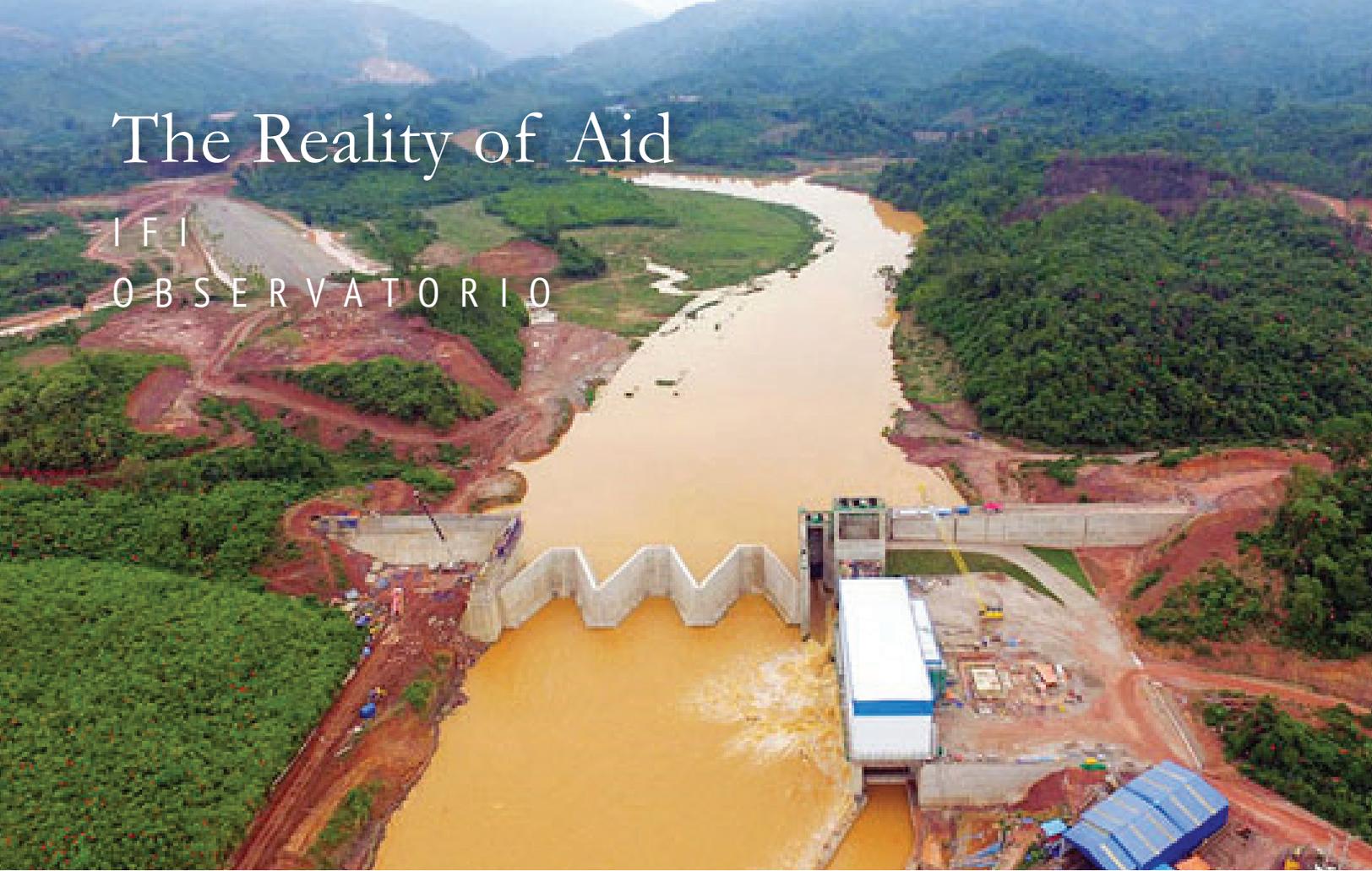
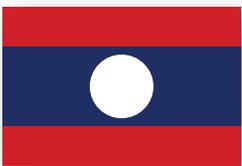


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Nam Ngiep 1 Hydropower Project



COUNTRY
Lao PDR

INCLUSIVE DATES OF IMPLEMENTATION
2014 - 2019

STATUS
Active/Ongoing

Nam Ngiep 1 Hydropower Project

The Project involves the construction and operation of a 290 MW hydropower generation facility on a build-operate-transfer (BOT) arrangement at the Nam Ngiep River in the provinces of Bolikhamxay and Xaysomboun, Lao PDR. As one of the major export hydropower projects in Lao PDR, the Project will contribute to the country's economic growth and is an important component of the Government of Lao PDR's poverty-reduction strategy. For Thailand, the Project supports sustainable development through the provision of clean energy and energy diversification.

The 290 MW Nam Ngiep I Dam is being advanced by the Nam Ngiep 1 Power Company, a consortium comprised of Japan's Kansai Electric Power Company (45%), Thailand's EGAT International Company (30%) and the Lao Holding State Enterprise (25%).

The hydroelectric facility includes a dam measuring 148 m high and 530 m along the top and two power stations of 270MW (Main plant) and 20MW (Sub plant).

