



**Questioning the “Model for Poverty Reduction
and Sustainable Development”:
The Asian Development Bank and Japan’s
Involvement in Laos’ Nam Theun 2 Dam**

April 2017
Mekong Watch

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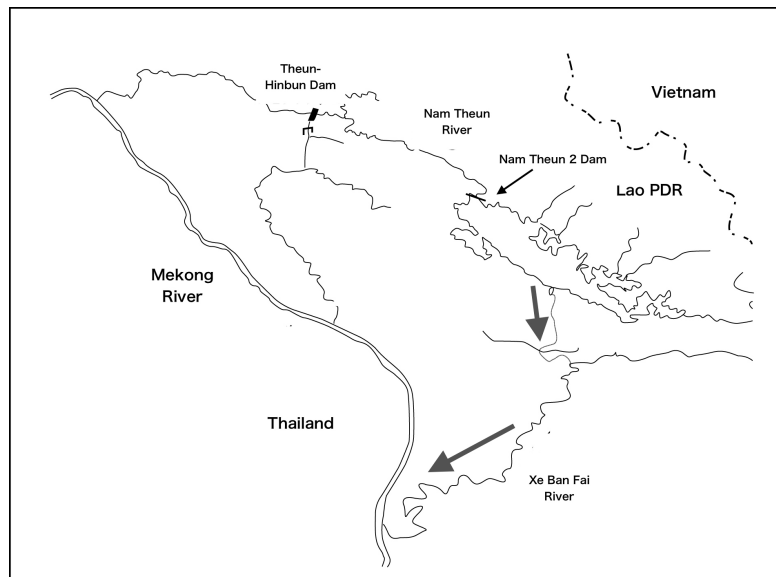
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1 Nam Theun 2 (NT2): ADB and Japan's Support

1-1 Nam Theun 2 Hydroelectric Project¹

The Nam Theun 2 Dam (NT2) is a 1,070 megawatt hydropower dam built on the Nam Theun River, a tributary of the Mekong. The dam is located in Khammouane Province in central Lao People's Democratic Republic (PDR). A 39 meter high wall forms a reservoir, and 260m³ of water per second is diverted from the reservoir through a power house to the downstream Xe Bang Fai River, another tributary of the Mekong.



NT2 has submerged 450km² of the biodiversity-rich Nakai Plateau, an area approximately two thirds the size of Singapore. Diverted water has drastically changed the hydro-ecology of the Nam Theun and Xe Bang Fai rivers, negatively impacting local communities' river-based livelihoods. About 6,300 indigenous people were relocated to make way for the NT2 reservoir. More than 120,000 villagers living downstream have also been affected.

For years, the NT2 project plan was criticized regionally and internationally by NGOs, academics, and the public due to its anticipated negative environmental, social, and human rights impacts. It became one of the most controversial dam projects in Southeast Asia.² The World Bank and Asian Development Bank (ADB) approved financing for NT2 in 2005. The dam started its operations in 2010.

The Nam Theun Power Company (NTPC) constructed and operates NT2.³ NTPC's shares are held by Electricité de France (40%), Lao Holding State Enterprise (25%), and

¹ ADB. *GMS NT2 Hydroelectric Project*. <https://www.adb.org/projects/37910-014/main>; World Bank. *NT2 Social and Environment Project*. <http://projects.worldbank.org/P049290/nam-theun-2-social-environment-project?lang=en&tab=overview>

² International Rivers (IR). *NT2 Dam*. <https://www.internationalrivers.org/campaigns/nam-theun-2-dam>; Mekong Watch. *NT2 Hydropower Project*. <http://www.mekongwatch.org/english/country/laos/nt2.html>; *NT2 Dam* (in Japanese). http://www.mekongwatch.org/report/laos/laos_nt2.html

³ NTPC. *Homepage*. <http://www.namtheun2.com/>

Thailand’s Electricity Generating Public Company (35%). The total project costs are estimated to be \$1.45 billion.⁴ More than 97% of generated electricity is exported to neighboring Thailand and the rest is consumed domestically. NT2 is a build-own-operate-transfer project with a concession period of 25 years, after which it will be transferred to the Lao government.

