

*The MRC Regional Stakeholder Forum*

*14<sup>th</sup> – 15<sup>th</sup> December 2017*

*Vientiane, Lao PDR*



# **Parallel Discussion 3A2 - Assessing Impacts on Economy and Society**



# Economic Assessment – Main findings

- The gains from hydropower investment in Laos will benefit Thailand the most
- Hydropower investment in Cambodia will benefit Vietnam the most
  - Due to differences of prices of importing electricity and selling domestically.
- There are substantial trade-offs, e.g with the M3 scenario nearly 1/3 of fish biomass will be lost, with Thailand having the biggest fish loss.
- Navigation sees a very big increase in value, particularly for Viet Nam, but note this is just increase in service capacity.
- GDP sees the highest growth potentials in the M1 – 2007 development scenario, and lowest in the M3 – 2040 development scenario due to two reasons:
  - i) expected expansion in agriculture impacting negatively on other higher productive sectors, and
  - ii) trade-offs or negative impacts from hydropower
- Growth potentials will be negatively impacted due to large reduction in natural resources (forest and fish biomass depletion)

# Economic Assessment – Main comments

- Conflict of findings, why revenue of sectors (HP, Agri, Nav) will go up but GDP will go down in M3-2040 → More labors will be engaged in Agriculture Sector impacting negatively on high value sectors
- Reliability of the data and the modelling
  - Economic data is at national level
  - Socio-economic is for the corridor (15km)
- What is behind the big fish loss value? It is from the substantial reduction in higher value white fish, being replaced by other aquatic animals, impacting negatively also on bio diversity.
- Does the report mention the limitations/caviats such as data quality, unrealistic agriculture plans or navigation projections? Yes
- What do the prices used in the fish value estimates come from? A study by two fishery experts, not BDP2.
- GDP growth in VN, contradicting with sector increases?
- Does GDP projection include other sectors rather than the water related sectors? Yes, it does, using projected population growth as the main factor, assuming that other factors will be available accordingly.

# Socio- Economic – Main findings

- Food security: From M1 to M2 & M3: rice production increases, by nearly 1 billion, but fish catch reduces, by 1.57 billion, which increased undernourishment, affecting mainly households in Laos and Cambodia.
- Floods and drought rice-based livelihood will be negatively affected most in Cambodia and Vietnam.
- Poverty: M1 tends to have the lowest level of poverty, while M3 the highest. Laos, Thailand and Vietnam to be affected more negatively in the corridor
- Employment: M1 will see employment in primary sectors decreasing, in line with conventional economic development, but the inverse happens in M2 and M3

# Socio- Economic – Main comments

- Could we look at the sole impact of mainstream hydropower on household well-being (food security, income security...)? Yes, the sub-scenarios allow us to look at each sector's impacts.
- Purchasing Power Parity/Gini coefficient changes: these were not covered due to lack of data, but cross-boundary and cross-sector redistributions are important and will be covered tomorrow under the Cumulative Impact Assessment
- Impact of electricity on agriculture and welfare: yes this is important, and should be looked at beyond the corridor, e.g Thai groups that benefit from electricity from Laos are actually not in the North East. But could be covered more.
- Gender impacts: Gender analysis is a gap due to lack of gender sensitive data.