



Long term production of the Nakai Plateau's reservoir fishery is in doubt.

Nam Theun 2 Hydropower Project

THE REAL COST OF A CONTROVERSIAL DAM

The US\$1.3 billion Nam Theun 2 Hydropower Project (NT2), located in the small Southeast Asian country of Laos, has been marketed as a model dam project and a development panacea for cash-strapped Laos. But more than 110,000 people continue to suffer project impacts and are paying the real price of NT2.

LIVELIHOODS ON THE NAKAI PLATEAU NOT SUSTAINABLE

Three years after being relocated by the project, more than 6,200 ethnic minority people are still struggling to recover their livelihoods after they lost access to their paddy and swidden fields, forests, and grazing lands. There is little doubt that these families now have better local infrastructure, including houses, electricity, roads, schools, and health centers. Yet, many of the project's plans for ensuring that their livelihoods are recovered and sustainable have failed to come to fruition. The poor quality of the land in the resettlement sites continues to cause problems for villagers, who are unable to grow sufficient food to feed their families, the long-term production of the reservoir fisheries is in doubt, and outsiders are encroaching on the villagers' community forest areas.

ILLEGAL LOGGING AND MINING IN THE NAKAI-NAM THEUN NATIONAL PROTECTED AREA (NPA)

Conservation of the biodiversity of the NPA and protection

and restoration of forest cover in the watershed has been a fundamental objective of Nam Theun 2.¹ Instead, however, the project has exacerbated pressures on the protected area by opening up access via the reservoir. According to the Panel of Experts, the illegal harvest of rosewood and poaching of wildlife within the NPA appear to be more serious than before.²

DOWNSTREAM IMPACTS AND LACK OF APPROPRIATE COMPENSATION MECHANISMS

Due to water diverted by the dam, over 110,000 people living in 71 riverside villages and 101 hinterland villages along the Xe Bang Fai River have been affected by changes to the river ecosystem.³ Villagers have suffered poor water quality and declining fish catch, particularly in the Upper Xe Bang Fai River. These impacts have not been fully compensated for as of writing. Of great concern is the insufficient funding allocated to the NT2's downstream program and the unrealistic 2015 deadline for program completion.



Nam Theun 2

LOCATION:

Central Laos, primarily in Khammouane province

STRUCTURE:

- 39 meter high dam on the Nam Theun
- 450 square kilometer reservoir on the Nakai Plateau
- After passing through a powerhouse below the Nakai Plateau, water from the reservoir is diverted to the Xe Bang Fai via a 27 kilometer downstream channel

OUTPUT:

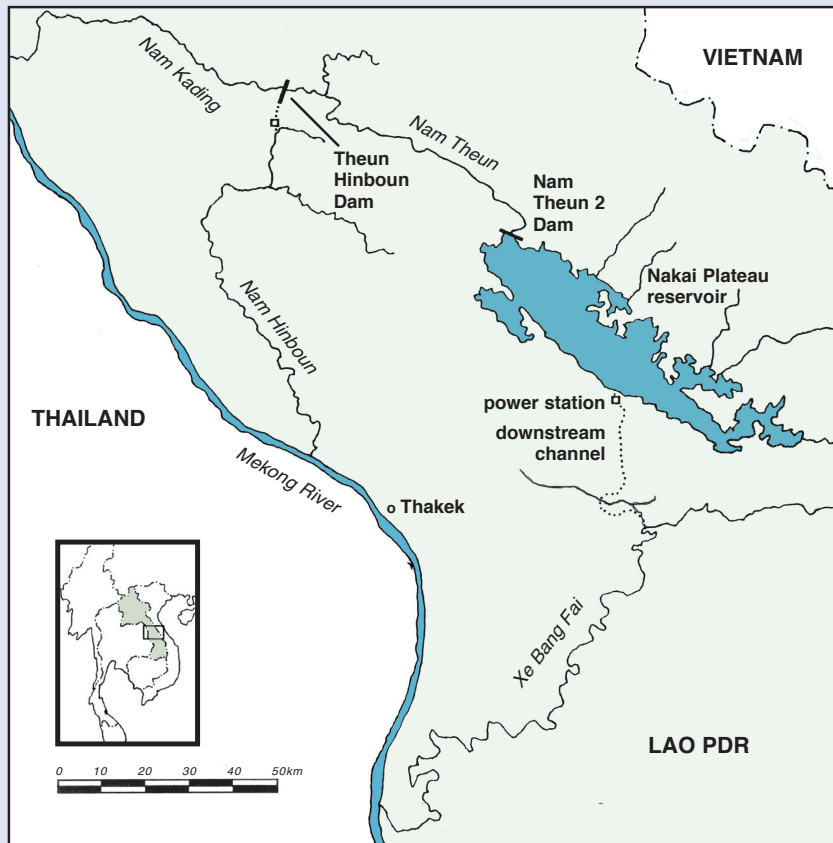
- 1075 MW of power, more than 90% (1000MW) exported to Thailand
- Power production began in March 2010

SPONSORS:

Nam Theun 2 Power Company (NTPC): Electricité de France International (40%), the Electricity Generating Company of Thailand (35%), and Lao Holding State Enterprise (25%)

HEAD CONSTRUCTION CONTRACTOR:

Electricité de France



INCOMPLETE INFORMATION DISCLOSURE

The Nam Theun 2 Power Company, the World Bank and the Asian Development Bank **continue to refuse to release key project information** including monitoring reports, up-to-date project management plans, and critical data on fisheries, water quality and hydrology. This is preventing full public oversight and accountability of the project's impacts.

LACK OF COMPLIANCE WITH LEGAL OBLIGATIONS

The Nam Theun 2 Power Company has **failed to comply with its legal obligations**. For example, in violation of the Concession Agreement, the irrigation system for Nakai resettlers was not completed prior to commercial operation and “[a]lternative sources of domestic water of appropriate qual-

ity” were not provided to affected communities on the Xe Bang Fai River before the project's Commercial Operation Date. Furthermore, in violation of the World Bank's safeguard policy on resettlement, compensation payments for loss of paddy fields, fruit trees, and riverbank gardens wasn't paid before land acquisition.

LACK OF EVIDENCE OF IMPROVEMENT OF OTHER HYDRO PROJECTS IN LAOS

Even though the NT2 was supposed to improve the standards of hydropower development more generally in Laos, there is little evidence that this has happened. Projects continue to be approved without disclosing environmental impact assessments and without adequate resettlement and livelihood improvement plans.

Endnotes

1. McDowell, D., T. Scudder and L.M. Talbot (2009). *Lao People's Democratic Republic Nam Theun 2 Multipurpose Project, Fifteenth Report of the International Environmental and Social Panel of Experts*, page 35
2. McDowell, D., T. Scudder and L.M. Talbot (2010). *Lao People's Democratic*

3. *Republic Nam Theun 2 Multipurpose Project, Fifteenth Report of the International Environmental and Social Panel of Experts*, page 12
3. Nam Theun 2 Power Company (NTPC) (2008). *Downstream Implementation Plan*, page 21-25