

# DAMS IN LAOS: ON THE RECORD

## SELECTED QUOTES FROM OFFICIAL DOCUMENTS

Hydropower projects developed over the past decade in Laos have left a legacy of destroyed livelihoods and damaged ecosystems. As a result of dams, tens of thousands of Laotians lack sufficient food to eat, clean water to drink and income to meet basic needs. The following quotes from official documents point to some of the ongoing problems with hydropower development in Laos.

### OVERALL PROBLEMS MANAGING LARGE DAMS

“Lessons learned from ADB-funded hydropower projects in the Lao PDR indicate that planning, management, implementation, and monitoring of social safeguards and environmental mitigation measures and ethnic-minority programs are weak. The Government’s capacity to implement large-scale complex hydropower projects still remains a major concern... The capacity of various government agencies responsible for implementing hydropower projects needs to be strengthened.”

*Source: Asian Development Bank, Technical Assistance to the Lao PDR for Preparing the GMS: Nam Theun 2 Hydropower Development Project, November 2003, p. 3.*

“Experience in implementing transport and energy projects in the Lao PDR has demonstrated that, often, such projects have resulted in adverse social and environmental impacts that were not adequately anticipated during identification and formulation or were inadequately addressed during project construction and operation. This has caused unnecessary environmental damage and human hardship, and has weakened investor and funding agency confidence. These problems have arisen because of (i) weak policy and regulatory mechanisms; (ii) inadequate attention to the environment and social issues in sector and project planning; (iii) inadequate involvement of civil society in planning, implementation, and monitoring activities; (iv) weak enforcement of regulations

and contract agreements dealing with environmental and social safeguards; (v) weak capacity of implementation and monitoring agencies; and (vi) lack of sustainable financing mechanisms.”

“Weak institutional capacity is a pervasive constraint to improving social and environmental management of infrastructure projects in the Lao PDR.”

*Source for both: Asian Development Bank, Report and Recommendation of the President to the Board of Directors, Environment and Social Program Loan – LAOS, November 2001, Appendix 2 and par. 15.*

“Both ADB and Electricité du Laos (EdL), and initially the Consultants, were misled into believing that the Nam Mang 3 Project had only minor social impacts. The question which now must be asked is whether the expensive and complicated measures needed to mitigate the negative social and environmental consequences of the NM3 Project can be managed by EdL.”

“There is no doubt that EdL’s capacity to manage the Project’s social and environmental impacts, and GoL’s capacity to monitor and enforce national environmental regulations needs to be much expanded.”

*Source for both: Nam Mang 3 Hydropower Project, Environmental Impact Analysis and Outline Social Action Plan & Environmental Management Plan, Resource Management and Research, Draft, August 2002, Chapter 10, pp. 3-4, 8-9.*

### INADEQUATE POST-PROJECT MONITORING

“Compliance with and monitoring of social and environmental regulations in infrastructure development remain weak. Effective compliance and monitoring of major infrastructure projects are particularly vital in the Lao PDR because the projects are often located in remote areas where communities live at a subsistence level and where there are often important biological resources.”

*Source: Asian Development Bank, Report and Recommendation of the President to the Board of Directors, Environment and Social Program Loan – LAOS, November 2001, par. 11.*

“It has been only two years since the inundation of the reservoir and diversion of the river. It will take possibly more than a decade for new ecosystems to become stabilized...Therefore, it would be prudent for ADB to monitor the Project’s performance through regular visits, keep the necessary records, and provide assistance as appropriate. It would be contentious to hand over a large and essentially dynamic infrastructure project to an agency, with limited funds and little operational experience or skills in environmental and social mitigation measures, and not expect problems.”

*Source: Asian Development Bank, Project Completion Report on the Nam Leuk Hydropower Project in the Lao People’s Democratic Republic, February 2002, p. 20.*

The ADB has failed to consistently monitor the Nam Leuk Hydropower Project’s performance since the Project Completion Report was issued in February 2002.

### SOCIAL AND ENVIRONMENTAL IMPACTS

Nam Song “has caused severe impacts on aquatic ecosystems and human use” on 13 villages downstream of the dam.

“The magnitude of the unidentified and unmitigated impacts, 6 years after Project completion, points to failings in:

- the studies carried out before Project construction;
- the review process
- the compliance monitoring framework designed to prevent these types of events from occurring for this extended period of time.”

