

September 21st, 2012

Robert Allen Jr.
General Manager
Theun-Hinboun Power Company Ltd.
P.O. Box 3382
Vientiane, Lao PDR

RE: Concerns about Theun-Hinboun Expansion Project Relocation and Resettlement Sites

Dear Mr. Allen,

I am writing to follow up on THPC's response to the letter International Rivers sent to you on February 3, 2012 and to communicate unresolved matters of concern reported to International Rivers by headmen and villagers in the relocation sites of Ban Phousaat, Ban Tha, Ban Phoumakngeng, Ban Thasala (new and old sites), the resettlement site of Ban Nongxong, and affected villages in Zones 3B and 3C along the Nam Hinboun during interviews conducted in June and August 2012.

Ongoing Relocation of Downstream Villages

We appreciate the time and consideration that was taken to respond to each of the questions posed by International Rivers in your letter dated May 24, 2012. Having noted the posting of the *Detailed Entitlements Policy and Implementation Framework for the Downstream Area* on THPC's website and the availability of copies at the THPC Resettlement Unit in Lak Sao for affected communities nearby, we acknowledge that these are positive steps taken by THPC to provide more comprehensive information to affected communities as well as to the wider public. The confirmation you provided in writing that there are action plans specific to each village being moved is helpful, but details in your letter remain vague.

Can you please provide precise data about which villages in Zones 3B and 3C will be relocated from 2012-2017 and when and where will they be moved to? Could you please also provide us with copies of the Action Plans mentioned in your letter?

Housing In Relocation Sites

Your letter stated that "All households have been provided with materials and assistance in equal measure according to the entitlement policy." However, International Rivers found that in Ban Phousaat and Ban Tha, there are more than two families who remain in a vulnerable situation and have been unable to finish building basic structures for their homes.

We acknowledge your statement that THPC is providing technical assistance, and specifically helping some identified families, but can you please elaborate what further support will be provided to those families who remain unable to finish basic housing structures?

Food Security In Relocation Sites

The headman and local party leadership in Ban Tha, along with residents representing approximately 18 families in Ban Phousaat, testified to International Rivers that most of the old rice fields they once cultivated are no longer considered viable places to farm because of frequent flooding. Similarly, in Ban Phoumakneng, the headman reported that as of August 2012, fewer than ten households continue to use their old land for farming rice in the rainy season. The frequency, extent and severity of flooding of rice paddies are recalled as particular to the past decade, since the building of the Theun-Hinboun Hydropower Project. According to the interviews in the three settlements, over the past year they have requested THPC to provide compensation for the losses of their old land because they testify that they continue to pay taxes on the property that they are no longer able to use, and cannot afford to continue to pay this amount while also investing in new land. They also report that they are appreciative of areas where THPC has helped to clear the land they have bought, but are generally unclear to what extent they can rely on this support (amount of land to be cleared annually, for how many years). Furthermore, relocated villagers continue to be concerned about the costs of the inputs for dry season rice farming and question how it would be sustainable or profitable over the long-term.

Given that villagers in Ban Tha, Ban Phousaat and Ban Phoumakneng continue to self-identify as wet season rice farmers and report engaging in shifting cultivation or purchasing new land for rice paddies, what is THPC's plan to work with these villagers over the long-term to avert a food security problem, and will THPC agree to provide additional support to the affected villagers, such as offering to clear land, upgrade/build roads to their fields, and/or provide direct cash compensation?

Could you please also provide clarification regarding whether THPC has a definition of what constitutes a "reasonable distance" / "distance too great" from the peoples' old fields to determine which villages will be designated to receive new land?

In addition, the fish ponds which were supposed to act as a source of family income and a potential supplement for loss of access to wild capture fish were reported by the headman in Ban Tha and villagers in Ban Phousaat to be prone to flooding and in need of repair.

Please explain whether THPC will provide support to upgrade fish ponds to ensure they will not be subject to flooding during annual rainy seasons?

Grievance Mechanism

It is good to know that the “[grievance] process is very clear and has been used extensively,” as stated in your letter. However, some families from the Naphouak and Hatsaikhaing sections of Ban Phousaat reported that they are fearful of sending initial and/or follow-up complaint letters with regards to grievances in case district authorities wrongfully accuse them of being troublemakers.

Can you please provide details on assurances you provide villagers regarding handling grievances with sensitivity so that they are not fearful of risking their security?

Infrastructural Needs in Ban Phoumakneng

In Ban Phoumakneng, the headman and two households explained to International Rivers that the upgrading of the route from the main road to the village was appreciated but that, as per the explanation in your letter, the submersible bridge continues to flood during heavy rains, sometimes for 2-3 days consecutively. They attest that there is some fear of isolation that permeates the village during the rainy season because if an emergency were to occur, it would be difficult to transport people out of the village.

Please provide information about whether THPC is willing to upgrade the bridge to ensure villagers have year-round access to the main road? If there are no plans to upgrade the bridge, please clarify when and how THPC will communicate this decision to concerned villagers.