NT2 and ADB

The World Bank took the lead to help the Lao government design and build NT2 for a number of years. Its financial support included a partial risk guarantee of up to \$50 million, a \$20 million grant, and a political risk guarantee up to \$200 million. The Manila-based ADB’s involvement is also significant. ADB provided NT2 with a \$20 million concessional loan alongside a private sector loan up to \$50 million, and a political risk guarantee of up to \$50 million. ADB has also been promoting Greater Mekong Sub-region (GMS) power interconnection, for which NT2 is a key project. Moreover, ADB has invested much in Laos’ hydropower sector through other dam and transmission line projects.⁵

ADB and Japan

Japan is ADB’s biggest shareholder and has 12.8% of voting power. While the US holds the same amount in shares and voting power, Japan has contributed more (\$16.1 billion since 1966) than the US (\$4.6 billion) to special funds.⁶ All ADB presidents have been Japanese nationals and 152 Japanese employees make up 13.8% of all international staff. This includes twenty-nine senior staff, such as the directors general of the Budget, Personnel, and Management Systems Department, East Asia Department, and Economic Research and Regional Cooperation Department.⁷ Japan’s perceived and real influence at ADB is considerable.

Japan and NT2

At the ADB board meeting to consider financing NT2 held on April 4, 2005, the US executive directors (EDs) abstained partly because of their concerns regarding risks associated with environmental and social impacts and the macroeconomic environment in Laos.⁸ The Japanese EDs, however, voted for NT2. Prior to that, the US had also abstained on a vote on the NT2 at the March 31 World Bank board meeting, and Japan voted for it. The US has the largest voting power at the World Bank, and Japan is second.⁹ It can thus be said that Japan’s support at both the World Bank and ADB enabled the NT2 to move forward.

⁴ \$ means US dollars.

⁵ Lee, Tanya. *Time to Re-assess GMS Energy Investments*. September 2015. <https://www.internationalrivers.org/resources/9232>

⁶ ADB. *Member Fact Sheet: Japan*. <https://www.adb.org/sites/default/files/publication/27772/jpn-2015.pdf>; ADB. *Member Fact Sheet: US*. <https://www.adb.org/sites/default/files/publication/27810/usa-2015.pdf>

⁷ ADB. *Organizational Chart*. <https://www.adb.org/sites/default/files/page/203876/adb-org-chart-14mar2017.pdf>

⁸ US Department of Treasury. *Report on Multilateral Development Bank Projects that Support Extractive Industries Conditionality*. June 6, 2005. <https://www.treasury.gov/press-center/press-releases/Pages/js4356.aspx>

⁹ World Bank. Voting Powers. <http://www.worldbank.org/en/about/leadership/votingpowers>

1-2 NT2 as a “Model for Poverty Reduction and Sustainable Development”?

The project proponents, the World Bank in particular, have aggressively promoted NT2 as a “model for poverty reduction and sustainable development.” For instance, *Doing a Dam Better*, which was published soon after NT2’s operations started, says:¹⁰

The NT2 project...has a development objective of generating revenues, through the environmentally and socially sustainable development of NT2’s hydropower potential, that will be used to finance priority poverty reduction and environmental management programs.

The 2013 ADB-World Bank joint assessment also reports:¹¹

Monitoring data continue to indicate that villagers are better off following resettlement. The achievements of the Nakai Resettlement Program so far have been impressive. As the first step towards possible closure of the RIP [Resettlement Implementation Period], NTPC carried out a 7th round of the Living Standards Measurement Survey (LSMS 7) in early 2013. The data indicate that over 97 percent of sampled resettler households are above the household income target of the rural poverty line..., measured using per capita consumption.

More recently, the World Bank’s country director wrote an opinion piece for the *Vientiane Times* in which he states:¹²

The achievements of NT2 demonstrate the potential of hydropower development to reduce poverty and achieve shared prosperity. We support the NT2 project as part of Lao PDR’s strategy to develop its natural resources for the benefit of all its people.

The International Environmental and Social Panel of Experts (POE), which derives its mandate from NT2’s Concession Agreement and provides independent review, however, is of quite a different view.¹³ Its 23rd report in December 2014 says:

No objective observer would contend that holding the NT2 forestry pillar upright is a sustainable exercise at this moment. The situation of a sector which was to have produced

¹⁰ Page 4 in Porter, Ian, and Jayasankar Shivakumar. 2011. “Overview”. In Porter & Shivakumar (eds.) *Doing a Dam Better: The Lao PDR and the Story of NT2*. Washington, DC: World Bank, pp. 1-32.
<http://documents.worldbank.org/curated/en/200041468044952974/pdf/584400PUB0ID161Better09780821369852.pdf>

