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Paper company demonstrates environmental and social responsibility in Lao PDR

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BANGKOK, Thailand (30 August 2011)_Finnish-based paper, packaging and wood product producer, Stora Enso, is setting the pace for behavior change needed within large-scale industry, with its plantations in Lao PDR having a positive impact on crop production among local families and promoting community development and local business ventures.

The project was highlighted among the 24 innovative community-based initiatives within the Asia-Pacific region during the Second Regional Forum for People and Forests held in Bangkok earlier this month.

“Stora Enso was chosen because of its enlightened policies to work in a positive way to improve the living conditions of people whose land has been used in other ways,” said Prabha Chandran, strategic communications manager for the Center for People and Forests (RECOFTC), one of the forum organizers.

Over the past decade, several companies have attempted to develop large-scale pulpwood plantations in Lao PDR, many exploiting the land and the people dependent upon it for their livelihoods. According to FAO’s 2005 Forest Resources Assessment, in 1990 there were 4,000 hectares of plantations in Lao PDR but by 2005, the area had risen to 224,000 hectares.

In 2007, Stora Enso set up an initial agro-forestry project in an area of southern Lao PDR heavily tainted with unexploded ordnance from the US carpet bombing during the Vietnam War. The land was severely degraded and could no longer provide adequate rice yields, leading it to be considered useless by villagers.

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Through a consultative mapping process with the local people, plantation plots of less than 500 hectares were erected with the intent to create a scattered mosaic of land uses and native forest. The plantation’s eucalyptus and acacia trees were planted with unusually wide spacing (up to 9 meters) to allow sufficient space for villagers to grow food or cash crops. Preliminary analyses have shown that yields within this model almost tripled, to more than a ton per hectare per year. These plantations are now aiming for accreditation from the Forest Stewardship Council, the peak international governing body for sustainable sourcing of forest products.

Community-oriented investments in Lao PDR are crucial to create local employment and contribute to improved livelihoods of Lao people. As all Lao land is controlled and owned by the State, Stora Enso set up village development funds to provide compensation directly to local people, each fund receiving US\$350 per hectare of land used. The villagers have the freedom to decide how the funds are spent, but activities must benefit the whole community, such as sanitation, health care or education.



In addition, Stora Enso has hired 90 permanent Lao employees and provides labor opportunities for several hundred villagers during planting season.

“We could use machines but our model is intentionally labor based,” explains Helena Axelsson, the company’s sustainability operating officer. A training program is also available for local farmers who then can be offered ongoing employment with Stora Enso.

Stora Enso is hoping to scale up their model, with plans to expand their agro-forestry projects and test other crop possibilities, such as peanuts and rattan. In 2010, the Lao government granted a land concession to Stora Enso for expansion of its industrial tree plantation project. It is expected to generate significant work opportunities for local families.

These ongoing projects represent a successful public-private partnership which aims to ensure that benefits filter down into the communities. It is hoped that this will prompt interest from other large-scale commercial and public projects to make a positive contribution to social and economic challenges in Lao PDR.

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“As much as we’re quick to condemn the private sector,” says Chandran, “we have to find ways to coexist sustainably and make more productive partnerships. Stora Enso provides an example of one of those ways.”

Karen Emmons is an independent journalist based in Bangkok and has lived and worked in Southeast Asia for the past 21 years, writing largely on social and development issues.

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