

The World Bank's International Technical Workshops on Nam Theun 2

Civil Society Summary

In late August 2004, the World Bank launched its international “technical workshops” with the Asian Development Bank (ADB), Nam Theun Power Corporation (NTPC) and the Government of Laos (GOL) on the proposed Nam Theun 2 dam in Laos. Workshops were held over two weeks in Bangkok, Tokyo, Paris, and Washington, DC. Well in advance of these workshops, civil society organizations noted that this process did not constitute a credible consultation, as key project documents and analyses had not been made available or were not provided to allow sufficient time for review. There was little advance notice for some of the workshops, and the only cursory “interim” economic analysis for the project was posted after two of the workshops had been held. In Bangkok and Tokyo, the moderators were criticized for being biased and for failing to facilitate an equitable debate.

Despite the World Bank's claims that it has not yet decided to support Nam Theun 2, the Bank clearly acted as a strong advocate for and defender of the project at the technical workshops. This very public promotion of Nam Theun 2 calls into question the credibility of the Bank's proclaimed desire for meaningful debate on Nam Theun 2's risks and benefits. Furthermore, by conducting the workshops with GOL and NTPC project proponents, the World Bank minimized opportunities for open dialogue with NGOs and others on the project.

The World Bank, the ADB, NTPC, and the GOL were unable or unwilling to substantively respond to concerns regarding governance and human rights, the track record of the government and the World Bank and ADB in Laos (particularly with regards to recent hydropower projects), the assessment of alternative poverty reduction options for Laos, and critical gaps in social and environmental plans for the Nakai Plateau and the Xe Bang Fai. Despite more than a decade of project development and investment, a significant amount of analysis remains to be done for Nam Theun 2. Yet the World Bank and ADB seem to be subverting thorough due diligence to the demands of NTPC's looming Power Purchase Agreement deadline.

The World Bank's “decision framework” for Nam Theun 2 states that progress in three particular areas will be assessed as the Bank decides whether or not to support the project. The third pillar of this framework points to “obtaining broad support from international donors and civil society for the country's development strategy and the NT2 project itself.” The decision framework goes on to explain: “international civil society has a legitimate and strong interest in the project as well – particularly since local civil society is not developed and *there are no local NGOs [in Laos]*. Broad support from international NGOs, particularly those involved with environmental and social issues, provides much-needed comfort that the environmental and social issues relating to the project will be successfully managed in the event” (emphasis added).

Nearly all of the comments and questions raised at the technical workshops in Tokyo, Bangkok, Paris, and Washington, DC – by participants including government representatives, academics, community representatives, researchers, and various NGOs – reflected concern or criticism of Nam Theun 2 and proposed MDB support for the project.. International civil society has clearly not conveyed support for Nam Theun 2.

The following sections contain highlights from civil society accounts of the international technical workshops in Bangkok, Tokyo, Paris, and Washington, DC.

Bangkok, Thailand: 31 August 2004

In Bangkok, the Network of People's Organisations and Local Communities of the Mekong River Basin in Thailand presented a statement criticizing the hasty workshop planning, lack of available project information, and biased design of the workshop and the materials provided. As a result, and based on the direct interests of Thai civil society in the Nam Theun 2 project, the groups called on the World Bank to organize a public hearing in Thailand that would "give equal opportunity to governments, project proponents, and civil society organizations, and disseminate information and project studies, including those relating to economics, environment and social issues, in the Thai language to the participants at least six weeks prior to the public hearing." They also called for an exchange between Thai dam-affected communities and Lao communities who would be affected by Nam Theun 2.

The NGO Coordinating Committee on Development (NGO-COD) and a number of Thai NGOs echoed these same concerns, but also criticized the lack of attention paid to what Nam Theun 2 would mean for Thai electricity users and the Thai economy. They disputed that the signing of the secretive Power Purchase Agreement (PPA) by the Thai government indicates that the project is feasible for Thailand. The NGO-COD called for a genuine public consultation in Thailand and for the release of economic analyses and the PPA in Thai six weeks before this consultation is held.

Various community organizations and dam-affected villagers from Thailand, such as those from Pak Mun, attended the workshop and submitted a letter to the World Bank Country Director Ian Porter. They expressed concern about the impacts of Nam Theun 2 on the Mekong River and noted the many unresolved problems of fisheries and other livelihood losses created by World Bank funded dams, such as Pak Mun: "How can the local people who will be impacted by Nam Theun 2 dam be assured that the World Bank will respond to the needs of the local people rather than facilitating interests of the project investors? The World Bank must show the Thai public how it reviews the lessons learned from projects like the Pak Mun and Lam Takong dams."

Despite powerful testimonies from villagers affected by the World Bank's Pak Mun dam in Thailand, civil society participants reported that the World Bank failed to explain why Nam Theun 2 would be any different, asserting only that "things have changed." Other difficult questions regarding Thai electricity demand, prices and renewable energy (based on a presentation by Witoon Permpongsacharoen that countered assertions made by Thailand's Electricity Generating Authority), were not addressed. No justification for NTPC's disputed estimates of the affected population downstream was provided, although NTPC acknowledged the criticism of failing to consult with people along the Xe Bang Fai's tributaries. Concerns regarding resettlement (land and livelihood options) were downplayed by NTPC. Most of the presentations did not get into details of the NT2 project. The majority of the workshop was taken up by presentations from the World Bank, NTPC, and the GOL and their responses to comments and questions, while follow-up questions from other participants were not allowed.

Tokyo, Japan: 3 September 2004

Three Japanese NGOs (Friends of the Earth-Japan, JACSES, Mekong Watch) attended the Tokyo Workshop and reported that the workshop was an expensive public relations exercise for World Bank management to promote Nam Theun 2. Meaningful discussion was effectively foreclosed by the simple question-and-answer format of the workshop and the Bank's choice of moderator.

