

The World Bank

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Khun Soraida Salwala,
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Khun Veerawat Dheeraprasart,
Chairperson, Foundation for Ecological Recovery

Khun Rataya Chantian,
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Dr. Surapol Duangkae,
Secretary General, Wildlife Fund Thailand

Dr. Saranarat Kanjanavanit,
Secretary General, Green World Foundation

Dr. Robert Mather
Country Representative, WWF Thailand Programme

Mr. Philip D. Round
Faculty of Science, Mahidol University

Dear Khun Soraida and Colleagues:

Re: Nam Theun 2 Dam and Wild Elephants on the Nakai Plateau

Thank you for your letter of March 11, 2005 responding to my letter on the above subject.

The World Bank shares your interest in biodiversity conservation, and sees it as an integral concern in the context of the Nam Theun 2 (NT2) Hydropower Project. Our decision to present the project to our Board is based on extensive studies, economic analyses, analyses of alternatives, environmental and social expertise, and a clear assessment of the options and trade-offs which are very much part of the development world in which we operate. These trade-offs should be viewed against the 'without project scenario'. For instance, it is likely that the logging and road building of the late 1990s would have continued, and the value of Nakai-Nam Theun NPA would have been seriously - perhaps permanently - compromised.

It has been suggested that, in the absence of the NT2 project, a donor might have come in and supported a conservation project. However, (i) we know of no other similar long-term, securely funded conservation project in the region; (ii) the recent trend has been for donors to decrease their conservation funding to Lao PDR; and (iii) it is unlikely that any conventional donor project would have secured the political commitment, funding or legal guarantees that the NT2 project has been able to generate. We therefore believe that the NT2 project offers a chance to not only provide much-needed revenues to reduce poverty

in one of the poorest countries in the region, but also to conserve one of the most important areas of biodiversity in the region.

To address your comments and queries, we have grouped our responses under a number of headings.

Biodiversity Conservation

We disagree with your claim that "the developers have failed to produce a plan to 'mitigate' wildlife impacts". It is clear from two of the safeguards documents - the Environmental Assessment and Management Plan (EAMP) and the Social and Environmental Management Framework Operational Plan (SEMFOP) - that the developers and the Government of Lao PDR (GoL) have, in fact, put in place the region's largest-ever conservation offset. This covers the planning and long-term financing for an area nine times the area of the natural habitats that will be lost on the plateau. The secured area is deemed by WWF and others to be the most important area for conservation in the region.

We have quantified the gains and losses of habitats resulting from the proposed project in the detailed Natural Habitats Accounting (EAMP Annex I). The project's approach to conservation issues in the NT2 Watershed has been to emphasize habitats and not species. This approach is consistent with our Operational Policy on Natural Habitats, and is also a practical operational response to the conservation challenge of such an important area. Indeed, we feel that the approach to the design of the NT2 project would not be different if we had more information on any of the threatened species.

The management plans and the funding currently foreseen are flexible enough to be modified should information gathered during implementation suggest that this is necessary. Within project implementation - the customary timing for such work - the detailed biodiversity baseline will be established in the NT2 Watershed through the use of intensive camera trapping, transects, and village interviews using global best practice, and an extensive program of wildlife monitoring will then be set in motion. The WMPA recently signed a contract for the first year of this work to begin if the project goes ahead.

Given the importance of the NT2 Watershed¹ to conservation in the Annamite Mountains and the espoused conservation interests of all the organizations which are signatories to the letter, we find it surprising that there is no comment on the quality of the SEMFOP, the conservation value of the offset, the conservation financing established, the process of participatory integrated conservation and development that is proposed, the concern given to livelihoods, the concern for cultural aspects of the many ethnic groups in and around the protected area, the plans for dealing with the potential hunting, the detailed biodiversity monitoring, the legal basis for the activities, the action plan against wildlife trade signed by the relevant provinces in Lao PDR and Vietnam etc. Given these provisions, we see the NT2 project as a vehicle to deliver some of the most comprehensive and significant conservation interventions in the region.

