

Asian Development Bank

Southeast Asia Department

22 October 2008

Ms. Aviva Imhof
Campaigns Director
International Rivers Network
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Dear Ms. Imhof,

Subject: Nam Song and Nam Leuk Hydropower Projects, Lao PDR

1. This is in response to your letter of 10 September 2008 on the Nam Song and Nam Leuk Environmental Mitigation Implementation Plan. It has taken us sometime to respond for we had to confirm your findings by fielding a Mission.

2. As you are aware, the contractors completed the physical works to provide water supply, solid waste pits, and fishponds in December 2007, and these facilities are now under the Defects Liability Period. EdL, with assistance from consultants specialized in fisheries and water supply/solid waste management, provided training to the villagers on the use of these facilities after completion of the physical works.

3. We conducted review missions to the project areas last year and in March 2008 to assess how the infrastructure facilities were performing and how the villagers were using the facilities. The Missions identified several shortcomings to the facilities and how the villagers were using them. We have noted your list of villages that do have issues with water supply. For your information, the Mission in March 2008 visited five of the eight villages listed. They noted the same issues that you had identified and raised these with EdL. A follow up Mission was fielded in September 2008 but the Mission only visited one of the 5 villages last visited in March 2008 and noted that EdL had taken measures to address some of the shortcomings and fixed the broken pipes and built additional wells. Currently, staff from ADB's Lao Resident Mission (LRM) together with EdL are undertaking a field visit to all the villages to confirm what has been addressed and what work still needs to be undertaken by EdL. We should have their assessment by the end of the month. Following a review of LRM's report, we will hold a meeting with EdL Management in early November 2008 on the outstanding issues. We will then be in a better position to tell you what measures are being undertaken and when these will be completed.

4. We acknowledge that some villagers have insufficient water supply. One of the sites is Ban Vang Song close to Vang Vieng. This is a resettlement site where water supply facilities were provided in the form of a borehole, elevated water tank and piped water to outdoor standpipes. The village lies above a vast limestone formation and we were told that there is enough water in the aquifer to pump water to the elevated water tank for a few hours a day. However, there is a need to allow the aquifer to recharge before pumping again the next day but this was not being followed by the villagers.

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5. To address this situation, ADB and EdL have agreed that water should be piped from a stream flowing out of the nearby hills. EdL has negotiated with the villagers near the proposed intake and have reached an agreement to divert some of the water in that stream, which is about 4 km from Ban Vang Song. EdL is in the process of preparing the detailed design and will submit the cost estimates to LRM for approval. We hope to have the contract bid by early December 2008 (the latest) and the contract awarded in early 2009. ADB will finance these works using loan savings under an existing loan.

6. Your letter also mentioned the lack of water pressure in the standpipe. The Mission in September 2008 noted that the valves were left open at several standpipes during the hours that water was not being provided. If this is widespread throughout the network, it leads to water waste and loss of pressure when water is available. EdL has been requested to educate the people so as to stop this practice. Other water supply issues identified by your researchers were also noted by the Mission in March 2008, and these are being dealt with. The EdL consultant (Dr. Montri) has been asked to provide a report indicating how much water per capita is available at each village, and to specifically note whether the water supply complies with Nam Papa's water supply requirements for rural areas during the dry season. Following receipt of this report (expected by end November 2008), we will request EdL to remedy any dry season water supply shortages.

7. In Ban Vang Song, you mentioned that the fish ponds are empty during the visit of your researcher. In March 2008 when we visited the area, we noted that the two small demonstration ponds in the village were full of water and stocked with fish. EdL had provided fingerlings to all the villages in February 2008. Some of the villages harvested all the fish in August 2008, while others harvested only half of what was in the pond but only to lose them in the floods. The idea was to demonstrate that the fish ponds are workable if they are maintained and operated well. The villagers are to use part of the revenue from the fish sale for buying fingerlings that are available in the local market. Unfortunately, this has not been made clear to most families and they expect EdL to provide the fingerlings each year.

8. We also noted that after the fish had been harvested, the pond was left idle and water seeped into the ground. This was because the plastic lining was exposed to the sun and it easily rots. The ADB Mission in September 2008 advised EdL to make sure that the plastic lining was protected from ultra-violet radiation, not only at Ban Vang Song village, but also at all the other villages with demonstration fish-ponds. This was unfortunately not done in time, and hence the water drained away. There are different construction methods and we will explore these options with EdL.

