

IMPACTS OF LAND CONCESSION ON RURAL LIVELIHOODS IN CENTRAL LAOS

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Abstract: Land development is one of the government policies to improve economic income to support development of nation and livelihoods of local communities. Land development can be implemented in different forms and approaches. In Laos, the government encourages private sector companies to invest in land. There are numbers of government's policies and programs support land development in Laos. The policy on "turning land into capital" is one of government's policies to support the use of land as an asset for joining investment companies on agriculture development. The government allows private investment companies to request for land development in different forms, which include a join investment with land owners, land concession and contract farming. Contract farming is highly implemented for rubber plantation in northwestern provinces of Laos such as Luang Namtha, Oudomxai and other provinces; while land concession are permitted for rubber and other industrial tree plantation in the central and southern provinces of the country.

This study focuses on the implementation of the policy of "turning land into capital" in Bolikhamxai and Vientiane provinces in the central region of Laos. Its aim to understand the implication of the policy implementation toward economy, livelihoods of local people, and environment. The study approaches include a review of related governmental documents, scientific reports, as well as consultation with experts and technical staff at different offices at the provincial and district levels, and interviews with local villagers in the selected study villages.

The findings of the present study show that concerned authorities at the provincial level have implemented the policy on "turning land into capital" differently in different provinces. Land concession to private investment companies have been granted without detail ground survey, which impact on land use and forest resources; sometime given land concession cover the village forest territories such as village conservation forest, village protection forest. Moreover, not all given land concession areas (to private investment companies) have been completely implemented. Only about 50% of total land concession areas in Vientiane province has been operated based on activities stated in the proposals that the investment companies submitted to the government for land concession. Bolikhamxai province performs better as there are about 86% of total given land for concession has been operated. In addition, some investment companies sold their grants to other investment companies to gain profits. Since the investment companies did not operate land concession based on proposals that had been submitted to the government for land concession, the implementation of land in the conceded areas has impacted on land use and livelihoods of local people and environment. Not all impacted households can work and gain economic income from rubber plantation where the government approved for land concession in their villages' territories.

The study suggests strict law and regulation enforcement in order to ensure that land concession for rubber plantation and other agribusiness investment contribute the improvement of local livelihoods and economy of the nation.

Keywords: Land use, land concession, livelihood change, agribusiness investment, Laos.

I. Introduction

Lao PDR is located in the main land of southeast Asia. It shares border with China in the North, Vietnam in the East, Cambodia in the South, Thailand in the West, and Myanmar in the Northwest. Lao PDR is a landlocked country varying in types of landscapes such as plain land along the Mekong River from the Middle to South; highland area with highest elevation of 2.820 meters in the North; hilly area and plateaus scattered in the South, the Middle and the North of the country. Because of these characteristics, Lao PDR varies in climates, diversity of forest sources, plants, biodiversity, and agriculture.

Laos is a natural resource and agricultural based economy. The country mostly earns income from agriculture, forests, hydropower dams, and mining. It's GDP has increased by 7.56% annually on an average (National Statistics Center, 2015). In order to escape from its poverty, the country needs to achieve its economic growth of 8% of GDP until the year 2020 (World Bank, 2014). As natural resources have been used for economic development, the country's forest has continuously declined. According to national forest inventory report (MAF, 2012), forest cover in Laos was 40.29% of total country land in 2012. In 2005, the government of Laos issued the first National Forestry Strategy to have forest cover of 70% of its total land area by 2020 (MAF, 2005). However, based on a technical analysis of current real situation, the government of Laos will not be able reach its goal of having forest cover to 70% of total country land by 2020. This is partly due to the local communities use of natural forest resources for their livelihoods and income generation; and the government policies in support private sector to invest in land and natural resources in Laos (Patterson, 2016).