Questions raised by NGO participants included the justification for the World Bank's current push to support the Nam Theun 2, outstanding problems from past hydropower projects, GOL governance and capacity, involuntary resettlement in violation of a WB-GOL agreement, the need to disclose the entire PPA, and the problem of conducting environmental and social impact assessments after villagers' lives have already been disrupted by massive logging to make way for the reservoir. The World Bank responded with periphery remarks that defended the project, rarely addressing the main point of the questions. The GOL tended to repeat the argument that Laos is a poor country with no other options.

NGOs in Tokyo had hoped for more than superficial responses to critical questions. Follow-up questions were strongly discouraged by the moderator, who actually cut off an NGO participant by saying "this is not a place for discussion." The moderator also failed to redirect questions to Bank staff when the GOL responded first to elaborate on their desire to see the Nam Theun 2 project implemented. NGOs also requested time to introduce a prepared statement raising concerns about the World Bank's role in supporting GOL and NTPC efforts to gather public support for the Nam Theun 2, and clarifying the understanding upon which NGOs were participating. The moderator's response to the request was "participants did not come to hear things like this." Only after a Bank official intervened did the Moderator allow NGOs to introduce the statement.

At the workshop itself, the moderator used his allocated 30 minutes of wrap-up time to ask project proponents for closing remarks, who naturally emphasized their support for the project. He did not summarize issues raised, nor categorize comments into those needing answers, further discussion or further analysis, as required by the Bank. The World Bank's press release from the workshop expounds on the proponents' reasons for supporting Nam Theun 2, and only a few sentences mention issues raised by NGOs. This is in spite of the fact that critical questions from NGOs dominated the workshop and no comments from the floor showed clear support for the project.

Following the workshop, the three participating NGOs sent a letter to World Bank Country Director Ian Porter criticizing the choice of moderator for the Tokyo workshop. Mr. Porter's response, however, dismissed these concerns as objections to the moderator's style. He did not address the point that the World Bank failed to appoint a moderator who could facilitate multi-stakeholder dialogues and fulfill the World Bank's objective of an open and well-informed discussion.

The workshop has only intensified the concerns of NGOs in Tokyo that the World Bank will continue to support for the Nam Theun 2 dam without considering the precedent it sets; namely, that the Bank will support projects which have already led to great environmental and social destruction, even prior to project appraisal.

Paris, France: 7 September 2004

At the Paris workshop, an open letter to the World Bank from 27 NGOs was distributed which questions the project's ability to meet the World Bank's goal of poverty reduction. The letter points to the significant but underestimated Xe Bang Fai impacts, resettlement concerns, weak governance in Laos, revenue management issues, the legitimacy of local "consultations", the lack of studies and late disclosure of project documents. The letter also questions how the World Bank will evaluate "support of the international community" as part of its decision framework.

At the workshop, questions were raised regarding the governance situation in Laos and the type of compliance mechanisms that would ensure NT2 commitments were met and revenues would be used for poverty reduction. Detailed responses were not provided, but rather general

statements were offered about the progress the GOL is making and its good intentions. Groups called for the release of the PPA and the Concession Agreement and for the disclosure of additional economic analyses. No response was given to questions regarding World Commission on Dams' (WCD) compliance and the WCD directive from donors in the IDA-13 replenishment agreement. When issues regarding the lack of free speech and human rights situation in Laos were raised, the GOL claimed to work often with national NGOs and to abide by international law, including the ILO conventions. Concerns raised by villagers in local "consultations" about resettlement plans, including the inability to grow rice or keep buffalo, were not addressed. NTPC and the MDBs did not answer questions about how resettled villagers will be made better off given the poor soil quality and the uncertainty of the new livelihood options, such as reservoir fisheries.

Washington, DC: 10 September 2004

At the Washington, DC workshop, an open letter to the World Bank from 16 North American NGOs was distributed, echoing concerns about resettlement plans and downstream impacts, compliance monitoring, and the GOL's human rights record. The workshop was dominated by critical questions.

Various questions were raised regarding World Bank/ADB "conditions" for support for Nam Theun 2. No direct answers were given, but instead references were made to the importance of ongoing progress with reform programs, such as the World Bank's Financial Management and Adjustment Credit. From answers provided by the World Bank, it was clear that no comprehensive assessment of alternative poverty reduction options had been conducted, aside from an assessment of alternative hydropower projects. During local "consultations," different development strategies or opportunities were not discussed.

More questions were raised about the viability of resettlement livelihood options, downstream impacts, valuing the loss of ecosystem services, and mitigation plans for species on the Nakai Plateau. Responses from NTPC and the MDBs indicated that studies are still ongoing and that many plans are still incomplete. A number of participants commented on the lack of concrete plans at this late stage. Regarding problems with other hydropower projects in Laos, ADB said that the lesson they've learned from Theun Hinboun is that not enough analysis was done before the project was financed.

NT2's compliance with the WCD core values and strategic priorities was also raised. The World Bank did not address the IDA-13 replenishment agreement directive, but stated that its position on WCD is known; the Bank does not intend to do an assessment of NT2 vis a vis WCD.

Participants also raised questions about corruption, governance, and revenue management in Laos. No details were provided regarding a revenue management system beyond the promise that revenues would be managed transparently and targeted to poverty-reduction expenditures. Based on the GOL's human rights' record and the lack of local civil society organizations, doubts were expressed about GOL's accountability to its citizens. The remedies available to Lao citizens under the Concession Agreement (citizens cannot bring grievances through international arbitration) were also questioned. The GOL responded only by saying that they are accountable to citizens through the National Assembly and that they are improving the judicial system.

Compiled by Shannon Lawrence, Environmental Defense