9. The large rain-fed fish pond at Ban Vang Song was also found to leak significantly. We have advised EdL that this and other rain-fed demonstration and village fishponds (in all Nam Song and Nam Leuk affected villages) must be properly lined. EdL has agreed to this, and will instruct the contractors to make sure the fish ponds are water tight. We will follow this up with a review Mission later in the year to verify that the measures are being taken.

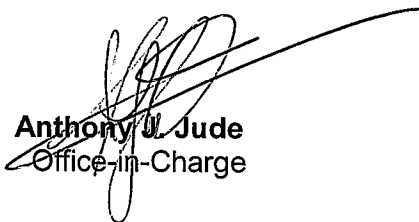
10. The timing for stocking of the fish-ponds with fingerlings varies depending on the type of pond. As mentioned above, EdL had provided fingerlings to the demonstration fish ponds in February 2008 before the ADB Mission in March 2008. We noticed then that the ponds were well stocked with fish. The harvesting of these ponds was successful at some of the villages but not so in the other villages. In some villages, the demonstration fish ponds were harvested

before the 15–16 August 2008 extreme weather that flooded large parts of northern Laos. Many villages were under water for many days in both project areas, and so were the fish ponds. Unfortunately, the fish swam away at those ponds where fish had not been harvested. On the other hand, at a village in the Nam Leuk area, the Mission in September 2008 met a woman who had seen the opportunities of breeding fish following the ideas of the demonstration fish pond, and made her own fish pond close to her house. In 6-8 weeks of operation, her revenue from the sales of fish covered her costs of buying and feeding the fish, and an equal amount in profit. There is obviously a potential for those villagers who are interested to operate private household fishponds to make a success out of it, provided some design issues are dealt with properly.

5. The large village rain-fed fishponds can only be stocked once they have been filled with sufficient rain. In the Nam Song area, average annual rainfall is about 2,500 mm. This should be sufficient to fill the pond with at least 1,000 mm to 1,500 mm of water, which is required for fish breeding. Therefore, fingerlings for the large ponds will need to be provided around August–September 2008. EdL was late in providing these fingerlings, and we have stressed to EdL staff the need to give priority to this activity. When it comes to stocking the stream-block fishponds, this must be done once the risk of floods is minimal to avoid loss of fish in the event of a flood, meaning that October–November 2008 would be a more appropriate time to stock the ponds. EdL is now preparing to do so and we will follow this up with LRM's assistance.

6. ADB has agreed with EdL that, EdL will now recruit a Community Development Specialist to follow up on the use of the facilities provided, and it will also ensure priority is given to providing fingerlings to the villages with fish ponds. As mentioned above, ADB (LRM staff) and EdL are jointly carrying out further investigations in the field to review in more detail the points made in your letter. LRM is expected to submit a report by end October 2008 on their findings, which we will use to have further discussions with EdL in early November and to follow this discussion up with a high-level joint Mission (ADB and GOL) in December 2008 to confirm implementation progress and address any further outstanding issues.

Yours sincerely,



Anthony U. Jude
Office-in-Charge

cc: Director General, SERD
Deputy Director General, SERD
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September 10, 2008

Mr. John Cooney
Director, Infrastructure Division
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Dear Mr. Cooney,

Nam Song and Nam Leuk Hydropower Projects, Lao PDR

I am writing with regard to the implementation of the Nam Song and Nam Leuk Environmental Mitigation Implementation Plan. I know you are leaving the Bank soon so we hope that you will be able to follow up on these issues prior to your departure.

We recognize the positive steps taken by the ADB and Lao government to mitigate the projects' outstanding impacts since the environmental mitigation plan was approved in January 2007. However, interviews with villagers earlier this year reveal that problems with water supply and fisheries compensation persist.

A researcher visited the affected villages in March 2008 to determine the adequacy of the mitigation activities. This letter outlines outstanding problems in affected villages and makes recommendations to ensure that affected people receive fair compensation in a timely manner. We recognize that as the information presented in this letter dates from March 2008, progress may have been made on some of these issues in the intervening period.

1. Many villagers still do not have reliable year-round water supply

We appreciate EdL's work to ensure that villagers affected by Nam Leuk and Nam Song have reliable water supply systems. EdL wrote in its letter to International Rivers dated April 5, 2007 that it was drafting water supply maintenance guidelines and was organizing village maintenance teams. The researcher found that this work has largely been carried out in affected villages.

