



Theun-Hinboun Power Company

May 2, 2013

Ms Tania Lee, Lao Program Coordinator, International Rivers

And

Jonas Ádnøy Holmqvist, Director, FIVAS

Subject: Concerns about Theun-Hinboun Expansion Project Affected Communities

Dear Ms Lee, Mr Holmqvist;

In response to your letter of February 28th, I would firstly like to point out that some of your concerns appear to be reiterations of points already raised by International Rivers over the last few years. THPC's responses are thus likely to be similar to those given in previous correspondence. While our dialogue with villagers in and around the project area continues, the situation concerning THPC planning policy has not altered.

To try and address your points specifically:

Ongoing Resettlement Plans for Villages in Zone 3C

As made clear several times previously, there is no resettlement planned for villages in Zone 3 C. Following requests expressed in community dialogue during the planning phase for the THPC Expansion Project, and following advice from local authorities, arrangements have been made with 23 downstream villages for relocation of housing and provision of new community infrastructure further away from riverbanks but within existing village territories. This distinction - important given the two separate resettlement and relocation policies adopted by THPC to compensate people affected by the project in different ways - was first made clear in the Theun Hinboun Expansion Project Resettlement Action Plan (RAP) published in 2008.

The relocation plan follows the commitment made in the overall RAP for the Expansion Project (part 3) and an ongoing detailed consultation process is underway to finalize the details for each village. This procedure is open-ended to ensure maximum participation by each community and the relocations are being conducted over time so that the quality of the relocation process can be assured in every village. THPC's strategy is to improve and expand agricultural land for relocating villages in the middle Hinboun area, so that families in these villages receive additional land without losing existing fields.

Following the latest round of consultations (concluded in December last year) a firm list of locations and timelines for relocations was agreed with local authorities and village leaderships. This list is still being circulated and when outreach teams are satisfied that people in all villages are well informed, the list will be made available to the general public through the THPC website. The compensation process is well underway for villagers who will relocate in 2013 and ongoing with other villages. Consultations with villages outside the relocation area are proposed to ensure that no communities remain unclear on movement plans.



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The case of Ban Songhone

There is no Ban Songhone in this part of the Lao PDR. We assume you mean Ban Songhong on Route 13, a generally prosperous commercial village which would not benefit from relocation away from its trading position. As in many other villages situated along Mekong tributaries close to the confluence with the mainstream river, some households here are affected by flooding caused by back-up of the Mekong River during flood years, such as in 2011. Given the village's proximity to the THPC relocation area, Songhong residents have access to THPC livelihoods programs including health services, dry-season rice crop expansion and technical assistance for upland cropping.

To avoid confusion, another village in this area named Ban Songkhone has been approved for relocation by local authorities, participated in consultations in December 2012, and is now in the process of relocating.

Rice production and livelihoods along the Hinboun River

The natural flood events of 2011 occurred along many rivers in Laos and caused serious damage to rice crops across the country. In contrast, good harvests were reported before the floods and also in 2012. Rice yields reported by farmers in the three villages you mention have shown generally improving trends since 2005, with the exception of years in which natural flooding was widespread in all river valleys in the region.

While yields vary from year to year, there is no downward trend in yields per hectare. For instance, from 2008-09 to 2011-12 average dry-season rice yields increased from around 3 tonnes to 4 tonnes per hectare in the villages we monitor in the middle Hinboun area. Average wet-season rice yields have increased from 1.6 tonnes in 2005 to 3.0 tonnes in 2012.

THPC does not accept your contention that people in these villages have experienced “many other project-induced losses” and has seen no evidence to support this claim. If villagers do feel that the project has caused them such losses there is an established grievance system, of which all village authorities are aware.

As discussed in detail with IR representatives in the past, in the interests of sustainability, cash compensation has not been provided for decline in fish catch. As the decline is likely to follow that in other river systems across the country and to be long term, THPC is rather addressing this issue through livelihoods programs and the drive to establish stable sources of increased income in each village.

Regarding monitoring of rice crops, independent livelihood surveys are conducted every year and posted on the THPC website. Figures in these annual reports provide harvest averages across the whole project area, including both upstream and downstream villages. In addition, THPC's regular internal monitoring (which is disaggregated by village) shows that downstream rice yields have generally increased since 2005, with exceptions to this trend recorded in certain villages during heavy natural flood years. The company is dedicated to providing livelihoods options that will improve the situation of project-area villagers in the long term and assistance will be ongoing until this is achieved.



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Villages in Zones 3C & 3D

The entitlement policy for villages in Zone 3C was outlined in the document you refer to - RAP Part 3, which made clear that implementation of the policy would be dependent on results from monitoring of the actual situation. A more detailed entitlement policy was developed and made public in 2012. THPC has now updated compensation rates and is awaiting final approval of relocation policy and compensation rates by provincial authorities.

Regarding Zone 3D, as has been communicated to IR at various times in the past, THPC does not provide cash compensation to villages in this zone of the project area. Flooding in this area is regular and is due more to Mekong River levels rather than the operations of the THPC plant. Livelihood assistance programs are ongoing however, and will continue until satisfactory levels of economic growth are shown across the villages.

