EDUCATION?

[Graph showing trends for Cambodia and Lao PDR]
URBANISATION AND EMPLOYMENT

- Rapid urbanisation is an important trend
- What are employment opportunities for urban population
- How is the education of young people organised?
- How is the health care organised
- Housing?
HOSPITAL BEDS PER 1000
HOW TO BALANCE ECONOMIC GROWTH, SOCIAL DEVELOPMENT AND ENVIRONMENT

- Balance of payment
- Export earnings
  vs.
- Local livelihood problems
- Environmental problems
THE KEY QUESTION

How to balance different development needs of different groups of people.
Green Economy Transitions in the Least Developed Countries (GET-LDC)

Multi-scale Analysis of Energy and Forest use in Laos and Cambodia

The objectives of the project are:
1. To develop a research framework to analyse the nexus of green economy and natural resources management taking into account the climate policy objectives.

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2. To apply this framework to study Laos and Cambodia which are under pressure of intensifying their resource extraction
3. To analyse what kind of implications green economy agendas have on forest and energy sectors through a multi-scale analysis:

- *International scale*
- *National scale*
- *Local scale*
4. To assess how forest and energy sector policies intersect in the context of inclusive green economy objectives.
5. To develop and evaluate future scenarios for green economy in energy and natural resources management for Laos and Cambodia
6. To address climate change and climate change policies as a cross-cutting issue in the energy and forest sectors
7. **Compare** experiences of Laos and Cambodia and analyse in what ways they are relevant for other developing countries
8. Evaluate the relevance of the results for Finland’s development policy and the relevance for other development actors
9. Strengthen the local research capacity and international academic collaboration
THANK YOU