In late August, the headman of Ban Phoumakneng and villagers in the vicinity of the new school building recounted how a THPC representative visited the village last year and promised to support the construction materials for the school. Appreciation was expressed for the necessary quantities of corrugated tin and posts being delivered to their village at the beginning of 2012. However, at this point, no other materials have arrived for the frame, walls, floor and door, leaving villagers puzzled as to why there is no further support. They stated that in March/April 2012, they sent a letter reminding THPC that the remaining material was promised by the consultant and was still needed. To date, they continue to await an answer and feel a sense of urgency since the school year has already begun.

Can you please let us know whether THPC will be providing the materials needed to finish the school building? What are THPC’s plans to communicate this information to the headman and villagers of Phoumakneng?

Infrastructural Needs in Ban Nongxong

In Ban Nongxong, International Rivers spoke to the two headmen and five families in different sections of the village. We welcome the fact that THPC is “committed to staying at Nongxong

until rice harvests are successful and food security is achieved.” However, a number of pressing concerns were raised during these discussions regarding compensation, land and infrastructure.

As THPC acknowledged, nearly half of the 53 resettled households that did not accept the allocated land in 2011 continue to reject the paddy land given to them. During our visit, we were told by the headmen that these families continue to reject the land because of the poor soil quality. We understand they are continuing to request cash compensation to purchase their own land and that there has not yet been a resolution through the process of engagement mentioned in your letter.

Is THPC willing to commission an independent review in order to address this dispute over land allocation? If not, what is the process THPC is putting in place to resolve this situation in a timely manner?

In reference to the request for a market in Nongxong, you state in your letter that the “establishment of markets in villages often is a failure due to lack of demand for it.” However, women from Nongxong informed International Rivers that as a result of the inadequate rice harvests (compounded with the losses of fish and wild foods), it is often necessary to buy food for daily needs. They explained that it is rarely feasible to travel the distance to Nahin or Lak Sao – especially in the rainy season - given all the other household responsibilities, and that as a result, the establishment of a local market would be a reasonable solution. Furthermore, people expressed a particular interest in local job creation through the establishment of a market. For these reasons, the men and women to whom International Rivers spoke commonly believe a market would be an essential part of improving the livelihood standards in and throughout the district. It is their understanding that a market was promised by THPC as an infrastructural entitlement. Evidently, villagers’ understanding of this promise was underscored in 2010 when a THPC staff consulted with them about a market, and they took the initiative to suggest a specific site that was subsequently mutually agreed upon with this THPC representative. Consequently, the villagers and headmen say they continue to wait for information from THPC about when support for building a basic structure for a market will be forthcoming.

The village headmen and other residents also asserted that other infrastructure had been promised by THPC consultants and staff during site visits over the past three years, but to date, no such support had been forthcoming. For instance, Animist and Buddhist villagers alike have come to a decision that a temple is needed, and as such, the headmen have communicated this consensus to THPC. In addition, the headmen and villagers assert that tables and chairs are needed for the village hall, not only for regular meetings, but also during times of ceremonies, celebrations and other special occasions. They admit that this support was never confirmed in a written agreement, but remain confused as to why THPC representatives initially communicated that such support would in fact be provided.

Can you please elaborate on what particular infrastructural support will be provided by THPC to the people of Ban Nongxong? If this situation of apparently unfulfilled promises to affected communities is in fact a case of miscommunication involving THPC staff and consultants, please elaborate on what steps are being taken to avoid similar instances in the future?

Lack of Clarity on Downstream Entitlements

Lastly, International Rivers has taken note of your assertion that the entitlement policy has been duly explained to local government authorities and “presented at village meetings before asset surveys and calculation of compensation is initiated.” Nevertheless, headmen and other villagers with whom International Rivers met in June 2012 in Phontong, Phakhong, Nonghang and Naxangkham were unclear about compensation amounts for housing and current assets. In addition, although our data is anecdotal, initial conversations with small groups of villagers from Ban Thonglom, Ban Pakthuk, Ban Xeng, Ban Songkhone, Ban Pak Veng, Ban Huaybuak, Ban Thana, Ban Fengdeng and Ban Nakok all demonstrated that people had been informed they anticipated having to move between late 2012 and late 2014, but had minimal information about compensation they would be granted.

What is THPC’s plan for distributing the downstream entitlement policy - in Zones 3B and 3C, and the corresponding process as well as timeline for fully explaining the details to these communities?

We trust a response to all above issues will be forthcoming given the importance of the matters at hand.

Sincerely,



Tania Lee
Lao Program Coordinator
International Rivers

Cc: Mr. Claude Périou, CEO, PROPARCO
Mr. Nanno Kleiterp, CEO, FMO
Mr. Bruno Wenn, Chairman, DEG
Dr. Peter Thimme, Director, Sustainable Development/Environment Department, DEG
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