Since the government of Laos supports private sector invests in land and natural resources, both domestic and foreign private companies proposed for land lease and land concession for agricultural cultivation, industry tree plantation, mining and hydropower development. This support has impacted on increasing land concession grants; land concession in Laos in 2009 has increased twice compared to land area granted for land concession in 2000 (Schonweger et al., 2012). One of the main reasons is to allow local people get benefits from foreign direct investment (DFI) in land; these include income generation and technology transfer. However, since land concession without proper ground survey, it results in unsound land conversion, deforestation, losing right of local people on land for agriculture, and creating land conflict

between local people and private investment companies as well as between local villagers. According to Schonweger et al. (2012), total land concession granted to private sector company were about one million hectares for industry tree plantation, agricultural cultivation, mining and hydropower projects. However, not all land concession projects had been implemented activities based on the original plans submitted to the government of Laos for land concession grant approval.

In 2011, the Central Party Politburo, National Assembly, and the government reviewed and amended policies related to land and natural resources. At the same time, the national assembly also issued vary resolutions and orders, the decree for the land and natural resource management such as the document No:03/CPP, No: 65/NA, and No:12/PM. The aims of the these legislations are (1) to secure rights overland of the citizens; (2) to assure transparency and compatibility of legislatures and its implementation; (3) to secure land ownership transferred from former owners to new owners; (4) to raise awareness on impacts, opportunities and risk related to given land for concession and leases; and (5) to improve transparency in every aspects related to land ownership transfer and enabling communities participating all processes of land concession (UK Aid, 2016).

Since the late 2000s, land lease and land concession has been considered as an important driver of economic growth and improvement of local people's livelihoods and generate national income. This includes land lease and land concession granted to both domestic and foreign investors (Dwyer 2007; Schönweger *et al.* 2012). Land concession in Laos increased about half between 2000 and 2009, which large scale land concession covers about 5% of the total country's land area (Schönweger *et al.* 2012). However, large scale land concession that granted to domestic and foreign investment companies in Laos is controversial because it creates social and environmental impacts and create social inequality among villagers and between villagers and investment companies that received land concession grants impacts (Baird 2011; Dwyer 2013; Kenney-Lazar 2012; Lestrelin *et al.* 2013; Thongmanivong *et al.* 2009). In fact, there are numbers of study include land concession discourses, but whether livelihoods of people have positively or negatively changed after land within villages' territories has been granted to private companies in the form of land concession has not been clearly indicated.

Land concession for rubber plantation has been also widely seen in the southern provinces include Champasak and Attapue (Kenney-Lazar et al., 2018), while contract farming for rubber plantation has widely expanded in the northwestern provinces of the country (Cramb

et al., 2017; Friis et al., 2016; Vongvisouk et al., 2014). There are numbers of research have been conducted on rubber plantation and land concession for rubber plantation in these provinces. However, studies on the impacts of land concession for rubber plantation in Bolikhamxai and Vientiane provinces have not been seen.

The present study investigates the impacts of land concession for rubber plantation on livelihoods and environment in Bolikhamxai and Vientiane provinces (See Figure 1). The study began with document reviews related to the process of land concession policy implementation at the central, provincial, and district levels, official legislation, reports, scientific publication. It then, collected empirical information through interviews with 27 key informants at different levels. 15 key-informants at the national level were interviewed. These include five key-informants from each ministry (Ministry of Planning and Investment, Ministry of Agriculture and Forestry, and Ministry of Natural Resources and Environment). At the study sites, the interviews were conducted with three investment companies that received land concession grants from the government of Laos and seven representatives of villagers (most of them are the chief and deputy chief of the villages). Lastly, the group discussions were made in the target villages (one group for each village), there were 10-15 representatives of villagers participated group discussion. These representatives include chief, deputy chiefs, representatives of elderly group, youth, women union, village's volunteer foresters, village guards and other villagers.

The selection of these two provinces in the central part of the country is to understand how land concession had been processed in these two neighboring provinces. Land concession in Vientiane Province mainly has been granted to Lao private companies and private investment companies from Thailand. In Bolikhamxai province, land concession has been granted to private companies from local (Laos), Vietnam and Thailand.

