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

**RE: Concerns about Theun-Hinboun Expansion Project Affected Communities**

Dear Mr. Allen,

As a follow-up to our meeting with you in Vientiane on December 20th, 2012, we are writing to request written clarification in relation to the issues we raised at that time. Concerns communicated below are based firstly on those which were raised directly by village headmen and families we met during our visit in December 2012 to Theun-Hinboun Expansion Project (THXP) resettlement and relocation sites and affected communities downstream on the Hinboun River, and secondly, on our overall observations as representatives of international environmental and social justice organizations.

**Ongoing Resettlement Plans for Villages in Zone 3C**

During our meeting, we discussed the impacts of project-induced flooding experienced by villagers living along the Hinboun River, downstream from the original Theun-Hinboun Dam and the Expansion Project. As per THPC's plans for managing the impacts experienced by villagers along the middle reaches of the Hinboun River (Zone 3C), you clarified in a letter to International Rivers in February 2012 that eleven of these villages are scheduled to be moved to new relocation sites over the course of the next five years. However, during our visit to the area in December, village headmen and villagers themselves say they are uncertain about the timelines for moving, the location of the land to which they will be moved, with which villages they will be consolidated, and whether they will ever again be able to regain self-sufficient livelihoods at the new site. As a result, families express a sense of frustration about decisions on whether to invest in housing repairs or planting new crops, as they don't know when they will be uprooted - or to which area.

In your letter to International Rivers in February, during a meeting in October 2012, and also at our meeting in December, you affirmed that the plans outlining the process for where and when villages are to be relocated will be made clear to each village in a timely manner. You also stated that as soon as such specific information is available, it will be posted publicly on the THPC website, presumably available both in English and Lao.

Could you please identify which eleven villages will be relocated between 2013-2017? Furthermore, does THPC have a specific timeline for when headmen and villagers of each of the eleven respective locations will be provided with a confirmation about where and when they will move? When does THPC intend to release the action plans for these villages publicly?

We also raised the concerns conveyed to us by the village leadership in Ban Songhone, located directly along Highway 13. As explained last December, we understand there is confusion regarding whether this village will be supported within the relocation program of THPC. The people of Ban Songhone have been experiencing worse flooding over the past decade. Negative impacts reported include contamination of some water sources relied upon for drinking, cooking and washing. They feel they have no choice but to move upland, away from the Hinboun River. However, they have no clarity on whether they will receive any compensation or support. Since villagers expect the situation to become more severe with the expansion project now beginning operations, can you confirm whether THPC will be including Ban Songhone in the relocation plans?

As we outlined in our meeting, villagers along the Hinboun River, such as in Ban Pak Veng, Ban Pakthuk and Ban Xang, consistently report concerns about the declines in rice production, due to increased levels of flooding. They expect these losses will worsen with the operation of the expansion project. Since they have never been compensated for the significant decline in fish catches or many of the other project-induced losses - including incidences of drowned livestock during periods of flooding - they now await clear information about how THPC will recognize the declines in rice production and fisheries that they have noted.

Can you clarify if THPC will be monitoring the levels of rice production now that the expansion project has commenced operations and if compensation will be provided accordingly for declined yields? Furthermore, does THPC have plans to record other losses caused by project-induced flooding, such as the reported livestock drownings, and compensate families accordingly?

THPC's Resettlement Action Plan identifies 18 project-affected villages in the zone designated as 3C, and 29 project-affected villages in the lower reaches of the Hinboun River (designated as 3D) that now also have to cope with increased flooding, including in areas used for cultivating rice, and significantly decreased fish catches (Part 3, pg 3). Could you please outline how THPC plans to compensate villagers for the additional losses in fisheries and rice yields that they will experience as a result of the expansion project?

### **Ongoing Livelihood Concerns in Relocation Sites of Ban Tha, Ban Thasala and Ban Phoumakneng**

In your letter to International Rivers dated December 11<sup>th</sup>, 2012, you stated that villagers who have been moved to the relocation site of Ban Tha were receiving funds for "the development of one hectare of flood safe flat land for wet season rice." However, during the recent site visit by FIVAS and International Rivers to Ban Tha, the headman and villagers testified that the new land they have been directed to use by THPC is upland, with soil unsuitable for paddy rice. Could you specifically explain how THPC intends to support these villagers in developing the land, if indeed the shallow soil is not feasible for growing wet season rice?