EdL also wrote that it "may need to keep close eye in each village on how the maintenance is being run." Interviews with affected villagers reveal that many villages continue to have problems with reliable water supply. EdL and the ADB must take action to fix these problems and establish better monitoring systems to ensure that villagers have adequate water supply.

In some villages, the wells and water supply systems installed by the project have alleviated their dry season water shortages, but in other villages shortages remain. These problems are summarized below. **We urge the ADB and EdL to carefully review the ongoing problems with water supply, visit the affected villages to confirm the findings and implement**

solutions in coordination with affected villagers to ensure that they have reliable year-round water supply.

Ongoing water supply issues in villages affected by Nam Song

Village	Problem	Recommendation
Ban Ponsong	Gravity-fed water system not functioning due to broken water pipes; groundwater well built by EdL does not have sufficient water	Build 2 or 3 additional groundwater wells
Ban Phonthong Neua	Inadequate water supply during dry season.	Build 3 additional groundwater wells.
Ban Somsanouk	3 groundwater wells are broken	Build at least 3 new gravity-fed-water systems or 3 groundwater wells. Fix groundwater well at primary school.
Ban Vangsong	Groundwater wells insufficient; water table is dropping during the dry season and drying up the groundwater wells. Existing water tanks and distribution systems are not appropriate. Some villagers receive more water while others receive less, particularly if they live far from water tanks.	Build at least 4 groundwater wells. Fix water tanks and intake and outtake pipes so water can be evenly distributed.
Ban Nam Pat	One groundwater well is broken and two others do not provide sufficient water. EdL told the village chief that their village is small and they can only support fishpond activities.	Build at least 4 groundwater wells.
Ban Houay Dok May	Unclear whether current groundwater wells will provide adequate water supply.	Monitor situation.

Ongoing water supply issues in villages affected by Nam Leuk

Village	Problem	Recommendation
Ban Tham Din	Villagers do not have enough water in the rainy season.	Build one additional bore well.
Ban Houay Leuk	Villagers do not have enough water during dry season. One well broke and was replaced by a new well in early 2008, but it does not work.	Fix broken wells or build a new one.
Ban Nyang Kheua	One groundwater well does not work because there is no water pump. The villagers still have water shortages during the dry season.	Villagers have asked EdL to raise the water tank higher and supply a new pump. However, there has been no response.

2. Delays in implementing fisheries compensation; concerns regarding viability

We recognize the actions that have been taken to mitigate fisheries impacts on villagers affected by the Nam Song and Nam Leuk hydropower projects. During the March 2008 trip, the researcher found that fish ponds had been constructed as promised. One small demonstration fish pond and one large fish pond had been constructed per village, and most villages had received training in how to manage the ponds.

However, the villagers stated that the fish ponds were too small to replace the fisheries lost to the dam projects; most of the fish ponds were dry; and none of the villages had received fish fingerlings or information about how they were supposed to obtain them. In addition, several of the ponds were leaking water.

Said one villager affected by Nam Leuk dam:

"we are not happy with the fishpond provided by the project because the ponds are small and not able to replace the losses from the dam. We have asked for a larger and sturdier pond but the project did not meet the demand of the villagers."

This brings up four issues that must be resolved by the ADB and EdL.

2.1. Implement plans in a timely manner

First, fish pond-related mitigation plans must be implemented in a timely manner. Villagers must be provided with fingerlings for as long as it takes for the ponds to become profitable and self-sustaining. Ponds that are leaking water must be repaired or reinforced.

In EdL's letter to International Rivers dated April 5, 2007, the company stated that "This long-term livelihood development needs a step-by-step and participatory approach." We ask EdL to fulfill its commitment to affected villagers by implementing plans in a timely manner with the participation of and consultation with affected villagers.

2.2 Develop recourse mechanisms for villagers

Secondly, EdL and the ADB should develop recourse mechanisms for villagers who have problems with mitigation activities. The researcher noted a common problem amongst affected villagers was that they did not know who to contact to resolve problems with broken wells or fish ponds. EdL should outline communication procedures for affected villagers to resolve problems with mitigation activities. These procedures should clearly identify individuals the villagers should contact. These procedures should be shared with villagers.