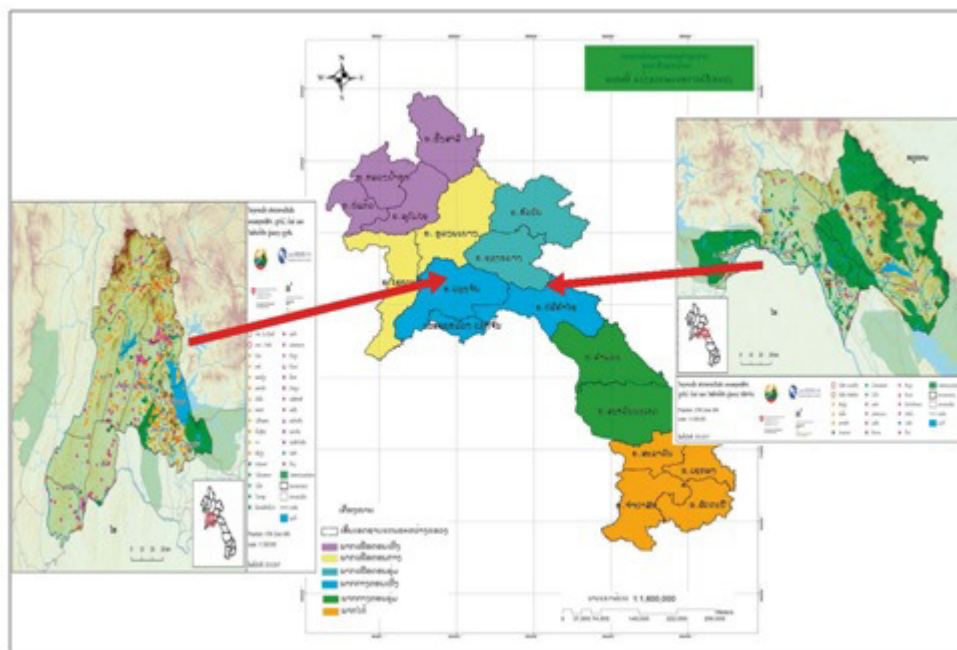


Figure 1: location of case study provinces in Laos

II. Findings

According to empirical information collected from different levels of key information and literature review, there are more contract projects that have been approved for land concession in Vientiane province (281 contracts) than Bolikhamxai province (94 contracts). In contrast, the total land concession area granted in Bolikhamxai is larger than that in Vientiane province, which 96,103 hectares and 76,977 hectares respectively. This means that the land area granted for each project in Bolikhamxai is larger than area granted per project in Vientiane province. The land concession projects in Bolikhamxai province have actively operated based on the original proposals submitted for land concession grant. About 80% of total granted area for land concession in Bolikhamxai and only 50% in Vientiane province have been in operation, (see Table 1). Presently, the government of Laos carry out intensive surveys for all granted land concession in Laos, especially the granted area that have not been actively developed or the projects have not been implemented based on proposals submitted to government for land concession.

Based the Investment Promotion Law of Laos, proposed land concession project shall be approved by either provincial authorities or central government. If the proposed land concession is less than 100 hectares, the provincial governor approves; while the central government shall provides approval for the land concession project that have larger area than 100 hectares per project. However, we found very difficult to find information on how many project in the case study provinces have been approved by provincial and central levels. This

is because the provincial and district levels have very poor document record and saving system. Most information on land concession has been saved in persons responsible for land concession project.

Table 1: Summary of land concession area in Bolikhamxai and Vientiane Provinces

Provinces	No. of contract of land concession	Area approved for land concession (ha)	Area operated based on proposed activities (ha)
Vientiane	281	76,977	38,351
Bolikhamxai	94	96,103	82,807
Total	375	173,080	121,158

As indicated in table 1, there are 281 contracts of land concession recorded at the Provincial Planning and Investment Office of the province; of which, 46 projects granted for rubber plantation. The total geographical area of these land concession granted to private investment companies in Vientiane province is 76,977 hectares. According to the interviews with representatives of Provincial Planning and Investment Office of Vientiane Province, there were only about half of the granted land concession area had been operated based on proposed activities submitted by private investment companies to the government for land concession. There are numbers of reasons that the investment companies could not operated the granted land concession area for activities based on proposal. One of these many reasons is that the companies face with financial crisis, which the investment companies could not effort to finance to implement the activities based on their original proposal.

