



Asian Development Bank

Southeast Asia Department

17 October 2007

Ms. Shannon Lawrence
Lao Program Director
International Rivers Network
1847 Berkeley Way
Berkeley, California 94703
USA

Dear Ms. Lawrence,

Subject: LAO: Nam Ngum River Basin

Thank you for your letter dated 17 September concerning future hydropower and related developments in the Nam Ngum River Basin Lao PDR and ADB's role in these developments.

After some initial delays at the start-up phase, the Nam Ngum River Basin Development Project (NNRBDP), which consists of 4 components, is now progressing well. Component 1, which is focused on Integrated Water Resources Management (IWRM), has assisted the Water Resources Coordination Committee to strengthen the institutional arrangements for water resource management in the country. The key results of Component 1 include the recent establishment of the Water Resources and Environment Agency, and river basin management through the proposed Nam Ngum River Basin Organization. Component 2 will study the optimization of hydropower management in the basin; this is being carried out in close coordination with the government agencies responsible for hydropower planning and management. Initial data collection and calibration of the hydrological model has already been completed. Component 3 will prepare the baseline profiles and watershed management plans for subwatersheds in the river basin in close coordination with village, district and provincial agencies. The extension activities for improving the management of land, forests and water resources have been initiated in 122 target villages through District Agriculture and Forestry Extension Offices. The coordination of these activities will be carried out under Component 4. More information on the status of NNRBDP can be found in the publicly available Project Information Document that was updated following ADB's mid-term review of the project in August 2007. Please refer to <http://www.adb.org/Documents/PIDs/33356013.asp>.

The Ethnic Minority Development Plan (EMDP) for NNRBDP was prepared in 2004 prior to ADB's Public Disclosure Policy coming into force. It is however available for request to interested parties. For your reference, we have attached a copy.

As you are aware, ADB approved in February 2007 under a grant from the Government of Japan, a technical assistance to the Government to assess the cumulative impacts of hydropower and other developments in the Nam Ngum River basin (TA 4921). The consultants were mobilized

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in June 2007. A national-level multi-stakeholder consultation workshop, to which IRN was invited, was held in Vientiane on 3 October 2007. This workshop provided an opportunity for participants to raise issues and concerns with regard to the hydropower development in the Nam Ngum River Basin. A copy of the First Stakeholder Workshop Summary is attached for your information. The assessment and quantification of the impacts of planned development under different development scenarios will be covered in the draft final report to be submitted by the Consultants in December 2007. Those findings will form the basis of a second consultation workshop to be held in January 2008. The recommendations of the final report will incorporate feedback received during this workshop.

You requested information about a consultation workshop held on 10 August 2007 for the Environmental Impact Assessment (EIA) of the Nam Ngum 3 Hydropower project. We have inquired from the Nam Ngum 3 Project developer and they have advised us that no such workshop was held. Two consultation workshops will be held on the Nam Ngum 3 EIA. The first workshop will provide inputs on the nature and scale of the likely impacts while the second workshop will present the proposed mitigation measures and obtain feedback on the recommendations presented. IRN and other NGOs will be invited to these workshops. Consistent with ADB's policy, the Summary EIA will be posted on our website prior to the loan appraisal.

During the joint ADB and Proparco mission fielded in June 2007, both institutions inquired from the Nam Ngum 3 project proponent whether there were any indigenous people living in the middle part of the proposed reservoir area. As a result of those discussions, the sponsors and their consultants conducted further surveys and investigations and have determined that there were no people who will require resettlement due to the Nam Ngum 3 Project construction and operation apart from villagers in Ban Xiengdet. The sponsor and their consultants are, however, continuing their investigations and have assured ADB and Proparco that, should they find any other affected people aside from those living in Ban Xiengdet village who would need to be resettled as a result of the Project, these additional affected people would be entitled to the same mitigation and compensation measures as will be provided to the affected people in Ban Xiengdet. We can also advise that investigations carried out under the Cumulative Impact Assessment of the Nam Ngum river basin confirm that there was no forced resettlement in anticipation of hydropower project development in the river basin. The people to be resettled under Nam Ngum 3 hydropower Project will be provided with a comprehensive compensation and livelihood assistance package.

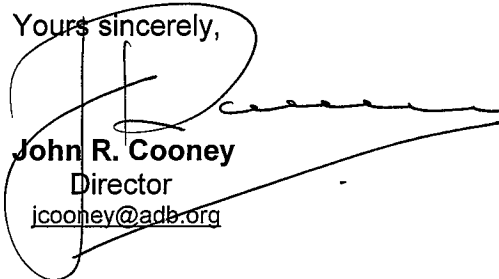
The history of the security situation in parts of the basin over the past 30 to 40 years is well known. General travel restrictions were lifted before commencement of the CIA study, although some temporary restrictions were subsequently put in place following isolated incidents. However, as the CIA is a strategic level study relying primarily on secondary data and undertaken by experts with extensive knowledge of the area, this will not materially affect the outcome of the study. The Nam Ngum 3 project sponsor has informed us that field visits for the project-specific social and environmental studies are continuing and are not experiencing restrictions. We do not therefore foresee any difficulties in ensuring compliance with potential lenders' safeguard policies for all people, including ethnic minorities, who are directly or indirectly affected by the project.

In terms of other proposed and ongoing hydropower projects in the Nam Ngum river basin, the CIA consultants are compiling information on the downstream impacts, recognizing the inter-related nature of these impacts. Similarly, assessing the potential impacts and linkages between mining operations in the basin, hydropower development, and water resources management is clearly included in the scope of the CIA. The findings will be presented in the CIA draft final report which will be discussed with the Government in the context of the Nam Ngum 3 hydropower Project and the Nam Ngum River Basin Development Project. The objective will be to develop sustainable institutional and financing mechanisms for watershed management.

On your last point, the disclosure of Nam Ngum 2 EIA, we have discussed the policy and practical aspects of EIA disclosure with the Government and understand that although committed to this principle, some delays have been experienced in putting the necessary measures and procedures in place. We will continue to follow up with the Government regarding disclosure of the safeguard documents. We suggest IRN also follows up with the relevant government agencies on information disclosure.

We look forward to your participation in future consultations on the CIA study.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John R. Cooney', is written over a circular stamp. The signature is fluid and extends to the right.

John R. Cooney
Director
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cc Executive Directors, Asian Development Bank
Mr. Etienne Woitellier, Director Lao PDR, Agence Francaise de Developpement