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## [Laos: IUCN's controversial role in the Nam Theun 2 dam](#)

Imagine the following situation: a company gives money to an environmental organisation. The company plans an enormous, massively environmentally damaging project in the tropics but agrees to provide funding to protect a nearby area of forest. Rather than opposing the project, the environmental organisation conducts studies on managing the protected area and recommends that the project goes ahead.

Unfortunately, this imaginary scenario is not imaginary at all. The company is Electricite de France (EDF), one of the world's largest electricity utilities. The environmental organisation is the World Conservation Union (IUCN), and the massively environmentally damaging project is the proposed Nam Theun 2 hydropower project in Laos. In February, the Thai government signed a "preliminary power purchase agreement" to buy power from the 1,000 MW hydropower dam once it is built.

According to IUCN's web-site, EDF was, until recently, one of IUCN's "Partners in Conservation". Sebastian Winkler, IUCN's Donor and Multilateral Policy Relations Officer, explained that "Most of the corporate sponsors listed on our website have provided funds to IUCN for the celebration of our 50th Anniversary (1998)." "We were exploring an avenue of entering into dialogue with EDF," Winkler added. He also pointed out that "IUCN is part of the E7 Group which includes the largest energy corporations." EDF is also a member of the E7 Group - a group formed in 1992 which consists of electricity companies from the G7 countries.

As well as having built 58 nuclear power stations in France and currently exporting nuclear technology to Eastern Europe, EDF is attempting to export another out-dated, expensive, socially and environmentally destructive technology to Laos. EDF owns 35% of the Nam Theun 2 Electricity Corporation (NTEC), the developers behind the US\$1.5 billion Nam Theun 2 dam proposed for the Theun river, a tributary of the Mekong river. The other members of the consortium are the Lao government (25%), Italian-Thai Development (15%) and Electricity Generating Plc, part of the Electricity Generating Authority of Thailand (25%).

If built, the Nam Theun 2 dam would flood 450 square kilometres of the Nakai Plateau and displace 5,000 people, belonging to 28 distinct ethnic groups, from their homes. To make way for the reservoir, forests on the plateau and in surrounding areas have already been clearcut. Water from the reservoir would be diverted via a powerhouse into the Xe Bang Fai, another Mekong tributary. Independent research shows that at least 120,000 people living along the Xe Bang Fai would face serious losses and threats to their livelihood due to damage to fisheries and flooding of riverbank gardens as a result of the project. The project developers have not studied the impacts of the project on the Xe Bang Fai.

The project developer, NTEC, claims that it will give the Lao government US\$1 million a year for 30 years to protect the water catchment area, including the Nakai-Nam Theun Conservation Area. IUCN argues that the dam project is the only way of funding the conservation area. IUCN has produced several studies of the proposed conservation area, including an Environmental and Social Management Plan for the Nakai-Nam Theun Catchment and Corridor Areas. IUCN is also advising

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the Lao government on the project.

IUCN became further entangled in the proposed dam project in 1997, when the World Bank (which, it seems, is never far away when it comes to dam-disasters in the making) appointed the then-Director General of IUCN, David McDowell, to its International Advisory Group. The Bank set up the International Advisory Group to "provide independent evaluation of the World Bank Group's handling of environmental and social issues" on the Nam Theun 2 project. However, in addition to evaluating the Bank's role in the project, the International Advisory Group soon became a strong advocate of the project.

McDowell wrote in a 1997 letter to Patrick McCully of the International Rivers Network, "on balance the social and environmental benefits of the proposals outweigh the negative aspects. . . . the Group's view was that the globally important biodiversity hotspot which is the Nam Theun watershed will be more surely protected if the dam is built in association with the Bank than by unregulated, unmonitored private sector consortium." As Patrick McCully pointed out in his reply, there is no private sector consortium waiting in the wings to fund the project. Without the World Bank's "partial risk guarantee" commercial funders simply will not run the risk of investing in the project. Jack Cizain, who was then president of EDF International, told the Bangkok Post in 1997 that without the Bank guarantee it would be difficult for NTEC to continue with the project.

According to NTEC, "Nam Theun 2 is being used by the IAG [International Advisory Group] and WB [World Bank] as a prototype for similar advice on other major infrastructure projects". If that is the case, the World Bank would do well to check beforehand whether its "independent advisors" work for organisations that accept money from the project developers. A further check could perhaps involve investigating whether the advisor's organisations stand to gain (through future contracts funded by the project developers) if the project goes ahead.

Meanwhile, IUCN urgently needs to question whether it can afford to continue to accept funding from companies involved in such environmentally destructive projects as the Nam Theun 2 dam. Particularly when IUCN's "dialogue" with the company appears to involve supporting the company's project.

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