In order to understand the situation of the land concession project, we visited three private investment companies who invest in rubber plantation in these case study provinces. Detail information of the project under these investment companies are listed below:

- Company Ais a Vietnamese company received land concession grant of 2,095 ha for 30 years of concession duration. The company proposed to use such granted land area for rubber plantation in Bolikhamxai province. This granted area covers six villages in Parkading district. The company signed the contract with the Lao government on 22 May 2007 for rubber plantation and establishment a rubber processing factory in Bolikhamxai province. This company proposed to use US\$7,400,000 for development of granted land concession area.

- Company B is a local (Lao) company. It received land concession granted of 106.4 hectares in Thapabath district of Bolikhamxai province on 20 December 2008. The company proposed to use US\$2,500,000 for development of the granted land concession area in Thapabath district. The concession duration granted for this company is 30 years and possible for extension.
- Company C is a Thai company. It received land concession of 1,909.47 hectares from Lao government in 2006 for rubber plantation in Bolikhamxai and Vientiane province. The concession duration stated in the contract is 30 years (from 2006 to 2036) and possible extension.
- Company D is a local (Lao) company received land concession granted 100 hectares from provincial governor of Vientiane for rubber plantation. The length of the concession stated in the contract is 25 years and possible extension. The company proposed to use US\$561,200 for development of granted area for rubber plantation.

According to information interview with those above four private investment companies, the companies received land concession grant for 25 to 30 years for rubber plantation. This is because rubber tree can productively provide latex up-to 25 and 30 years (depend on specie). The aims of state land concession for rubber plantation are to (1) improve livelihood and income of rural people in the villages within land concession area; (2) ensure that local villagers in the villages close to land concession area can work as wage in rubber plantation; and (3) gain national income from concession fee.

2.1. Impacts of land concession on livelihoods of local people and environment

Economic impacts: Results from the assessment of livelihood impacts from land concession for rubber plantation show minimal impacts on livelihood. This includes local people lost land for agriculture because the land was taken by private companies in the form of concession approved by the government. This impact also on income of local people due to people lost their spaces to collect natural forest resources for sale. In general, local people in the case study landscapes gain household income from different sources. These sources include sale of rice, livestock husbandry, wage in rubber plantation, commerce/grocery shop and collection of non-timber forest product.

Social impacts: according to interview with representatives of local villagers, the land concession for rubber plantation in the selected case study villages had both positive and negative impacts on livelihoods of local people. Positive impacts include, but not limited for, local people can work as laborers in rubber plantation, which hired by the owner of rubber

plantation (private investment companies). This highly suits with the government policy that the land concession shall create job for local people who may receive impacts from such land concession. Since people gain income from wage, their can support their children to get higher level of education. At the same time, they can take their families' members to hospital when they get sick. However, there are numbers of negative impacts from such land concession on various livelihood aspects. Although some households in the communities receive income from wage, many households in the case study villages lost common spaces for resource collection. Some households lost agricultural land, especially the fallow where they used to use for upland rice cultivation.

Environmental impacts: based on the perception of local villagers in the case study landscapes, given land concession to private investment companies has impacted on environment. This is because private investment companies cleared or opened land and burn bushes and trees before they plant rubber. This has impact on increasing forest carbon emission. At the same time, the soil in the surface in the land concession area is easily run-off during the rainy season because there is no plant cover the soil in the cleared and burned area. Although numbers of interviewers in the case study villages complaint that given land concession to private company for rubber plantation has negative impacts on livelihoods and environment, it has also create jobs for local people to gain household income. On average, given land concession for planting of rubber and other industry tree species provide benefits on livelihoods of local people larger than provision negative impacts on livelihoods. However, in order to ensure that local people increase household income and having other means of benefit from state land concession, the proper ground survey shall be conducted before government approve/permit land concession grant to the private investment company for plantation.