“One of the problems faced by the Consultants in assessing the impacts of a Project conceived in 1992, built in 1995, and reviewed in 2001 is that international ‘good practice’ standards have become far more explicit and are taken more seriously. The lack of clarity in earlier standards and guidelines however is not

a valid justification for not now compensating or mitigating the past and ongoing impacts of the Project. Even without the more explicit guidelines, simple ‘natural justice’ makes it necessary that the negatively affected villagers receive compensation.”

*Sources for both: Nam Song Diversion Project Draft Impact Analysis Report and Action Plan, commissioned by Asian Development Bank, October 2001, pp. 1-2.*

The 2001 Nam Song Impact Analysis Report and Action Plan, commissioned by the Asian Development Bank, was never publicly released and the ADB and Lao government have failed to implement any of its recommendations. The ADB now claims that Electricité du Laos is working on an action plan to implement the report’s recommendations, but details of the plan have not been released to the public.

### RESETTLEMENT

“Improvement in the implementation of resettlement programs for IPP [independent power producer] projects is required – a significant part of the agreed basic requirements of relocatees from the Houay Ho and Xe Pian Xe Namnoi sites have still not been met.”

*Source: Asian Development Bank TA 3374-LAO PDR Power Sector Strategy Study, Electrowatt-PA Consulting, 2003, Vol. 1, p.15.*

As part of the ADB Power Sector Strategy Study for Lao PDR, Electrowatt-PA Consulting visited the Houay Ho resettlement site in February 2001 and made the following observations:

- “The land planted to rice does not provide rice sufficiency and the rice rations promised by the government have not been received in the amount promised.”
- “Livestock was an important asset of the people but in the new area, there is not enough pasture land available to graze their cattle. Livestock diseases are a problem and no veterinary services are available.”
- “Water quality is said to be poor and quantity insufficient.”
- “There are 3 school buildings, but only one is equipped with furniture. There are not enough classrooms and teachers for all the children and virtually no school materials. All teaching is being done in Lao, the native languages of the resettlers are not used in school.”
- “A health clinic has been built in the resettlement area; this serving an area with 26 villages and a total population of about 7000. The only equipment is a microscope used for

malaria diagnosis. There is no electricity, no storage room for medicines, and no refrigeration to keep vaccines etc.”

- “Malaria is the most serious health problem in the area; and since 100% of the cases are *P. falciparum* (the severe form of malaria affecting the brain), it is a very serious problem.”
- “According to the health personnel about 20% of the children in the resettlement area suffer from malnutrition.”

*Source: Asian Development Bank TA 3374-LAO PDR Power Sector Strategy Study, Electrowatt-PA Consulting, 2003, Vol. 1, p. 60.*

Electrowatt-PA Consulting recommended that the ADB fund and implement a program to bring the resettlement at Houay Ho up to international standards and improve the standard of living of affected communities. Neither the Government of Laos nor the ADB has acted on these recommendations.

### REVENUE MANAGEMENT PROBLEMS

Nam Leuk “was designed to provide long term technical and financial support for the effective protection and management of the NBCA” but “wildlife poaching and forest encroachment continues unabated, because management and protection efforts are currently weak” at Phou Khao Khouay National Park (PKK NP).

*Source: Asian Development Bank, Regional Cooperation Strategy and Program, 2004-2008, The GMS - Beyond Borders, draft, February 2004, Appendix 7, p. 89.*

“PKK management agency does not have adequate institutional capabilities to implement the proposed mitigation plan and do not provide EdL with their yearly cash flow requirements...”

*Source: Letter from Viraphon Viravong, General Manager of Electricite du Lao, to Susanne Wong, IRN, April 11, 2003, p. 4.*

“The disbursements of funds for the PKK NP has not yet been adequately institutionalized, and ADB must ensure this matter is resolved and that the funds reserved for the stipulated purpose are safeguarded until they are used in accordance with an environmental management plan for PKK NP.”

*Source: Asian Development Bank, Project Completion Report on the Nam Leuk Hydropower Project in the Lao People's Democratic Republic, February 2002, p. 20.*

One percent of revenues from the Nam Leuk Hydropower Project were supposed to be used to protect the Phou Khao Khouay National Park, but these revenues have not been fully disbursed due to inadequate institutional capacities in managing the funds and implementing a management plan for the Park.

IRN supports local communities working to protect their rivers and watersheds. We work to halt destructive river development projects and to encourage equitable and sustainable methods of meeting needs for water, energy and flood management. Published in 2004.