¹¹ Page 16 in World Bank and ADB. *NT2 Annual Update: Project Progress during 2013*.
<http://documents.worldbank.org/curated/en/692581468045060662/pdf/904880WP0P07640L02014glossy0version.pdf>

¹² Ulrich Zachau. “Can We Make Hydropower Work for All in Laos?” *Vientiane Times*. May 14, 2015.
<http://www.worldbank.org/en/news/opinion/2015/05/14/can-we-make-hydropower-work-for-all-in-laos>

¹³ Thayer Scudder, a then POE member and a renowned expert on socio-environmental impacts of dams was quoted in the *New York Times* as saying, “*Nam Theun 2 confirmed my longstanding suspicion that the task of building a large dam is just too complex and too damaging to priceless natural resources*”. See Leslie, Jacques. “Large Dams Just Aren’t Worth the Cost.” *New York Times*. August 22, 2014.
https://www.nytimes.com/2014/08/24/opinion/sunday/large-dams-just-arent-worth-the-cost.html?_r=0

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*up to a third of the villagers’ income is parlous. Unless rapid and effective steps are taken to right the situation it will deteriorate further.*¹⁴ (underline added)

*Along with the collaborative work on drawing up an evolving List of Measures needed before the Resettlement Implementation Period (RIP) can be brought to a close – an exercise which was updated during this mission – the new thinking has helped produce an important shift in opinion across the stakeholding group. For the unlikelyhood of being able to illustrate the sustainability of NT2 livelihoods in the immediate future has become apparent over the past year or two to nearly all stakeholders.*¹⁵ (underline added)

The POE later recommended a two-year extension of RIP until December 2017 on the grounds that “*only one of the five livelihood pillars [of the resettlement programs] can be said to have attained sustainability and maintained it for a reasonable period of time.*”¹⁶

In the most recent POE report, which is also the first report since the RIP extension was approved, the POE acknowledges some progress, but still points out a number of challenges at the resettlement sites, including the unsustainability of cassava cultivation, the Village Forestry Association’s failure to generate income, and widespread illegal fishing by unlicensed villagers. The report also says:¹⁷

There are serious constraints to be overcome if RIP closure is to be recommended by the POE at the end of 2017. The first is the time constraint: at time of writing there were only eighteen months left to December 2017. The POE was surprised by the apparent lack of a sense of urgency in some quarters over the time factor. An accelerated program of action is demanded on all sides. (underline added)

Implementation ratings of NT2 publicized on the World Bank website are also revealing. As of July 11, 2016, progress towards achieving Project Development Objectives was rated as “moderately satisfactory,” overall implementation progress was “moderately unsatisfactory,” and overall risk was “high.”¹⁸

The World Bank appears to be trying to justify hydropower projects elsewhere by claiming that the NT2 model is replicable.¹⁹ But upon examination of the quotes listed above, all of which are available on the ADB and World Bank websites, it is clear that to categorically say that NT2 is a model for poverty reduction and sustainable development is an overstatement, and whether or not the project has contributed to alleviating poverty and managing environment at various levels in Laos is quite debatable.

¹⁴ Page 12 in 23rd Report of the International Environmental and Social Panel of Experts (POE). December 29, 2014. <http://documents.worldbank.org/curated/en/152281467991954642/pdf/96161-WP-P049290-P076445-PUBLIC-Box391439B-POE-23-Report-Final.pdf>

¹⁵ Page 4 in 23rd Report of POE.

¹⁶ Page 46 in 24th Report of POE. October 23, 2015.

<http://documents.worldbank.org/curated/en/185921468188934867/pdf/100591-WP-PUBLIC-Box393236-POE-Report-24-Final-1730-23-10.pdf>

¹⁷ Page 2 in 25th Report of POE. September 2016.

<http://documents.worldbank.org/curated/en/958821474905658189/pdf/108522-WP-PUBLIC-P076445-P049290-POE-Report-25-Final-for-Publication.pdf>

¹⁸ World Bank. NT2 Social and Environment Project: Ratings. <http://projects.worldbank.org/P049290/nam-theun-2-social-environment-project?lang=en&tab=ratings>

¹⁹ Pages 3-4 in IR. World Bank and Dams Part 2: Dispelling Myths of NT2. September 2015.

https://www.internationalrivers.org/sites/default/files/attached-files/nt2_factsheet_2015_web.pdf

1-3 Has NT2 Benefitted Affected Communities?

