
Laos: Villagers Mount Unprecedented Protest Against Dam in Laos

Late last year, some 40 ethnic Hmong men from Ban Phou Khao Khouay marched to the Nam Mang 3 dam site armed with sticks and guns, and demanded to speak with project officials. The villagers were infuriated that they might be evicted from their lands for the project and yet had received no information about where they would be relocated, when they would be moved, or what compensation they would receive. They threatened the foreign contractors, telling them "to pack up and go home" if they failed to answer their questions about resettlement. The protest triggered a halt in dam construction that lasted five days.

The little-known incident, which occurred last November, marks the first time that a villager-led protest against a dam has been recorded in Lao PDR and the first time that a protest has stopped construction of a dam project in the country. The villagers who protested took great personal risks by voicing their concerns in a country where political freedoms are restricted and opposition is repressed. It is not known if the protest will result in a state backlash against the affected communities.

International Rivers Network (IRN) had already been receiving anonymous reports on the social, economic and environmental problems with Nam Mang 3 when the protest occurred. The incident prompted IRN to send a researcher to the site in January 2003 to investigate affected villagers' concerns. The results of that field visit can be found in a new report entitled "New Lao Dam Embroiled in Controversy. Report from a Fact-Finding Mission to the Nam Mang 3 Hydropower Project." The report is available online at <http://www.irn.org/programs/mekong/052003.nm3report.pdf>

The US\$63 million Nam Mang 3 Hydropower Project, located 80 kilometers northeast of the Laotian capital of Vientiane, is being financed by the Government of Laos and the China Export-Import Bank. It will be owned and operated by the state-owned utility, Electricité du Laos (EdL).

The project, which is expected to be completed by December 2004, involves the construction of a 22-meter-high dam and 10-km² reservoir on the Nam Nyang River. Water from the reservoir will pass through a 40-MW powerhouse before being discharged into the nearby Nam Ngam River. The power is expected to be used both domestically and exported to Thailand. Nam Mang 3 is also supposed to irrigate 2,900 hectares in the Nam Ngum plain.

Nam Mang 3 has been planned, approved and financed in a nontransparent manner. Construction began in late 2001 despite the fact that the project design had not been finalized and studies required under Lao laws had not yet been conducted. The World Bank, International Monetary Fund and Asian Development Bank have expressed concerns about project implementation. Their concerns over the project approval process and procurement procedures, in particular, reportedly halted construction temporarily in 2002.

According to the World Bank, costs would have to be reduced by at least 20% to make the project viable. The World Bank and IMF are worried that Nam Mang 3 is undermining the Lao government's efforts to improve the transparency, accountability and fiscal health of its financial sector. They are

concerned that the decision to build the project was made behind closed doors and that it will increase the debt load of the already heavily debt-burdened Lao government.

It is more likely that the World Bank's real concern is that poor implementation of Nam Mang 3 will cast serious doubts on the Lao government's capacity to implement the controversial \$1.1 billion Nam Theun 2 Hydropower Project, which the Bank is planning to finance.

At least 15,000 people are likely to suffer impacts to their livelihoods as a direct result of Nam Mang 3. Of these, about 2,700 people living in three villages will be impacted by inundation for the Nam Mang 3 reservoir. Many will lose homes, rice paddies, fruit trees, plantations, fish ponds, grazing lands and grave sites. They have not been informed of possible plans to relocate them or provide compensation for their lost assets. People living in the two Hmong villages of Ban Phou Khao Khouay and Ban Vang Hua are adamant that they do not want to be resettled to the lowlands. They want a compensation package that would give them the option of buying land on the open market and would adequately cover their loss of land and property.

Thousands of people living along the Nam Nyang and Nam Ngam rivers will face impacts to their livelihoods due to Nam Mang 3. Diversion of water from the Nam Nyang will dramatically lower water levels downstream of the dam. This will reduce fish populations, impact riverbank gardens and impair drinking and other domestic water supplies. Increased water flow on the Nam Ngam River will impact at least 1,100 households in seven villages who depend on the river for fisheries, irrigation and riverbank gardens.

Efforts to mitigate the impacts of Nam Mang 3 are likely to fail. The project's own environmental management and social action plan points out the difficulties in successfully mitigating the impacts of Nam Mang 3 due to the lack of adequate financial resources and problems with institutional capacity in implementing the program.

The experience with Nam Mang 3 thus far echoes that of other hydro projects in Laos. The Asian Development Bank-funded Nam Leuk and Theun-Hinboun Hydropower Projects were troubled by poor implementation, inadequate project studies and serious impacts to people's livelihoods, which remain largely unmitigated.

The concerns with Nam Mang 3, coupled with the experiences with Nam Leuk and Theun-Hinboun, point to the great difficulties in implementing large-scale infrastructure projects in Laos. The same problems have been repeated, regardless of which financial institutions, bilateral agencies or contractors are involved. This time, however, villagers have raised the stakes by speaking out against the Nam Mang 3 Dam and risking their own personal security.

The experiences with hydropower in Laos bring up fundamental questions regarding the Lao government's institutional capacity and political will to ensure that infrastructure projects are adequately monitored, that compensation is fairly and fully distributed and that environmental issues are properly addressed. As long as the Government of Laos does not have the institutional capacity and political will to implement such projects according to international standards, international financial institutions should not support the construction of any other dams in Laos.

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