

May 10, 2001

For over three years the Theun-Hinboun Hydropower Project in the Lao PDR, a project brokered and supported by the ADB, has been causing harm to the livelihoods of over 3000 households living in 55 villages. Unfortunately, due to a variety of political, logistical, and financial constraints, local representatives of these project-impacted villagers are not able to meet with you directly here in Honolulu. Yesterday representatives of several citizen groups and individuals met with staff of the ADB to discuss our concerns over Theun-Hinboun. This was a productive exchange and we would like to express our appreciation for the ADB's acknowledgement of our concerns and the apparent commitment to major changes in the ADB's approach to environmental and social issues relating to the project.

While the loan has officially been "closed" we would reject any suggestion that the ADB's responsibility for ensuring that the project addresses our concerns has ended. That would ignore the ADB's past role as the main broker, facilitator, and funder of the project. We expect the ADB to continue to take an active role in fulfilling its responsibility to the people of the Theun-Hinboun region for the damages to their livelihoods caused by the project.

Several previous reports and letters detail many of our concerns, some of which, if the information provided is correct, may be in the process of being resolved. As outlined in our meeting with ADB staff yesterday, our central demands of the ADB regarding this project at present are as follows:

- 1) **Compensation:** Villagers must receive full direct compensation for all of their livelihood losses including those from the loss of fisheries, other aquatic resources, and agricultural land. This must be retroactive, dating from the start of the project. This must be provided in addition to--not as an alternative to--longer-term development initiatives.
- 2) **Minimum Downstream Release:** Study of this issue should be done by a neutral and independent consultant. This process should include:
  - the provision of outside input into the TOR for this work
  - prohibitions on hiring any person or company with real or perceived conflict of interest.
  - Consideration of changes in the downstream flow should not be biased in one direction. The possibility of increasing the flow should be given equal consideration to that of decreasing the flow.
  - In line with the WCD findings, impacted villagers should be fully involved and provide their informed consent to any changes in the minimum flow.
  - All reports and findings should be open for public comment and review in advance of any change in flow rate.
  - Should the minimum flow be decreased, the THPC should commit, in writing, to allocating all of the savings to mitigation and compensation measures over and above what has already been committed to in the MCP.
- 3) **Improved standards for Information Sharing and Provision of Input:** The ADB and the Theun-Hinboun Power Company must commit to a vastly improved process of information sharing and transparency regarding this project and to developing mechanisms for input from local people and concerned citizen groups within and outside of the country. Specific aspects of this include:
  - Developing systems for regular information sharing about the project.

--Allowing for public input regarding TORs and drafts of mitigation and compensation related documents.

--A commitment to full transparency regarding the timely release of documents and reports regarding the project.

- 4) Establishment of Independent Monitoring mechanism. While we acknowledge the indications from ADB staff that they believe major changes in the THPC's approach to these issues is already underway, the poor track record of the THPC in addressing the need for appropriate compensation in a timely manner, demonstrates the need for on-going outside independent monitoring of these issues.

We realize that progress on these issues requires the sincere cooperation of the Lao government and the Theun-Hinboun Power Company. economic losses due to the project the livelihood losses