Lessons Learned

The Bank is a constantly evolving institution which learns from its successes and failures. Your assumption about current Bank practice based on a project from 17 years ago is thus ill-founded. A parallel situation would be criticizing conservation organizations because of the findings of the Phillipson Report on WWF which was written at about the same time. Many lessons have been learned and applied since that time by organizations engaged in development and in conservation.

¹ The NT2 Watershed comprises the Nakai-Nam Theun NBCA, the two corridors linking it to Pou Hin Poun and Hin Nam No NPAs, including that part of reservoir to the north of Route 8b.

For example, lessons have been learned world-wide on animal rescue during reservoir inundation. As the EAMP makes clear, there is as yet no decision to launch any rescue activities. Rather, a transitional strategy will be developed by a wildlife management expert early in the implementation phase, and salvage logging in the inundation zone will be managed in such a manner as to minimize the impacts on wildlife.

The World Bank has obviously also learned from the lessons of large dams – such as Mahaweli in Sri Lanka where there were also elephants - and while we cannot comment on the experience of the Sri Nekarini, Khao Laem and Chiew Larn projects in Thailand, we understand that they were not subject to years of detailed planning, long-term elephant studies, and did not secure a large conservation offset or guaranteed conservation funding.

With regard to Thung Yai Naresuan which was inscribed on the World Heritage List of Natural Sites in 1991, we note that the area, while exceptional, appears to face serious problems as described on the WWF-UK Research Centre website: "... *despite their protected status, these forests are threatened by poaching, forest fires, human encroachment and provincial development programmes.*" Given the exceptional legal status and protection of the NT2 Watershed, its comprehensive management plan and its long-term secured funding, we hope that such an apparently disappointing situation will not occur there.

The Nakai Elephants

National context. Elephant conservation in Lao PDR is receiving attention from GoL, donors (e.g. FAO, US Fish and Wildlife Service), and NGOs (IUCN, WCS). In addition, as part of the IUCN Asian Elephant Specialist Group program to produce a Regional Action Plan, the major stakeholders are working on the Lao PDR's Elephant Action Plan which is currently in its second draft. The past and present work on the Nakai elephants – the most intensive work on any single species ever conducted in the whole country – is linked into this national strategy.

Basis for proceeding with the project. Although elephant studies are on-going, we are confident that there is a sufficient basis to proceed with the project because:

- the current and earlier studies have already provided enough information to determine the scope of the problem;
- the detailed changes to patterns of elephant movement and their implications for potential human-elephant conflict cannot be known in advance of inundation; these require well-designed systems for monitoring and adaptive management approaches rather than prior studies; and
- habitat management issues are addressed through the SEMFOP, and legal guarantees for the NT2 Watershed have been provided.

Studies and actions thus far. Preparation of the project has led to measures that protect the natural habitats of the Nakai Plateau and the Watershed, and prevent or minimize impacts of construction activity on wildlife, with special attention to the Asian Elephant.

- **Control of logging:** As noted in the EAMP, the forested habitat within the inundation zone is relatively small. GoL responded positively to the Bank's request in 2000 to cease all commercial logging on and around the plateau. Without the project, even less forest would likely remain within and outside the inundation zone. Of course, elephants are not purely forest animals, and the planned inundation of the plateau leaves elephant habitat which is subject to plans for long-term management.

- **Establishment of the Nakai-Nam Theun- Phuo Hin Poun corridor:** Early in the project preparation stage, in the late 1990s, World Bank missions determined that an elephant population migrated between the Nakai-Nam Theun (NNT) and Phuo Hin Poun (PHP) NPAs, which were then neighboring but separate conservation areas. As a result, the Bank requested that a 'corridor' be formally gazetted to link the two NPAs, bringing the relatively narrow forest adjacent to the dam site under formal protection. This was achieved through PM Decree 193/2000. That 'corridor' (and the one linking Nakai-Nam Theun and Hin Nam No NPAs) are considered part of the NT2 Watershed which is the subject of the SEMFOP.
- **Location of camp sites:** By virtue of its limited width in some places, the NNT-PHP corridor remains an area which is sensitive to disturbance. In response to the recent advice of the POE, the developer agreed to reduce the size of the facilities near the dam and to move part of these to the main dam construction camp outside the corridor, closer to Lakxao.

