



October 10, 2002

James D. Wolfensohn
President
World Bank
1818 H Street, N.W.
Washington DC 20433
USA
Fax 202 477 4155

Re: World Bank-Financed Electric Utility in Vietnam Victimizes Thousands of Cambodians

Dear Mr. Wolfensohn:

I am writing to urge you to investigate the failure of the World Bank-financed utility, Electricité de Vietnam (EVN), to mitigate and compensate for economic and environmental damage caused to thousands of Cambodians living downstream of EVN's Yali Falls dam. Since 1998, the World Bank has provided loans to EVN worth US\$575 million for electricity transmission and distribution facilities, including transmission lines connecting the Yali Falls dam to Ho Chi Minh City.

EVN's billion-dollar Yali Falls dam is on the Se San river which flows from Vietnam's central highlands through northeast Cambodia. From 1996 to 2000, while the dam was still under construction, erratic releases of water caused flash flooding downstream, causing deaths to people and livestock and destruction of rice fields and vegetable gardens. Since 2000, operation of the dam for power production has resulted in rapid and daily fluctuations in the river's flow downstream in Cambodia's Ratanakiri and Stung Treng provinces.

Based on interviews with local fishers and farmers, citizens groups and district-level government officials in Cambodia report that:

- at least 36 people have drowned due to erratic releases of water from EVN's dam;
- at least 50,000 Cambodians have been adversely affected;
- Se San communities have suffered millions of dollars in damages in terms of lost rice

production, drowned livestock, lost fishing income, and damages to rice reserves, boats, fishing gear, and houses;

- changes in the Se San river's water levels and flow, as a result of the dam's operation, has caused a decline in fisheries and made fishing more difficult and hazardous;
- hundreds of people are suffering stomach ailments, eye infections, and skin rashes which they believe are linked to changes in the river's water quality since the Yali Falls dam was built.

As a major donor to EVN, the World Bank has a responsibility to ensure that its client-utility is held accountable for the environmental damages and economic losses incurred by downstream communities.

Cambodians harmed by EVN's dam are double victims: first, they have suffered health problems, income losses, and damage to their property and resources; and, second, they have no recourse to a judicial system that would enable them to a) hold EVN accountable and liable for damages; and b) assert their rights as river users to negotiate compensation and/or changes to the dam's operation that would minimize or mitigate adverse impacts on downstream fisheries and water supply.

In June, EVN made matters even worse: The utility began construction of a second hydro dam, known as Se San 3, about 20 kilometres downstream of the Yali Falls dam. Not only has EVN failed to address problems caused by its first dam, it has failed to notify or consult downstream Cambodians about its second dam.

By its actions, EVN has shown contempt for the rights of Cambodians who depend upon the Se San River for water, food, and income. The utility has sought to expropriate and monopolize the Se San river for hydropower production without paying the real costs of doing so, and by violating the rights of other river users.

We therefore urge the World Bank to do the following:

- ensure that EVN halts construction of its second dam on the Se San River until an open and independent assessment of the environmental damages and economic losses caused by the first dam is completed and made public;
- ensure that EVN respects the rights of downstream Cambodians – including, but not limited to, the right to fair and timely compensation for economic losses, and the right to negotiate environmental mitigation measures to minimize the adverse effects of the dam's operation on the riverine environment.

We would appreciate a response from you at the earliest possible time.

Sincerely,

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cc. Ms Terrie O' Leary
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Executive Director for US

Reports documenting impacts of Vietnam's Yali Falls dam:

A Community-Based Study of the Downstream Impacts of the Yali Falls Dam Along the Se San, Sre Pok and Sekong Rivers in Stung Treng Province, Northeast Cambodia, Ian Baird, Monsiri Baird, Chum Moni Cheath, Kim Sangha, Nuon Mekradee, Phat Sounith, Phouy Bun Nyok, Prom Sarim, Ros Savdee, Hannah Rushton, Sia Phen, Se San Protection Network, Partners for Development, Non Timber Forest Products Project, Se San District Agriculture, Fisheries and Forestry Office, Stung Treng District Office, Cambodia, March 2002.

An Update on the Situation in Communities Located Along the Se San River Impacted by the Yali Falls Dam in Northeast Cambodia, and Consultations with Local People Regarding Establishing a Network of Se San Communities, Ian Baird, Non-Timber Forest Project, Ratanakiri Province, July 2001.

Study into Impact of Yali Falls Dam on Resettled and Downstream Communities, Center for Natural Resources and Environmental Studies (CRES), Vietnam National University, February 2001.

A Study of the Downstream Impacts of Yali Falls Dam in the Se San River Basin in Ratanakiri Province, Northeast Cambodia, The Fisheries Office, Ratanakiri Province, in cooperation with The Non-Timber Forest Products (NTFP) Project, Ratanakiri Province, May, 2000.