

Nam Theun 2: No time for another mistake

During the past 15 years, the World Bank and the Asian Development Bank (ADB) have spent millions of dollars sending their officials to Vientiane to meet with the Government of Lao PDR and the Nam Theun 2 Power Company (NTPC) to advise and guide the proponents of Nam Theun 2 Hydroelectric Project. Since 1993, when the Government of Laos declared that Nam Theun 2 was a priority project for the development of Laos, the Banks have exercised their political and financial influence – and their extraordinary capacity for ‘spin’ and public relations – to promote the construction of Nam Theun 2.

But the political machinations of the World Bank and ADB should be considered as ‘business as usual’ for these banks. As international attention focuses on the disastrous projects funded by the World Bank and ADB everywhere else in Asia, with millions of people impoverished by these projects, both banks look to Laos as the new frontier: people have no rights to protest or disagree with the government (see for example, Article 5 of the Constitution of Lao PDR); the news media (all media) are state-controlled, and; there are no NGOs except internationally-funded “development” agencies staffed by foreign “development” professionals most of whom are little different from the foreign consultants and “experts” employed by the Nam Theun 2 Power Company. In short, Laos is the perfect country in which the World Bank and ADB can implement their unique brand of “development”, a “high risk, high reward” approach to increasing the revenue of the Government of Laos and the Gross Domestic Product (GDP) of “one of the poorest countries in the world”, with the “trade-off” being 100,000 people whose livelihood security and economies depend on the very natural resources the Nam Theun 2 Hydroelectric Project will inevitably destroy.

Nam Theun 2 proponents are attempting to cover-up the extent and severity of the negative impacts of the project. Even the financial benefits for the Government of Laos, and the supposed benefits of cheap electricity for Thailand, are fraudulent. In fact, the only beneficiaries of Nam Theun 2 will be Electricite de France, the Electricity Generating Company (EGCO) and Italian-Thai Company (both Thai companies), the World Bank and the ADB. The former

will reap the profits of constructing and owning Nam Theun 2, the World Bank and ADB will be able to portray Nam Theun 2 as “sustainable development” in partnership with the private sector (i.e., the companies that profit from Nam Theun 2) and therefore secure continued funding from the governments of North America, Europe and East Asia whose business partners (including the companies listed above) profit from such “development”.

The Government of Laos, for all that it should be criticised for deciding to promote Nam Theun 2 as essential to the “development” of Laos before it was informed of the project’s impacts, has been deceived by project proponents. The World Bank and the NTPC has persistently stated that government revenues from Nam Theun 2 will be US\$2 billion. This is fraud. The total net present value of Nam Theun 2 revenues for the Government of Laos over the next 25 years will be US\$250 million.

Nor are the government or people of Laos the only losers. Thanks to the Electricity Generating Authority of Thailand (EGAT), Thai electricity consumers (families, businesses, etc.) will be paying more for electricity. The delivered price of Nam Theun 2 electricity for Thai consumers is some 20 per cent more expensive than electricity generated by natural gas combined cycle plants in Thailand, and 25 per cent more expensive than electricity supplied by demand side management and energy efficiency in Thailand.

EGAT is 25 per cent owner of EGCO, which is 25 per cent owner of NTPC and Nam Theun 2. When EGAT decided to buy electricity from Nam Theun 2, it then negotiated with NTPC – of which EGAT owns (through EGCO) six per cent. Mr. Sitthiporn Ratanapos, the Governor of EGAT when the Power Purchase Agreement (PPA) was signed with NTPC in 2003, was the President of EGCO between 2000 and 2002. The Director of EGCO when the Nam Theun 2 PPA was signed, Mr. Kraisi Karnasuta, is now Governor of EGAT. A polite term for such business arrangements is ‘conflict of interest’.