Elephant Management Plan. The current substantive field work in the north of the plateau to which I referred in my previous letter will be written up by the end of 2005, and the final technical report of the findings will be available to the public and posted on the Web. It will provide the solid grounding for the Elephant Management Plan which will be prepared in early 2006. The Elephant Management Plan will lay out the details for:

- broadening the surveys of the Nakai elephant populations and refining the mapping of their distribution and movement patterns over the whole plateau area,
- development and implementation of protocols for monitoring elephant population size and their movements throughout the construction and reservoir inundation periods,
- design of programs for mitigating impacts from dam construction and reservoir inundation, and identification of Human-Elephant Conflict Zones,
- implementation of workable approaches to managing the existing and potential future human-elephant conflict, and
- building local capacity in the villages and in the provincial and district-level forestry offices to protect fields and to continue the management and study of the elephant populations.

In addition to the elephant-specific studies and management planning referred to above, a transitional wildlife management strategy for the inundation phase will be developed. This will establish and train a Wildlife Emergency Response and Enforcement Team to provide rapid local response to wildlife issues.

Human-elephant conflicts. Conflict between elephants and humans is an issue wherever elephants are found and are of special concern in the context of this project. FAO has reported that this is true around many of Lao PDR's major conservation areas. They state that between 1990 and 1996 some 45 elephants were killed in the Nakai area². The following are foreseen during the construction phase and beyond:

- In the Head Construction Contractor's Environmental Management and Monitoring Plan there are detailed arrangements covering the responsibilities of both the company and the workers (through individual signed agreements) to desist from hunting. The SEMFOP details the necessary

² http://www.fao.org/documents/show_cdr.asp?url_file=/DOCREP/005/AD031E/ad031e0j.htm

patrolling for this area, and GoL's Environmental Management Unit will monitor the performance of the Head Construction Contractor in these matters.

- It has been suggested that the presence of elephants on the plateau area has increased relatively recently as a response to the presence of commercial trappers and hunters in the forests of the NT2 Watershed. The detailed monitoring that the NT2 project will undertake will in due course be able to determine whether elephants do in part return to the forests once the protection regimes are in place.
- While it may be that conflicts will increase with the impoundment, it is also possible that the reservoir and drawdown zone could reduce conflicts by creating a barrier between settlements and natural habitats. This also will be closely monitored.

Implementation support. Implementation of the Elephant Management Plan requires adequate funding, human resources, and institutions to be in place.

In addition to the \$31 million allocated to the management of the conservation offset, NTPC has allocated some \$1.4 million to the Wildlife Program, covering surveys of terrestrial and aquatic wildlife and habitats on the Nakai Plateau, and the monitoring and management of inundation impacts. The work on the Elephant Management Plan is part of that Program. The Plan will be implemented with the active involvement of Government of Lao staff, and in many instances with local residents, and will greatly augment local conservation survey and management capacity, especially within the provincial and district Agriculture and Forestry Offices. Wildlife activities will be overseen by the Ecological Management Team of the Environmental Management Unit. The establishment and operational development of this unit will be supported by an additional \$1.2 million of NTPC funding.

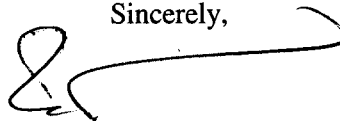
MIKE site. You will also be interested to know that a proposal to designate the Nakai Plateau as a Convention on International Trade in Endangered Species (CITES) site for their program of Monitoring of Illegal Killing of Elephants (MIKE) is currently under discussion within the Department of Forestry. In practice, however, the program of activities underway already well exceeds the survey and monitoring requirements for the designation of a CITES-MIKE site.

Other Endangered Species

Unfortunately, your letter does not contain specific details about the "other endangered species" in the inundation zone of the plateau. The endangered white-winged duck has not been seen on the plateau for about 10 years. Nonetheless, the project will take steps to survey the surviving population, if any. The 'embayments' that would form on the north side of the reservoir would actually create habitat for this important species.

Thank you again for your interest in the project area and its wildlife.

Sincerely,



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