Similarly, in Ban Thasala, villagers explain that there is a lack of suitable soil for growing rice or even garden vegetables. They are under the impression that THPC may bring more fertile top soil to help them begin cultivating food in small plots around their homes. They also report that there is a shortage of clean water, as the

water sourced from the recently installed wells is cloudy and makes people feel ill. Can you explain how THPC intends to respond to these villagers concerns about a lack of land for cultivating food and clean water to drink?

At the relocation site of Ban Phoumakneng, the headman and other villager leaders reported in December that the families who have been allotted new rice fields have not yet received deeds for their land due to delays in the hand-over process. Can you confirm whether THPC is following this case to ensure that villagers do indeed receive titles to the land? Furthermore, do you have specific information with regards to when the titles are expected to be granted?

We understand from previous visits that villagers from Ban Phoumakneng are appreciative of the initial road upgrades provided by THPC. However, they remain concerned that the routes to and from the river and the main road leading to familiar forest areas for harvesting wild food and some of their old rice fields - remain impassable during periods of the rainy season. Given that these issues were reported on previous occasions to THPC by the villagers and by International Rivers, can you clarify whether there are future plans to discuss these concerns with the village leadership and whether there will be any consideration of how to compensate villagers for corresponding losses related to their sense of food security?

### **Livelihood Concerns in Relocation Site of Ban Keosankham**

As raised during our meeting in December, villagers resettled to the consolidated site of Ban Keosankham remain at a loss of how to regain a sense of food security because the land allotted for rice farming is upland and unsuitable for paddy farming. Without adequate extension and sustained technical support, they testified that they are unable to use the land for cultivating staple crops or vegetables, fruits, and tubers with which they are familiar. They reported that many people are under the impression that the land may only be possible to use on a temporary basis, and that they will need to seek new farmland in the surrounding areas. Displaced from the forested area with which they are familiar, they also are in search of new places for collecting wild foods. However, as confirmed during our meeting, much of the land around them has recently been designated as a new national protection area. Can you please clarify the timeline and particular efforts THPC will be taking in Ban Keosankham and the surrounding conservation zone to ensure resettled villagers are not compelled by the current limitations on suitable agricultural land to clear additional areas in the surrounding watershed?

### **Progress on the Formation of the Panel of Experts**

Pursuant to the Resettlement Action Plan (RAP) prepared in 2008 for the Theun-Hinboun Expansion Project, independent oversight of the project impacts is supposed to take place by a Panel of Experts (PoE). The initial commitment outlined within the RAP was as follows:

*“The mandate [of the PoE] is to provide GoL and the THXP with an independent assessment and review of environmental and social issues associated with the Project. The PoE is required to act independently of both GoL and THPC and in accordance with relevant ADB guidelines related to the environment and social aspects.” (Part 1, Section 8.8.3)*

Accordingly, concerned organizations and individuals from Lao PDR, as well as Australia, France, Norway, Thailand and the U.S.A. understood that the PoE would have the opportunity to monitor a wide range of environmental and social implications of the THXP, and the ability to provide specific recommendations for remedial action as needed.


However, during our meeting in December, you explained that the PoE is being finalized and will consist of two people who will only be responsible for monitoring the data related to whether livelihood targets are being met. We are concerned about ongoing delays in hiring the PoE and the imposition of such a limited scope of evaluation, given the broad impacts on affected communities and ecosystems upstream and downstream, spanning far beyond specific livelihood targets already identified by THPC. Furthermore, in your description, it was not apparent whether the two people would be selected in an accountable and transparent manner, nor whether they will have the mandate to provide binding recommendations about the concerns they observe to THPC. Can you provide clarity on why the requirements set out within the RAP in relation to the PoE appear to have been circumvented by the current formulation and scope of the PoE as described in our meeting?

### **Continued Monitoring of Grievance Mechanism**

During our site visit in December 2012, villagers at the relocation sites of Ban Tha, Ban Thasala, and Ban Phoumakneng, and the resettlement sites of Ban Nongxong and Ban Keosankham raised concerns about using the THPC grievance mechanism, in terms of potential risks to personal security and the lack of an effective process for a resolution. Can you please explain how THPC is monitoring the use of the mechanism to address villagers' concerns over safety and the fair, effective procedures for negotiating settlements?

We appreciate your ongoing dialogue with us on these matters and look forward to your response.

Sincerely,



Jonas Ådnøy Holmqvist  
Director  
FIVAS



Tania Lee  
Lao Program Coordinator  
International Rivers

### **Cc:**

Mr. Jens Laugen, SED Manager, THPC  
Mr. Tore Haga, Senior Vice President, International, Statkraft  
Mr. Stephen Sparkes, Vice President, Social and Environmental Management, Statkraft  
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