2.3. Conduct regular monitoring of mitigation activities

EdL and the ADB must carry out regular monitoring trips to villages affected by Nam Leuk and Nam Song to determine whether fisheries mitigation activities are successful, to record outstanding problems and to create an action plan to address outstanding issues. While we recognize the efforts made to construct fish ponds, the ADB and EdL's obligations to villagers should continue until mitigation activities are established, implemented and are successfully providing villagers with fisheries for their diet and income. To ensure that these obligations are met, regular monitoring trips must be carried out.

2.4. Provide compensation for past fisheries losses and additional fish ponds

Finally, the ADB and EdL should provide compensation to villagers for lost fisheries until mitigation activities are successfully implemented and are replacing livelihoods lost to the hydropower projects. Villagers affected by Nam Leuk and Nam Song projects have suffered fisheries losses for the last 9 and 12 years, respectively. The ADB and EdL have a responsibility to compensate villagers for past losses until the fisheries mitigation activities are successfully implemented. This should be negotiated with villagers directly. In addition, the fish ponds that have been provided are too small to meet the needs of all villagers. The ADB and EdL should help help villagers build more and larger fish ponds to meet the dietary protein needs of all villagers.

Specific problems with fisheries mitigation in villages affected by Nam Song and Nam Leuk are outlined below.

Problems with fish mitigation activities in villages affected by Nam Song

Village	Problem	Recommendation
Ban Ponsong	Villagers do not have fingerlings or info on how to obtain them. Ponds are too small to meet needs of villagers.	Raise the dike higher and enlarge the fishpond. Provide fingerlings.
Ban Phonthong Neua	Villagers do not have fingerlings or info on how to obtain them.	Provide 20,000 to 30,000 fingerlings for their fishpond.
Ban Vang Song	Fishponds are dry and without fish.	Line the pond with concrete so water will stay in pond longer. Provide fingerlings.
Ban Nam Pat	Demonstration fish pond does not have water in it. They have not received fingerlings. Villagers unsure if fish ponds will be useful.	Provide fingerlings. Fix demonstration fish pond.
Ban Vang Khi	Villagers do not have fingerlings or info on how to obtain them. The fish pond has flooded villagers' lands.	Determine whether fish pond should be relocated. Provide fingerlings.
Ban Houay Dok May	Villagers do not have fingerlings or info on how to obtain them. Villagers unsure if ponds will be useful.	Provide fingerlings.

Problems with fish mitigation activities in villages affected by Nam Leuk

Village	Problem	Recommendation
Ban Phou Paman	Fish pond does not have good access to water since it relies on rainwater. Water leaks from pond, and villagers have had to replenish it. No fingerlings received. Problems with pond management since school is in charge of it.	Determine whether pond should be relocated. Provide fingerlings. Discuss management of pond with villagers to come up with better solution.
Ban Tham Din	Training in fishpond management and maintenance has not been conducted.	Provide training. Help set up fishpond management

	Fish food provided by project initially but now is discontinued. There is no food for the fish. No water in big village fish pond. Village fishpond management committee has not yet been set up.	committee. Help villagers set up large fish pond. Provide fingerlings.
Ban Houay Leuk	Training in fishpond management and maintenance has not been conducted. No fingerlings provided for large pond.	Provide training. Help set up fishpond management committee. Provide fingerlings.
Ban Yang Kheua	Villagers do not have fingerlings or fish to release into the big pond and do not know when they will receive them. Dike blocking the river for big pond is not high enough and is damaged easily when the water in the river is high.	Provide fingerlings. Raise dike for large pond.

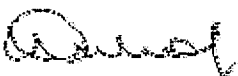
3. Other issues

EdL also noted in its correspondence that Dr. Montri will conduct further monitoring and prepare an evaluation report of the works after completion. "This will provide EdL and ADB with information on whether the mitigating measures have been implemented effectively, and whether more needs to be done." Will you please send us a copy of Dr. Montri's monitoring and evaluation reports and inform us of what actions EdL and ADB are taking in response?

While we recognize the ADB and EdL's work in mitigating the impacts of the Nam Leuk and Nam Song hydropower projects, we are concerned that this work is not being given the priority, planning or resources to be successfully implemented. We hope you will carefully consider the issues raised in this letter and take concrete and timely action to rectify outstanding problems with water supply and fisheries. We hope that EdL and the ADB will institute mechanisms to ensure that affected villagers do not have to wait another ten years for the mitigation programs to be fully implemented.

We look forward to your response.

Sincerely



Aviva Imhof
Campaigns Director

cc Mr. Anthony Jude, Principle Energy Specialist, SERD, ADB
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