

*Opinion piece published in the Bangkok Post
December 14, 2008*

With international investment comes international responsibility

By Shannon Lawrence and Carl Middleton, International Rivers

In September, officials from Thailand and Laos gathered with the World Bank at a High-Level Forum on Sustainable Hydropower Development to affirm the need for environmental and social standards for hydropower projects. This was an important dialogue at which commendable commitments were made by both countries. The Thai Energy Ministry, project developers, financiers, and the Electricity Generating Authority of Thailand (EGAT) acknowledged their responsibility to ensure that the Lao dams they support meet international environmental and social standards. Across the Mekong, the Lao government affirmed the importance of strengthening its regulatory institutions and policies to secure maximum benefits for Lao people.

Yet EGAT and the Lao government have announced their plans to finalize agreements for four new Lao dams before the end of the year. At least two of these dams – the Theun-Hinboun Expansion Project and Nam Theun 1 – would cause significant social and environmental harm and undermine the governments' pledges to support only "sustainable" hydropower projects.

The Thai-Malaysian Nam Theun 1 dam would be built in the middle of Laos' Nam Kading National Protected Area, one of the most remote and biodiversity-rich protected areas in the region. Its reservoir would effectively divide the protected area in two, destroying large swathes of riverine and terrestrial wildlife habitat. Hunting and poaching pressures are already on the rise; and even before an environmental impact assessment was approved, roads constructed for the project had reached the national park. Reports indicate that more than 3,500 people will be displaced to make way for Nam Theun 1, and that communities downstream can expect major decreases in water flows, water quality, and fisheries.

The Thai-Norwegian Theun-Hinboun Hydropower project has been generating electricity for Thailand since 1998. A report released last month by Norwegian NGO FIVAS details increasingly severe flooding along the Hai and Hinboun Rivers over the last nine years, largely due to water releases from the project. Around 30,000 people have suffered significant declines in fish and other aquatic resources, for which the company has paid no compensation. They have also been forced to abandon their paddy fields due to the repeated loss of wet season rice crops. The flooding has caused water contamination, skin diseases, drinking water shortages, death of livestock from drowning and disease, and other temporary food shortages.

Yet the project's operators, Statkraft and GMS Power Company of Thailand, are now proposing an expansion of the original project that would double the flows along the Hai and Hinboun, making life for tens of thousands of people living along those rivers increasingly intolerable.

Clearly more needs to be done to translate the Forum's commitments into action. As the most important market for Laos' hydroelectricity exports, and home to major project developers and financiers of Lao hydro, Thailand should demonstrate that its international investment comes with a recognition of its international responsibilities.

There is no need to reinvent the wheel. The internationally recognized standard for “sustainable” hydropower exists in the form of the World Commission on Dams (WCD) framework. The WCD calls for proper planning processes to determine whether hydropower projects are the most appropriate solution to meeting water and energy needs. Meaningful consultation with all stakeholders and the free, prior informed consent of indigenous peoples is a pre-requisite. Where a hydropower project is determined to be the best option, the project’s risks and benefits should be equitably shared. Negotiated agreements to safeguard the rights of affected people are essential.

As identified by the WCD, international responsibility starts at the planning stage. An important first step for Thailand is to reform energy planning to evaluate all potential energy options on a level playing field. Thailand has other options for energy development that move beyond more hydropower from Burma or Laos or nuclear or coal plants in Thailand. These options include more investment in demand side management, energy efficiency measures, combined heat and power, and renewable energy technologies.

Committing to and implementing high social and environmental standards benefits all parties. It reduces financial and reputational risks for Thai project developers and their financial backers. It shields the Thai government from criticism that it has externalized the social and environmental costs of its energy consumption onto its Lao neighbors. Most importantly, it reduces the devastating effects of these projects on Lao people. Projects that fall short of these standards, such as the Theun-Hinboun Expansion Project and Nam Theun 1, should be shelved.

“Sustainable” hydropower continues to be a dream rather than a reality in the region. In Laos, like in Thailand, dams have destroyed river ecosystems and failed to compensate villagers for losses of fisheries, land and income. Thailand and Laos can do better than the Theun-Hinboun Expansion Project and Nam Theun 1 dam. Better energy planning and strong, enforceable environmental and social standards consistent with WCD guidelines are essential. And new development strategies -- ones that do not involve the sacrifice of Laos’ natural resource base upon which the majority of Lao people depend -- are overdue.

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