

The background image shows a large concrete dam with a bridge crossing it. A white SUV is driving on the bridge. In the background, there is a large industrial building with a green roof, likely a power station, and several high-voltage power line towers. The area is surrounded by lush green hills and a river in the foreground.

NAM THEUN 2: HAS THE ADB LEARNED THE LESSONS?

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Lao PDR and Nam Thuen 2

NT2 promoted as a “model project for sustainable development by WB and ADB.” Approved in 2005, completed 2010..

But built in a country without basic freedoms of association, consistently low worldwide ranking for press freedom and corruption.

Nam Theun 2 Hydropower Project

- 1070MW US\$1.45 billion trans-basin diversion project, largest foreign investment in Laos at the time. Impacts two rivers.
- Operated by Nam Theun Power Company (NTPC)—French, Thai and Lao companies.
- Almost all electricity exported to Thailand.
- Bank support based on “poverty alleviation” criteria and NT2’s “state of the art” social and environmental mechanisms and monitoring.



Three key issues:

- Reservoir flooding requiring resettlement of over 6300 indigenous people
- Biodiversity protection in the adjacent NNT Protected Area.
- Downstream Impacts in the Xe Bang Fai and Nam Theun river basins--120,000 – 155,000 people.

Project Monitoring – the International Environmental and Social Panel of Experts (the POE)

Active since 1997 in monitoring social and environmental objectives and issuing annual reports.

Especially important due to the lack of independent local civil society or monitoring.

In its early years the involvement/endorsement of the POE was cited as providing important justification for the project.

Doing a Dam Better

*The Lao People's Democratic Republic
and the Story of Nam Theun 2*



THE WORLD BANK

Ian C. Porter and
Jayasankar Shivakumar,
Editors

What has happened?

The Banks, other project financiers and NTPC have promoted an ongoing narrative of success.

“Doing a Dam Better” published soon after project completion.

Where does the POE stand?

“Nam Theun 2 confirmed my longstanding suspicion that the task of building a large dam is just too complex and too damaging to priceless natural resources.”

-- Dr. Thayer Scudder, New York Times, August 24, 2014.

Dr. Scudder, POE member/hydropower expert has come out against NT2 saying it had failed to meet its social and environmental goals and describing it as his “final disappointment” in a long career of trying to make hydropower projects work better.

Ongoing problems with resettlement

- Failure to fully restore livelihoods.
- Short term income gains due to the unsustainable harvesting of tropical hardwoods in protected area.
- Ongoing land fertility/production issues.
- Emphasis on infrastructure rather than livelihood/income issues.
- POE demanded two-year extension(2016-17) of resettlement assistance due to livelihood program failures.



Conservation Debacle

One of the most important conservation areas in mainland Southeast Asia severely impacted. Promise to protect area has not been kept. Ongoing trade in rare hardwoods and wildlife.

Watershed Management Protection Agency so ineffective that the POE demanded its complete dismantling. Very little progress has been made with this restructuring.



Troubles Downstream: Xe Bang Fai River Basin

A series of independent studies, and the POE's own reports, have confirmed serious concerns over NT2's impacts and the failures of the Downstream Compensation Program.

REVENUES WITHOUT ACCOUNTABILITY

Special mechanism set up to allocate GOL's NT2 revenues to national level poverty reduction programs.

However, the World Bank/ADB have not been able to get key financial data on the project.

It is therefore not possible to say that NT2 has assisted with poverty reduction.

This is a main reason the World Bank's own reports continue to rank NT2 as "moderately unsatisfactory" and "high risk."

NT2 Summary

NT2's poverty alleviation, social and conservation goals and objectives have largely failed!

Calling NT2 a model justifying further IFI support for large hydro is not warranted by the evidence.