Ongoing Livelihood Concerns in Relocation Sites

Development of new paddy fields takes time and is unlikely to be accomplished successfully in a single season. All relocated households in Ban Tha (and Phousaat) receive one hectare of flat, flood-safe, land for wet season rice cultivation. For the 126 households in Ban Tha, 0.3 ha per family was developed in 2012, another 0.3 ha will be developed this year and the remaining 0.4 ha will be ready in 2014. Of the 375 households in Phousaat, 275 have already received 1 ha of additional flood safe land while the remaining 110 will receive half a hectare this year and the rest next year. Farmers in these villages are also using the lands held prior to relocation: it is additional land that is being developed incrementally.

Provision of topsoil for home gardens at new Ban Thasala was completed in February this year.

Regarding water supply at Thasala, two boreholes have been installed but only one is currently in use as it provides more than enough water for the whole village. THPC teams sample and analyze this water every month and results have so far been consistently excellent, providing a far better quality of water than was available at the old Ban Thasala.

Issue of land titles is, of course, a government process and one that is being conducted nationwide. Progress remains limited at present across both Bolikhamxay and Khammouane provinces, where few villages either inside or outside the THPC project area have so far received titles. THPC is committed to supporting this process in resettlement villages and is hopeful issue can begin in 2013. Concerning Ban Phoumakneng, as THPC has provided new additional land including irrigated rice fields as part of the relocation process, request has been made to the provincial government for issue of land title. We understand this request is currently being processed.

Access to the old fields and forest at Phoumakneng is currently practical at all times other than during severe flooding, during which time all communities along the rivers face difficulties in moving. It does not appear likely that further road investment would be able to change this situation, but the question is under review internally.



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Livelihood Concerns in Relocation Site of Ban Keosankham

We assume this question refers to the resettlement site at Ban Keosankham, where report was made to THPC by observers of the latest IR interviews with villagers and the headman. The observers indicated that IR representatives were insistent and even aggressive in their manner of asking questions, apparently badgering respondents until “satisfactory” answers were forthcoming. As those of you with an understanding of Lao culture will know, such a confrontational approach is not well received at village level: it appeared to the observers that the villagers became uncomfortable and were then willing to say almost anything to bring the meeting to a close. We therefore ask you look into this episode and to clarify your methodology in the field. If the report we received is accurate, it describes unacceptable behavior which not only produces misleading information, but can hinder on-the-ground efforts to build sustainable livelihoods with communities.

Regarding land issues here, the villages resettled at Keosankham did not have paddy land prior to moving: your assertion that the lack of paddy at the new village leaves them at a loss on how to regain food security is therefore perplexing. The land allotted to the villagers in Keosankham is for the villagers’ permanent use, and crops such as cassava have been planted, harvested and sold more than once already on this land. Extension support to farmers is ongoing and access to the surrounding area is currently not restricted. Villagers here also benefit from the lucrative reservoir fishery, with some Keosankham residents making a full livelihood from this resource alone.

The demarcation process for the Nam Gnouang South Protected Forest Area is ongoing through a participatory approach that takes into account villagers’ livelihood needs. The parties involved are local people, provincial and district Natural Resources and Environment Offices, an international wildlife conservation group and THPC. The aim is to establish a viable wildlife refuge and corridor, which can only be possible if local people are supportive and actively involved. Suggestions from outside parties that the zone will impinge on their livelihoods will not help in this endeavor.

Progress on the Formation of the Panel of Experts

The composition of the Panel of Experts and the scope of its work are being discussed with the Lao government, as are potential members for the panel. It is envisaged that Lao and foreign experts will be appointed within 2013 to review the project’s environmental and social performance. The Panel will certainly be independent in its methodology and reporting, and will be asked to take ADB guidelines into account when evaluating the project and making recommendations. It is not clear why you appear to be disappointed with the process of formulating the POE.

Continued Monitoring of Grievance Mechanism

The grievance mechanism has been established since 2011 and THPC keeps a database of the process, systematically following up on complaints and requests. Prior to finalization of the mechanism, villagers registered grievances through district Resettlement Management Units or other customary channels, and various investigations were made and agreements reached through these channels. We thank you for your notification that some people appear to be uncertain of or not confident in the grievance process. THPC will look into this matter through our village-based staff.



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THPC remains committed to improving the lives of people living around the project, especially those directly affected by its construction and operation. General living conditions have visibly improved in most villages around the plant, due to a combination of the company's social and environmental initiatives, and the economic knock-on effects of the project. As in most parts of the Lao PDR, development is ongoing through sustained economic growth, while new challenges are arising for Lao people as social and environmental conditions change, often due to causes beyond the influence of this hydropower project.

The concern of your institutions for the welfare of people in the project area is appreciated, but we would ask that you consider our response with equal attention and look into the methodology of your fieldwork to ensure that an accurate understanding of the evolving situation emerges.

