



January 3, 2007

Alex Sanford
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Dear Mr. Sanford

As you may know, International Rivers Network has been monitoring implementation of the Theun-Hinboun Power Company's Mitigation and Compensation Program for many years. In June last year, IRN visited the area, met with Bobby Allen and Bounma Molakhasouk, and accompanied Mr. Bounma to Pa Hang and Tah Nah villages. In addition, IRN visited villages in the headpond area and along the Nam Kading. Based on these field visits, discussions with Bobby Allen and Bounma Molakhasouk, and discussions with other observers familiar with the project, we are writing to raise the following issues regarding Theun-Hinboun and the proposed expansion project.

1. Increased Flooding along Nam Hinboun and tributaries

During our visit to Pa Hang and Tah Nah villages, many villagers stated that flooding has worsened since Theun-Hinboun started operation, causing annual destruction of the rice crop and livestock sickness. Many people confirmed that flooding used to last 15 to 20 days, but now lasts 20 to 30 days. They also noted that before the dam was built, the Hinboun flooded 1 to 3 times per year, but now floods 5 to 6 times per year. In addition, many people stated that the water carries much more sediment than before the project, which also affects the productivity of rice crops. As a result, many people lose their rice crops every year now, and many families have stopped growing wet season rice altogether. Some people expressed a desire to move out of the area because the flooding has made life too difficult for them.

IRN received a copy of a letter from Mr. Keith Barney to THPC which raises the issue of livestock deaths in Ban Pak Vang in July and August 2006. Mr. Barney has suggested that the livestock deaths appeared consistent with the symptoms of an infection called *haemorrhagic septicemia*, which could in turn be related to flooding in the village. We are aware that Mr. Bounma denies that THPC was responsible for the flooding as well as the fact that the outbreak was a result of this flooding. However, we do not believe that this has yet been proven. We do know that additional flooding can cause sickness in livestock due to nutritional stress and the ingestion of silt.

The testimony from villagers would seem to corroborate our own observations, and those of others familiar with the area, which is that the enormous sedimentation caused by erosion along the Nam Hai and Nam Hinboun has accumulated in the Hinboun channel. This sedimentation has made flooding more severe, affecting the productivity of wet season rice harvests and the food security of Hinboun villagers.

In addition, we are aware that there is a backwater effect in the Hinboun tributaries that is causing additional flooding in villages along these tributaries and the mainstream. For example,

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the Japan International Volunteer Center has found that villagers living in Bang Kon Gaeo and Ban Napo along the Nam Pakan have experienced greater flooding over the past 6-7 years, and have lost their rice crop every year as a result. These people are not considered by THPC to be affected by the project and have never received any compensation from THPC. It is entirely plausible that the additional sedimentation in the Hinboun, combined with additional flows, are causing this backwater effect.

We understand that THPC's EMD has been attempting to convince villagers to grow dry season rice and corn as a substitute for wet season rice. However, we also know that the results of the first season of corn growing were mixed, the returns for many villagers were minimal, and that villagers faced problems with buyers. At this stage, it does not seem realistic that dry season agriculture can replace wet season rice cultivation as an adequate source of livelihood and income for villagers.

In an email dated February 12, 2006, Mr. Allen states that "we are currently evaluating this issue [of flooding along the Hinboun] to determine if any new mitigation measures need to be implemented for the project." In that same message Mr. Allen states that the flooding was due to the backwater effect from the Mekong, not from additional flows from the project. This is clearly wrong given that the additional flooding is being experienced all the way along the Hinboun, over a far greater area than would be impacted by backwater from the Mekong. In light of Mr. Allen's response cited above, testimony from a number of villages along the Hinboun and its tributaries, and the incontrovertible evidence of additional sediment flows in the Hinboun, we ask the following questions:

- What evaluations of the flooding situation has THPC done, and what determinations has THPC made regarding implementation of new mitigation measures for the impacted villagers?
- What studies has THPC done on increased flows and increased sedimentation along the Hai and Hinboun Rivers?
- What studies has THPC done on flooding in tributaries of the Hinboun River?
- What water quality studies has THPC done along the Hai and Hinboun Rivers?
- What does THPC plan to do about the ongoing erosion along the Hai and Hinboun Rivers?
- Has THPC investigated the possibility of stopping dam operations before a high flood event so as to prevent additional flooding for downstream communities? If so, what has been the result of these investigations?
- Does THPC EMD intend to continue with the dry season corn program this coming dry season or is a different approach being taken?
- Has THPC investigated the impacts of flooding on livestock health?
- Could we have copies of any studies that have been completed on the issues mentioned above?

