

The World Bank

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To Representatives of:

The Village People Committee on Mun River Livelihood
and Community Recovery
Affected Peoples, Lam Takhong project
Affected Peoples, Mae Moh power project
Affected Peoples, Sirindhorn dam
Development and Ecological of the Phong River
Network of Mun and Chee River Community Organisations
Songkram Conservation Group
Chiang Kong Conservation Group
Kanchanaburi Conservation Group
Assembly of the Poor

Response to Letter by Thai Citizens re Nam Theun 2 Dam

On behalf of World Bank President, Mr. James D. Wolfensohn, I am writing to thank you for the letter that you sent to him on March 14, 2005. I am sure, however, that he would not want to thank you for burning a cardboard effigy of him. We think that protests can be carried out without resorting to such tactics and are disappointed that you felt differently.

I have discussed your letter – and the rally you held last week – with my colleagues in Washington. We all appreciate your taking the time to register – not just last week, but also at the Bangkok workshop and earlier occasions – your issues with past World Bank projects, namely, the Pak Mun dam which was completed over ten years ago, and Lam Takhong project, which was completed 3 years ago. Learning from our past projects helps to improve the design of future projects and is a crucial part of the ongoing feedback process.

As you know, and as we have repeatedly emphasized in our correspondence and in our meetings with representatives of your group, the Government of Thailand borrowed for these projects, and implemented them, along with EGAT, according to a detailed project design and implementation plan. Only the Government is in a position to directly assess, and where appropriate, address the concerns that have been raised – especially now that the projects have closed. The World Bank has always been ready to give technical briefings as well as technical assistance in identifying problems and solutions, if called upon by the Government and the villagers to do so.

We did study the Pak Mun project carefully – first in a Bank-produced Implementation Completion Report (ICR) (June 18, 1996) which found project implementation to be satisfactory, and in compliance with the agreements reached between the Bank, the Government and the implementing agency, EGAT. This report was followed by an independent evaluation by the Bank's Operations Evaluation Department (OED): "Recent

Experience with Involuntary Resettlement: Thailand - Pak Mun Dam" (June 2, 1998). The OED Report stated: "Resettlement implementation and outcome are among the best experiences with resettlement among Bank-assisted projects." Post-project socio-economic monitoring studies conducted by the Khon Kaen University (last report dated August 1999) concluded that people affected by the dam and resettled and compensated by EGAT were better off than before.

As for Lam Takhong, soon after the Bank was approached in September 2002 by affected people, our staff undertook an investigative visit to the site and had discussions with the villagers. At that time, it was concluded that EGAT had fully complied with agreements it had reached with the Bank on environmental and social issues, and in many cases had provided more social benefits than were required. EGAT and the World Bank agreed at the close of the project that the Government would continue monitoring and taking actions on sensitive environmental issues, especially fisheries.

Under this arrangement, EGAT agreed to continue to support the environmental mitigation and social development program for five years, providing an allocation of Bt22 million; conduct surveys on the socio-economic status of the rehabilitated people and on fish populations and catches in the reservoir; and furnish semi-annual reports to the Bank for the next five years (2002-06) keeping us informed about issues and progress, highlighting any changes in plans for operating the Project, and any major issues relating to the ecological impact of the Project on the reservoir, including any disputes with NGOs or other interested parties.

Let me assure you that the World Bank has learned from past experiences with dam projects, both in Thailand and more broadly, and we are indeed applying a more comprehensive approach in the Nam Theun 2 project preparation process. The intensity of this effort reflects our strong concern to ensure that the project delivers real, durable benefits for the people of Laos. Specifically, the preparation for Nam Theun 2 has incorporated lessons learned from past projects, and has resulted in:

- thorough baseline surveys and mitigation actions being better defined and handled more proactively with an adaptive implementation plan to ensure that adverse impacts to fisheries and the communities dependent upon them are minimized;
- a broader range of stakeholders identified through the consultation process; and
- contractual and financial obligations to mitigate known and unknown impacts.

With regard to fisheries more specifically, the following measures have been taken in preparing the Nam Theun 2 project:

- Baseline data on fisheries is being collected in a systematic manner through a fisheries monitoring program that would continue through construction into operational phases, to quantify the impacts to fisheries in reference to pre-project estimates; this should allow for any adjustments to the compensation program, as required, to meet the actual loss as determined through fish production assessments before and after project impacts;
- Pre-project estimates of losses to fisheries are being calculated by using and applying, with some modification in consideration of differing conditions,

experience from the impact on the Nam Hinboun river of a similar inter-basin, water-transfer hydroelectric project;

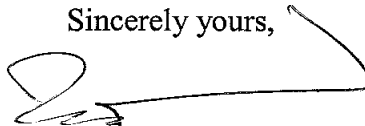
- To mitigate the potential adverse impacts of losses in assets and fisheries, a “proactive development program” has been proposed by the developers. This program will commence soon after financial closure of the project is achieved, rather than waiting until the potential impacts are felt by the people after the dam is commissioned in 2009. This program will support:
 - the implementation of a participatory program through the development of alternative income activities, including aquaculture (e.g., pond fish culture, integrated fish farming with animal husbandry, and integrated rice-fish production in paddies, and animal husbandry) in the Xe Bang Fai, Nam Theun, Nam Phit, and Nam Kathang rivers; and
 - compensation for other impacts, such as losses to riverbank gardens, physical assets due to increased riverbank erosion, drinking water quality, dry-season transport across tributaries, irrigation infrastructure, and incremental flooding in the lower Xe Bang Fai area.

Finally, let me add that we did indeed listen to your concerns at the Bangkok workshop – as did the project developers (NTPC) and the Government of Lao PDR. Hearing experiences such as yours only deepens our resolve to make sure the Nam Theun 2 project, if approved by the World Bank’s Board of Executive Directors, benefits both the people of the project area through increased incomes and increased livelihood options and the country as a whole through increased revenues that can provide education and immunizations to poor Lao schoolchildren, can provide basic health services for Lao citizens, and provide basic necessities to lift people out of poverty and give them an opportunity for a better life.

In fact, the Government of Lao PDR, inspired by your requests to speak to the villagers of the Nakai Plateau, ensured that a large group of Lao villagers traveled to Vientiane to attend the Vientiane workshop, held on September 24, 2004. Invitations were extended to *all* participants of the Bangkok workshop; had representatives from your group accepted this invitation, you would have had the opportunity to fully brief the Lao villagers on your experience with dam projects.

Again, thank you for taking the time to raise your concerns; please keep us informed as to how you are tackling the issues you are facing. My colleagues in Bangkok and I would be happy to meet with you at a later date to further explain the issues in this letter.

Sincerely yours,



Ian C. Porter
Country Director
Lao PDR and Thailand
East Asia and Pacific Region