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## **Nam Theun 2 Inauguration Hides Real Costs of Controversial Project: More than 100,000 people continue to suffer project impacts**

Amidst much fanfare, French President Nicholas Sarkozy and senior World Bank and Asian Development Bank officials are expected to attend a gala ceremony inaugurating the Nam Theun 2 Hydropower Project in Laos this week. But for the tens of thousands of people who are suffering the impacts of Nam Theun 2, there is little to celebrate.

The project has displaced 6,200 indigenous people on the Nakai Plateau and affected more than 100,000 people living downstream along the Xe Bang Fai River. Funded by the World Bank, Asian Development Bank and a host of other public and private funders, Nam Theun 2 has been plagued with controversy since it was first proposed in the 1990s.

34 civil society groups and individuals from 18 countries have written to the World Bank and Asian Development Bank this week calling on the Banks to take immediate action to ensure sustainable livelihoods for the affected communities. Some of the issues raised by the groups include:

- People on the Nakai Plateau still have no means for a sustainable livelihood, threatening their food security, as poor quality land in the resettlement sites continues to cause problems for villagers' agriculture, the long-term production of the reservoir fisheries is in doubt, and outsiders are encroaching on the villagers' community forest areas;
- Tens of thousands of people living downstream along the Xe Bang Fai River have already suffered impaired water quality and reduced fisheries, and funding is inadequate to restore their livelihoods;
- A key selling point of the original project was that it would fund protection of the globally significant Nakai-Nam Theun National Protected Area, yet the reservoir has opened up access to the area, exacerbating logging and poaching and threatening its ecological integrity; and
- Even though the project was supposed to improve standards for hydropower development more generally in Laos, there is little evidence that this has happened. Projects continue to be approved without disclosing environmental impact assessments and without adequate resettlement and livelihood improvement plans.

“The Nam Theun 2’s promoters are all too keen to call the project a success, but many problems remain. The sustainable livelihoods of more than 120,000 people directly affected by the project are far from guaranteed,” said Ms. Ikuko Matsumoto, Lao Program Director for International Rivers. “What I’ve seen is that dam-affected communities are struggling to adjust to their new lives and that fair compensation has still not been paid to many people. It’s way too early to call this project a success.”

The civil society letter concludes that “Until the World Bank and ADB can prove that a hydropower project of the size and scope of Nam Theun 2 can be successfully managed, we do not believe that there is any justification for scaling up of World Bank or ADB support for large dams.”

Professor Philip Hirsch, Director of the Australia Mekong Resource Centre at the University of Sydney, said “The World Bank and ADB have indicated that the “success” of Nam Theun 2 is a basis for scaling up their support for hydropower in coming years. Before – or rather instead of – making any such move, the Banks have an obligation to the people and government of Laos to live up to their promises and claims by ensuring that those affected by Nam Theun 2 have sustainable livelihoods. To date the evidence does not support the Banks’ claims of success in this respect.”

Witoon Permpongsacharoen, Director of the Mekong Energy and Ecology Network, said “Given the recent proposals for dams on the Mekong River’s mainstream and other ongoing destructive dam construction in the region, for example by some Chinese companies, it is highly questionable whether the Nam Theun 2 has resulted in any improvements to environmental and social standards in the region as the World Bank and Asian Development Bank claim. These claims should be thoroughly reviewed by an independent team.”

**For more information:**

- Civil society letter to the World Bank and ADB (December 6, 2010)  
<http://www.internationalrivers.org/en/southeast-asia/unresolved-issues-nam-theun-2-hydropower-project-lao-pdr-and-hydropower-strategy-bank>
- Fact sheet on the Nam Theun 2 Hydropower Project (December 2010)  
[http://www.internationalrivers.org/files/NT2\\_factsheet\\_Dec10.pdf](http://www.internationalrivers.org/files/NT2_factsheet_Dec10.pdf)
- 9 minute video program on Nam Theun 2: “Risky Business”  
<http://www.internationalrivers.org/en/risky-business>
- International Rivers’ website on the Nam Theun 2 Dam  
<http://www.internationalrivers.org/en/southeast-asia/laos/nam-theun-2>

*International Rivers is an environmental and human rights organization with staff in five continents. For over two decades, International Rivers has been at the heart of the global struggle to protect rivers and the rights of communities that depend on them.*

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