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## Laos: The impact of the Nam Theun 2 dam on indigenous peoples

In July 2002, the World Bank released a "decision framework" on its involvement in the proposed Nam Theun 2 dam. The paper explains how the Bank intends to make a decision on whether or not to give a US\$100 million loan for a political risk guarantee on the proposed 1,000 MW dam.

The US\$1.5 billion dam has been studied for more than a decade. The project developer, the Nam Theun 2 Electricity Company (NTEC), is a consortium of Electricité de France with Harza Engineering, the Electricity Generating Company of Thailand, Ital-Thai and the Lao government. Without the World Bank's guarantee, commercial financiers will not risk getting involved.

If built, the dam would result in the forced resettlement of about 5,000 indigenous people. Water from the 450 square kilometre reservoir would be diverted via a powerhouse to the Xe Bang Fai, another Mekong tributary. A recent independent study found that 130,000 people, many of whom are indigenous, derive "important livelihood benefits" from the Xe Bang Fai and its tributaries. In May 2002, Bruce Shoemaker, one of the authors of the study, explained to a US Congressional Hearing that if the dam is built, "The flow of the river will be radically altered, flood cycles changed, and rapids (the best fishing areas) submerged."

In its decision framework paper, the World Bank states that "Project preparation has focused on mitigating these negative impacts by ensuring that the design and implementation of plans pertaining to all of the Bank's safeguard policies are carried out so as to meet or exceed Bank standards."

What the Bank does not mention in its paper is that the project has already had a major impact on indigenous communities living in the proposed reservoir area. For at least ten years, a Lao military-run logging company, Bholisat Pattana Khed Poudoi (BPKP), has been clearcutting the reservoir area on the Nakai Plateau. In 2000, a World Bank survey found that BPKP was also running large-scale logging operations around the reservoir, in forests that were supposed to be protected. The International Advisory Group (IAG), which was appointed by the World Bank to monitor the project, confirms that logging is affecting indigenous communities. In April 2001, the IAG reported that "the progressive clearance of forest and other vegetation from the plateau in anticipation of inundation has resulted in the diminution of areas for food and other NTFP [non timber forest product] gathering including house building materials." In a letter to the World Bank's vice-president, the IAG wrote, "In villages we visited, the people have if possible sunk to a lower level of poverty than they were experiencing five or more years ago."

The indigenous people living on the Nakai Plateau and the surrounding forests belong to 28 distinct ethnic groups, according to anthropologist James Chamberlain, who was hired by the World Bank in 1996. Chamberlain noted that among these people are "Vietic ethnolinguistic groups [which] have not been well classified, and several, the Atel, the Malang, the Arao, and the Salang-X, were hitherto completely unknown."

However, NTEC hired another consultant, Stephen Sparkes, who worked for Norplan, a Norwegian consulting firm. Sparkes wrote that "After conducting fieldwork in the area, I have referred to the

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Plateau as a 'melting pot culture' since it is becoming more and more difficult to distinguish one group from another."

Sparkes' work found the approval of NTEC and the developers subsequently described the people living on the Nakai Plateau as "'indigenous peoples' as a whole since the distinctions between groups are not significant."

Although the people living on the plateau were not consulted before BPKP clearcut their forests, NTEC claims on its web-site that "there have been more than 242 public consultation and participation briefings and meetings which have already taken place at the local, regional, national and international levels for the Nam Theun 2 project."

More than 200 of these "consultations" took place between February and June 1997 in villages on the Nakai Plateau and along the Xe Bang Fai. BPKP was already logging in the reservoir area at this time.

Barbara Franklin, a consultant hired by the World Bank to monitor consultation on the project was extremely critical of NTEC's consultation process.

After the NTEC consultation team's presentations, Franklin asked randomly selected villagers what changes the dam would bring to their villages. She noted that "many of the villagers painted rosy pictures, saying things like, 'Everything will be better, because these people will come to help us'."

Franklin produced more evidence that the information that NTEC's consultants gave during their presentations was overoptimistic and biased. In villages along the Xe Bang Fai, which would not be resettled under the project, some villagers told her that they hoped they would also be resettled.

In fact, many villagers simply did not understand NTEC's presentations, which were in the Lao language. Franklin pointed out that in some of the villages on the Xe Bang Fai, many of the villagers do not speak Lao fluently. The result, according to Franklin, was that "many participants understood little or nothing of the meeting".

NTEC's consultants fared no better with their visual presentations. During presentations in villages on the Xe Bang Fai, the consulting team showed villagers a cross section of the proposed channel which would take water from the power station to the Xe Bang Fai river. The channel would destroy 60 hectares of villagers' rice paddy land. Based on her conversations with villagers after the meeting, Franklin commented that "Most villagers thought they were looking at a picture of a well."

Franklin concluded that it was "unclear whether or not women and non-Lao speaking ethnic minorities have been consulted in a meaningful way as required by World Bank Operational Directives." The examples from her own report, however, make it crystal clear that villagers have not been consulted in a meaningful way.

NTEC states on its web-site that it is "committed to assisting affected households to make an informed choice about resettlement and compensation". In other words the informed choice offered by NTEC is not about whether indigenous peoples want their lands flooded, their rivers destroyed, their forests logged or placed out-of-bounds in the name of conservation, or even whether they want an enormous hydropower project on their land.

Instead, NTEC is presenting the indigenous peoples of the Nakai Plateau with a simple choice: either

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move or drown.

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