2. The Theun-Hinboun Expansion Project

During my meeting with Mr. Allen in June 2006, he informed me that THPC had not made a decision yet as to whether or not to pursue the expansion project. He said that THPC expected to make a decision later this year. Mr. Allen also informed us that RMR was undertaking the Environmental Impact Assessment and resettlement plan for the possible Theun-Hinboun Expansion Project.

We understand that THPC is considering shifting to a baseload operation and doubling the capacity of the powerhouse, resulting in potentially massive additional flows along the Nam Hai and the Nam Hinboun. The results could be disastrous, impacting more than 10,000 people who are already struggling to survive as a result of the existing project.

- Could you please advise whether a decision has been made to proceed with the expansion project?
- Have the EIA and resettlement plan been completed, and if so, could you please provide us with a copy? If they have not been completed, when will they be released?
- How does THPC intend to deal with the impacts along the Hai and Hinboun Rivers should it decide to proceed with the extension project?
- How will THPC stabilize the bank erosion along the Hai and Hinboun rivers?
- What will happen to the more than 10,000 villagers living in the Hinboun valley?

3. Fisheries compensation

As far as I am aware, THPC has still not compensated villagers for lost fisheries, despite the recommendations in the 2004 EMD review. It has been eight years since the project was completed and villagers in all impact zones have experienced significant reductions in fish catch since the project first started operation. Mr. Allen informed me in June 2006 that THPC was still looking into this issue, but that no progress had been made.

- Does THPC intend to provide compensation payments to villagers for fisheries losses? If so, what will the disbursement process be? If compensation will not be provided, why not?
- Has an aquatic resource management program been developed for the impacted area, and if so, could we have a copy?

4. Villages living along the Nam Kading

The 2004 Third Party review identified that villages living along the lower Nam Kading had not benefited from THPC's EMD activities, and recommended that EMD activities be extended to the Nam Kading villages. These villages have been affected by lower dry season water levels and by decreased fisheries as a result of the project. We have also been informed that the water table has dropped along the Nam Kading due to lower dry season flows. During my meeting with Mr. Allen in June, he informed me that EMD activities had been implemented in all Nam Kading affected villages.

IRN visited Ban Pak Sun and Ban Pak Pang along the Nam Kading in June this year, and found that they have had very little support from THPC over the past eight years of project operation. At Ban Pak Sun, the village headman informed IRN that THPC had promised to provide a water pump for the new village, which has moved across the river, but that they would not receive it until December. He also informed us that in 2002/03 they received some rice after a big flood event, but that this was the only form of support that they had received from THPC since the project's operations began.

In Ban Pak Pang, villagers informed us that THPC had tried to develop a gravity-fed water system in the village but that it wasn't feasible. Other than this, the only assistance they have received from THPC was compensation for loss of rice crops following a major flood in 2000.

- Why has THPC failed to implement EMD activities in the lower Nam Kading villages?
- Does THPC intend to implement EMD activities in these villages at all, and if so, when?
- Has Ban Pak Sun been provided with a water pump yet?

5. Poorer families not benefiting from EMD activities

During our meeting in June 2006, Mr. Allen informed me that THPC had done a review of socio-economic data in the target villages. He said that EMD was going to investigate why the poorer families in the villages were not benefiting from the program.

- Could you please inform us of the results of these investigations?
- How does EMD intend to ensure the poorer families benefit from EMD activities?

At this critical juncture for Theun-Hinboun, IRN is concerned that many problems with the existing project remain unresolved and that villagers continue to suffer serious livelihood losses as a result. The impacts of the expansion project will be much greater, and will be extremely difficult to manage. We and our partners around the world would be very concerned about a decision to proceed with the expansion project while so many problems remain from Theun-Hinboun.

I look forward to your response to the questions raised in this letter.

Sincerely



Aviva Imhof
Campaigns Director

Cc Mr. Bounma Molakhasouk, Manager EMD, THPC
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