People in Cambodia are also likely to be impacted by the Nam Theun 2 project. Nam Theun 2 is a trans-basin diversion project, which means that the project will divert the water from the Nam Theun River into the Xe Bang Fai

River Basin. In the Mekong River Basin, the Xe Bang Fai is the largest river basin that has not been impacted by a large dam. As such, it is an important habitat for the feeding and reproduction migrations of Mekong fisheries. If the Nam Theun 2 project is built, the diversion of water into the Xe Bang Fai River Basin will destroy the Xe Bang Fai River and prevent fisheries migrations between the Mekong, the Xe Bang Fai, and the tributaries of the Xe Bang Fai. These impacts will have significant and long-term impacts on the fisheries of the Mekong River. So, not only will fishers in Laos and Thailand be affected, the people of Cambodia will also suffer from the impacts of the Nam Theun 2 project.

The fact that the World Bank and the ADB are involved in Nam Theun 2 should not be a surprise. Both of these international financial institutions have a long history of supporting projects like Nam Theun 2. In the Mekong Region alone, since the 1990s, these ‘banks’ have provided funding for the Pak Mun, Nam Song, Theun-Hinboun, Yali Falls, Nam Leuk, Lam Thakong, Nam Mang 3 and Dachaoshan hydroelectric projects in Thailand, Laos, Vietnam and China.

Not a single one of these projects included informed decision-making based on transparent and reliable studies of the social, environmental and economic impacts of these projects. Many of these projects would never have been built without the political and financial support of the World Bank and ADB. Questions and critical analysis of these projects were casually and wearily dismissed by the World Bank, ADB, elites of various governments and other project proponents as being “ideological”, “anti-development”, as being “against dams per se” (i.e., against all dams), or as simply being “tendentious” (i.e., promoting a particular cause or viewpoint).

Together, these projects have caused severe social, environmental and economic impacts affecting hundreds of thousands of people in the Mekong Region. Making efforts to answer the questions, or of seriously considering critical analysis, about these projects would have informed decision-making and may have prevented these disasters. But then, as Mr. Thawee Thongthep, a leader of communities suffering the continuing impacts of the World Bank-funded Pak Mun dam project, said, “The World Bank never believes any information that it has not paid for.”



And while the negative impacts of such “development” projects have been extensively documented, neither should there be anything surprising about the astounding arrogance of “experts” employed by the NTPC, the “officials” of the World Bank and ADB, and the “communication officers” of these Nam Theun 2 proponents. They are united in claiming that the Nam Theun 2 Hydroelectric Project will be different from all the other hydroelectric projects, that Nam Theun 2 “has the potential to provide a model for major development projects involving environmental and resettlement issues” – that even though the World Bank and ADB claimed that all the other hydroelectric projects listed above had the same potential, but when built became social and environmental disasters, Nam Theun 2 will be different.

“Apart from their self-assurance, the most common characteristics of the elites are cynicism, rhetoric and worship of ambition and power,” says social scientist John Ralston Saul, “Their assumption is that world-weary cynicism demonstrates intellectual superiority. In reality it indicates neither intelligence, experience nor accuracy. If anything, it demonstrates mediocrity and an inability to profit from experience. To be world-weary is to be willing to go on repeating old mistakes.”

This is the tenth anniversary issue of *Watershed*. For 10 years, we have documented “development” at its worst, and the abilities and potential of local communities to use, manage and conserve – and to profit from – their forests, rivers and lands, and from environmentally friendly technologies and policies, for the best. Yet, the World Bank and ADB continue to ravage and destroy the Mekong Region by promoting and funding an obsolete model of “development”, the most recent example being Nam Theun 2.

So instead of sending *Watershed* a “Happy 10th Anniversary” message, read this issue of *Watershed*, then contact World Bank President James Wolfensohn, and ADB President Tadao Chino. Tell them why you oppose the involvement of the World Bank and ADB in the Nam Theun 2 Hydroelectric Project, and that Nam Theun 2 should not be built. Most of all, tell the World Bank and the ADB that repeating old mistakes and creating new disasters will never help to improve the livelihood and economic security of the people of the Mekong Region.