Over 90% of the power generated will be exported to Thailand, while the remaining will be allocated to domestic consumption. The Nam Ngiep 1 Main Powerhouse, which can generate around 1,546 GWh per year, will export all its production to Thailand through a 230-kV transmission line to Nabong sub-station in Vientiane, from where it will be conveyed across the Mekong River to Thailand through a 500-kV line.



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NAME OF IFI/DFI
Asian Development Bank



TOTAL COST
USD 982 million (ADB direct loans: \$144 million equivalent; ADB B loan: \$77 million; JBIC loan: \$197 million; Thai bank loans: \$228 million equivalent; Equity: \$336 million)

NATURE OF FUNDING
Co-funding

TYPE OF ASSISTANCE
Loan



PRIVATE SECTOR PARTNER/S
The Nam Ngiep 1 Power Company (NNP1), a partnership between KPIC Netherlands (45%), a subsidiary of Japan's Kansai Electric Power, EGAT International (30%) of Thailand, and the Lao Holding State Enterprise (25%).

CSO PARTNER/S
None

OTHER PARTNER/S
None



POSSIBLE/EXISTING IMPACTS ON COMMUNITIES/HUMAN RIGHTS

Involuntary resettlement of 3,000 Indigenous Peoples, the majority of whom are Hmong and Khmu.

POSSIBLE/EXISTING IMPACTS ON THE ENVIRONMENT

At least seven endangered/endemic terrestrial and aquatic species have been identified as being both directly and indirectly affected in the watershed. This would mainly be a consequence of changes in downstream water quality and hydrological regime as well as due to the loss of habitat for certain terrestrial and aquatic wildlife species, among which are the Lao Warty Newt (*Laotriton laoensis*), categorized as globally endangered on the list, and the Owston's Civet (*Chrotogale owstoni*), categorized as endangered.

In these cases, species-specific conservation plans are required to be implemented, as well as a biodiversity offset to fulfill the ADB's safeguard policy and the concession agreement requirement of no net loss of biodiversity. However, the proposed biodiversity offset called Nam Chouane/Nam Xang, was selected with insufficient knowledge of the existing biodiversity in the sub-catchment, with limited surveys in relation to its appropriateness and without clear guidance on selection criteria required to achieve no net loss. Last but not least, the Nam Ngiep watershed will be exposed to significant cumulative impacts due to the presence of several logging and mining concessions.

Does the project have an environment/social impact assessment?

Yes, and accessible by the public.

Does the project target the SDGs?

No.



COMPLIANCE/NON-COMPLIANCE TO DEVELOPMENT EFFECTIVENESS (DE) PRINCIPLES

Democratic country ownership of national development priorities

According to the "ADB's country partnership strategy 2012–2016" for the Lao PDR, the project focuses on promoting pro-poor sustainable growth including through regional power trading. The project will generate revenues for the country and employment, and improve workers' skills through the transfer of technical and safeguard knowledge. The project will provide community infrastructure, which will have economic multiplier effects.

However, whether or not the project will meet the needs for electricity of Lao PDR is questionable. According to the International Rivers, Nam Ngiep 1 will generate 290 MW of electricity, with 272 MW will be exported to Thailand (over 90%).

Inclusiveness

According to International Rivers' July 2014 field research in 23 of the villages to be affected by the project:

- All villager interviews said that during village meetings, they understood that the decision was already taken by the government for the project to proceed and that they were not in a position to withhold their consent for the project or question the proposal to build it. For instance, during discussions in villages located in the planned upper reservoir zone, statements included:

"During these meetings, the government and company meet with the village together and explain their plans. They want families to move. These families do not want to move! We have been here for many years. But when the government and company offer to build a project, village people like us, the ones who are impacted, can't disagree. We can't talk so much. We have to be careful of the questions we ask because the project is important for the government."

"When the project was still being discussed, everyone was told by the government it will be good for us and for the country. Can we disagree in this situation? We cannot."

- Villagers said they do not clearly understand the project impacts and are concerned about the pending loss of land, decreases in the fish populations, and river changes. In each of the 23 communities, requests were made for meetings to be held that are inclusive of everyone where clear, understandable information about potential and expected impacts, compensation rates,



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as well as procedures in cases of operational failure, should be disseminated. Since past meetings usually only include one person per household, or the headman, women feel particularly uninformed and are concerned.

Transparency and mutual accountability

On the issue of compensation:

According to villagers interviewed by International Rivers:

- Compensation is being set at a rate villagers testify is lower than market standards. In the majority of interviews conducted, villagers said they have refused the initial offer of compensation. During a conversation with villagers who will have to resettle to make way for the project, the following was explained:

“We have lived in this place for more than thirty years; we have worked on the land, we don’t want to leave the land now. There is no way the compensation offered to us by the company can replace the livelihood we have.”

Land compensation will be evaluated based on whether the land has been cultivated for one or two years. Villagers do not understand the reasoning because they have cultivated the land for decades. An independent market survey of the land does not yet appear to have been done by NN1PC to fully evaluate project-induced asset losses.

- In at least one village affected by road construction, land has been cleared by Obayashi, the company contracted by NN1PC’s, without the permission of the village and without compensation being provided. To date, neither Obayashi nor NN1PC have agreed to provide compensation.



SOURCES:

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