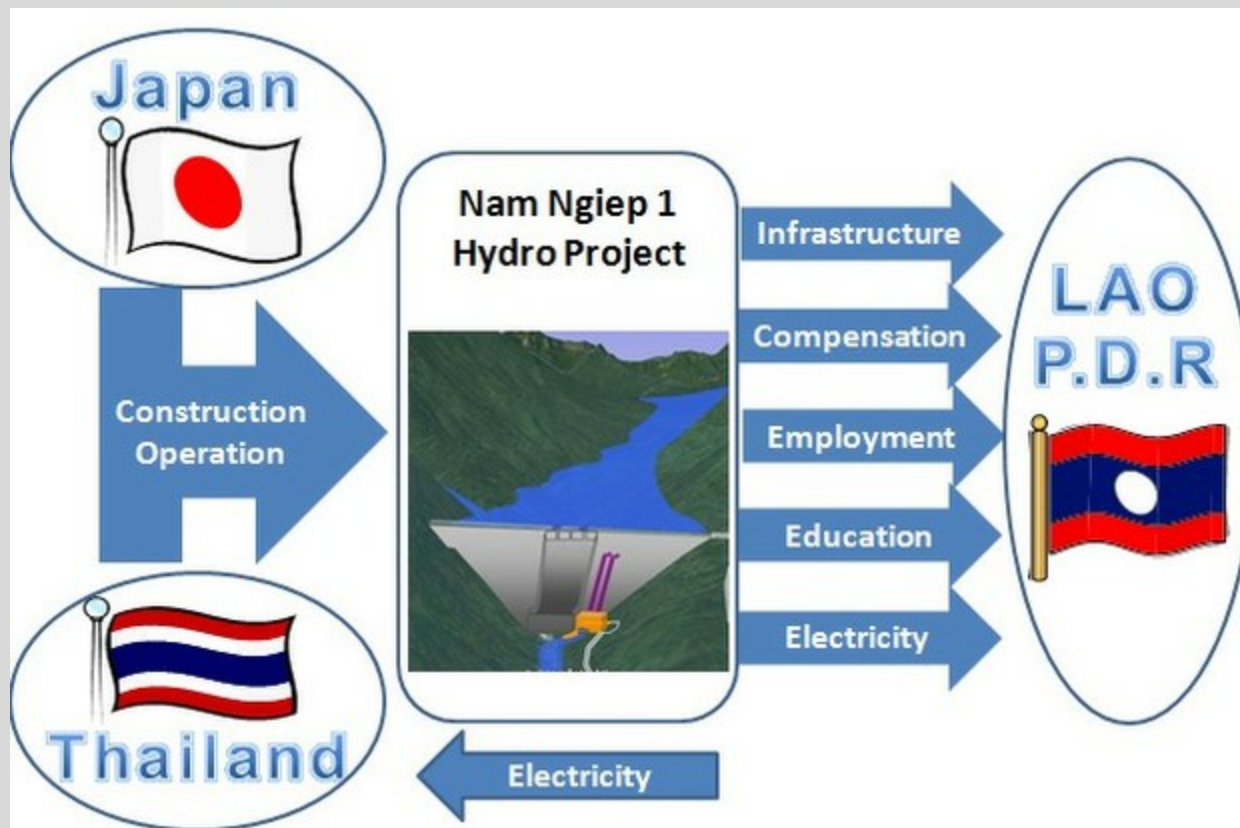
There is a need for further assistance to repair damages done.

Has the ADB learned the right lessons?

So far the official reaction of ADB and World Bank has been denial and continued promotion of the NT2 model –both in Laos and elsewhere.

Nam Ngiep 1 and the ADB

In 2014 the ADB agreed to provide \$217 million in financing to the 290 MW Nam Ngiep 1 hydropower project in Laos. It also has significant Japanese involvement in construction and financing.



Latest NN1 Independent Advisory Panel report (Feb. 17, 2017) lists many serious concerns on both the environmental and social sides -- very similar to those that emerged with NT2.

Progress with environmental and social programs are far behind schedule in comparison to construction:

Lack of progress with bio-mass removal.

Biodiversity and watershed management plans behind schedule.

Social side – Growing problems with resettlement and compensation. Some villagers are refusing to move or take offered compensation. The number of complaints is growing rapidly—more than 600 in last quarter of 2016, only about 100 have been resolved. Throughout 2016 these complaints have been “neglected” and the NN1PC is **“in danger of being in violation of its concession agreement.”**

IAP’s December, 2016 mission was confronted by armed villagers angry about the failures of the compensation and resettlement program.

Some key lessons

As Thayer Scudder has concluded, large hydropower may just not be worth the cost. Even with all of NT2's plans, consultants, NGO involvement, funding, monitoring and international attention, the basic social and environmental objectives have failed.

The same problems are repeated again and again,

Supporting “hisk-risk” projects in countries with severe governance and accountability issues is dangerous and puts too much risk on local affected communities and the environment.

ADB SAFEGUARDS:

Changing or strengthening the ADB's safeguards is not enough and will not avoid these types of problems.

The ADB needs to stop financing destructive hydropower projects all together, especially in countries with significant governance issues.