DEAD IN THE WATER
GLOBAL LESSONS FROM THE WORLD BANK’S MODEL HYDROPOWER PROJECT IN LAOS

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NAM THEUN 2: The World Bank’s Model Hydropower Project in Laos
Thai villagers protest World Bank’s Pak Mun Project

BACKGROUND CONTEXT: In Thailand, by the early 1990s, growing local resistance to hydropower made it more difficult for EGAT and its backers to build new dams.
Lao People’s Democratic Republic

World Bank and other financiers saw new opportunities in Laos due to:

1. Many suitable rivers.

2. Laos is a Least Developed Country

3. Implicitly, lack of opposition
Late 1990s – SE Asia Financial Crisis—delays NT2

World Bank waits on World Commission on Dams process—which in 2000 confirmed many NGO/CSO criticisms and concluded that major reforms were needed.
THE WORLD BANK WORKS TO BUILD A NEW HYDROPOWER MODEL

A claim (since discredited) of Thailand’s need for NT2’s electricity.

Brought in int’l experts/monitors, ADB, and many bilateral donors.

International NGOs engagement/endorsed with NT2 (e.g., WCS, IUCN, CARE).
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- **Build, Own, Operate, Transfer (BOOT) scheme, 25-year concession period, 2010 – 2035.**
- NTPC responsible for all social and environmental mitigation.
- Each year of the concession period, $1 M of the dam’s revenues go to protection of Nakai-Nam Theun National Protected Area, through a new Watershed Management and Protection Authority (WMPA).
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- World Bank approval in 2005; dam construction completed in 2008; commercial operation commenced in 2010.
NT2 is a “trans-basin diversion” – impacting two river systems
Enormous social and environmental issues, triggered all ten World Bank safeguard policies:
Creation of a 430 km$^2$ reservoir on the Nakai Plateau required resettlement of more than 6000 Indigenous People and drowning wildlife/forest habitat.
2. Approximately 150,000 more people (including Indigenous People) affected downstream in the Xe Bang Fai and Nam Theun river basins.
Project-induced threats to the largest & most important nature reserve in Indochina - Nakai-Nam Theun National Protected Area.
In wake of the WCD, World Bank promoted Nam Theun 2 as “new model” of hydropower – one in which both affected people and the environment will be better off.

Bank called NT2 its “most important and controversial development project in the world” and has claimed its success justifies further Bank lending for large hydro worldwide.
Where does the Panel of Experts stand?

“Nam Theun 2 confirmed my longstanding suspicion that the task of building a large dam is just too complex and too damaging to priceless natural resources.”


After being strong supporters of NT2, the entire POE has developed substantial criticisms – and refused sign-off to close project in 2015.

(World Bank finally exits in 2018 after AFD agrees to continue programs).
NT2’S DISAPPOINTING REALITY:

Our research, other independent studies and PoE reports have all documented NT2’s comprehensive failure to achieve its major social and environmental goals.
What happened to the money?

The World Bank promoted NT2 as a key contributor to national poverty alleviation – but has been unable to comprehensively document how the Lao government is using NT2 revenues.
What happened to the biodiversity and to Nakai-Nam Theun National Protected Area?
March, 2013 report of the NT2 Panel of Experts:

“WMPA has been totally ineffective in protecting the watershed’s biodiversity.”