2.2. Low law enforcement

There are different procedures implemented in the two selected case studies. This is partly because the concerned authorities and technical staff do not fully understand the land concession related legislation; and to gaps in the legislations, especially the gaps in the investment promotion. As had been stated in the law, the provincial authorities shall only approve the project that covers smaller than 100 ha. However, the law does not clearly state how many projects can the provincial authorities permit for one investment company. In many cases, the provincial authorities approves many projects with proposed area smaller than 100 ha for one company. Since the investment company easily receive land concession

grant from the authorities, the company submit numbers of project to the authorities to occupy land, but not to use the land for activities stated in the proposal that had been submitted to the authorities or central government.

According to interview with concerned stakeholders and local communities in the case study landscapes, in many places, the authorities permit land concession in the same (overlapped land area) to different investment companies. This is because there is no actual land survey had been conducted before the government approves the land concession grant to the investment companies. At the same time, there is lack of communication and coordination between concerned authorities at the local (provincial and district) and central levels. In many cases, the central level approved land concession grant to investment companies in the places where the provincial authorities already approved for other investment company. Moreover, in many cases, the central government approved land concession grant cover provincial protected and protection forest areas. This could happen because the central government approved land concession without communication and coordination with provincial, district authorities, and local communities.

Based on the investment promotion law, land concession projects shall provide benefit to improve livelihoods of local communities in the area where projects' activities are implemented. This is especially people that receive negative impacts from land concession project activities. However, the actual implementation is that there are numbers of people received negative impact from land concession for industrial tree plantation without receiving compensation on their land that lost to land concession area. This is partly due to there is not actual land survey had been conducted before giving land as land concession grant to the investment companies, and to low law enforcement which the investment companies could denied implementation of the related law with regards the compensation. Thus, in many cases, land concession could not fully provide economic benefit to local communities in the area where land concession for industrial tree plantation is located.

III. Conclusion

This study indicates that given land concession to private investment companies in Bolikhamxai and Vientiane provinces have both positive and negative impacts on land use and livelihoods of local communities. Communication and coordination is one of the issues, which the central government and local authorities as well as local villagers do not fully being communicated or consulted before the government provide approval for land concession. At the same time, although the contract had been signed between the

government and private investment company, the implementation of activities in the land concession area had not been fully implemented based on contract. The low law enforcement could provide opportunities to private companies that received land concession grant to avoid compensation to local people that lost land into the land concession area for industrial tree plantation. Therefore, even the investment promotion law states that land concession shall provide benefit to improve livelihoods of local communities that lost land in the land concession area, actual implementation is that numbers of local people who lost land for concession do not fully receive compensation for the lost of their land concession. This does not only impact on the change in livelihoods of local people, but also impact on forest encroachment because when people lost their agricultural land to concession area, they expand their agricultural land use into forested area within their villages' territories.

The government issued the policy on “turning land into capital” to use land as capital to join with the private investment companies that invest in land in Laos. The aims of the policy include (1) to use unused land as an asset (capital) to join with investment company that invest in land in Laos; and (2) to encourage local people to effectively use their agricultural land for agricultural production/cultivation. In the case local people who want to cooperate with private investment company on agricultural cultivation, industrial tree plantation, and other agricultural activities, they can use their land as capital to for join investment. This is to ensure land can provide economic benefit to land owner as well as nation. However, this policy had often missed translated and in many cases the implementation of the policy on “turning into capital” did not provide benefit to land owners, it creates negative impacts on livelihoods and land use at local level instead.

In fact, the contract on land concession for rubber plantation has clearly stated that the investment companies that receive land concession grants shall help improve livelihoods of people the area where land concession is located. In practice, not all investment companies strictly implement the contract. Although the concerned local authorities aware that the investment companies do not follow the contract, they do not or cannot punish the companies. This creates negative impacts on livelihoods of local people that settle in the area where land concession is granted to the investment companies. In order to help local communities gain benefit from land concession, strong enforcement in implement the contract and related laws and regulations is urgently needed.

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