A Field Investigation by Three Independent Researchers²⁰

In January 2014, three independent researchers visited communities downstream on the Xe Bang Fai River, where two of the researchers had previously conducted a study of river-based livelihoods before NT2's construction. They met many of the same communities they had interviewed 13 years earlier.

A number of villagers reported to the researchers that they had been left worse off by the NT2 project. They had suffered dramatic declines in wild fish catches, excessive flooding of rice fields during the rainy season, loss of riverbank gardens, and other damages coming from hydrological changes on the Xe Bang Fai River.

Compensation programs have been inadequate or inappropriate. They have not made up for the livelihood losses suffered by the communities. Women in indigenous and economically poor communities have been disproportionately affected because they lack resources to transition to other livelihoods. Villagers were afraid of openly criticizing NT2. Almost none of the people that the three researchers interviewed were aware of effective grievance mechanisms.

A Field Visit by Mekong Watch²¹

In January 2017, Mekong Watch visited six relocated villages on the Nakai Plateau and two villages along the Xe Bang Fai River. Below are our findings regarding the livelihoods of affected communities in the areas we visited.

- On the plateau, Chinese company-contracted cassava cultivation was expanding, but some farmers were in debt because the sales price had not enabled them to regain their investments.
- Although irrigation facilities were being repaired, facility maintenance and additional land allocation were not reaching all the villagers in need. One woman said, "[t]he land we got as compensation is far from the water tank, and the water doesn't reach us because the pipe is broken."
- Many villagers were arrested in 2014 and 2015 for illegal swidden farming. The fines have become a large financial burden for them. While it is necessary to regulate land use to protect forests, it must be acknowledged that the livelihood options given to resettled villagers are not functioning well, and this is what leads them to resort to illegal land use.
- Over the past two years, there has been no distribution of dividends from anticipated Village Forestry Association profits.
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²⁰ Based on Shoemaker, Bruce, Ian Baird, and Kanokwan Manorom. "NT2: World Bank's Narrative of Success Falls Apart." *International Rivers Review*. December 2014.

<https://www.internationalrivers.org/resources/8479>; Kanokwan Manorom, Ian Baird, and Bruce Shoemaker. 2017. "World Bank, Hydropower-based Poverty Alleviation and Indigenous Peoples: On-the-Ground Realities in the Xe Bang Fai River Basin of Laos." *Forum for Development Studies* pp. 1-26.

²¹ Based on Mekong Watch. *Laos NT2 Hydropower Project Field Report (5-7 January 2017)*. February 2017. <http://www.mekongwatch.org/PDF/NT2FieldReportJan2017.pdf>



Foreign species caught in the reservoir



Children fishing in the reservoir

- Fish caught by villagers in the NT2 reservoir were mostly stocked fish, such as tilapia. Fish native to the Nam Theun River have declined. Although reservoir fishing is an important source of income at the moment, it is not likely to be sustainable in light of experiences with dam projects elsewhere.
- Fishing by unlicensed outsiders was increasing. Monitoring all people fishing in a large-scale reservoir for licenses is unrealistic, and strict regulation and management is very difficult.
- After fishing boats capsized in the past, lifejacket distribution and other measures have been taken, but in 2012, three boats capsized and four people died, including a minor. They were reportedly not wearing life vests at the time of the accident.
- Not all villagers in need have had access to job training.
- Land was being used without legal procedures, creating confusion among villagers. For instance, some households used their own resources to develop rice paddies along a road, but others claimed that the land was supposed to have been held in reserve for future population growth.
- There appeared to be growing economic disparity among resettled villagers. One household had many farm animals prior to relocation and thus received a large amount in compensation. They used their compensation to buy a pickup truck and started working as retailers. In contrast, poor households were having difficulty achieving sustainable livelihoods after losing access to land for rice paddies and swidden farming.
- Prior to resettlement, women contributed labor and skills in agriculture, raising livestock, collecting forest products, and other activities that supported the family livelihood. Since relocation, many households now depend on fishing in the reservoir, logging, construction, and other daily wage work carried out mostly by men. This negatively impacts the status of women at resettlement sites.
- Along the Xe Bang Fai River,²² our observations confirmed the findings of the three independent researchers in 2014. Downstream fishing had been given a catastrophic blow. A woman in her sixties testified, *“I used to fish on the Xe Bang Fai and earn cash income from selling the fish and padek [fermented fish paste], but now I can only catch fish on the tributary streams for household consumption.”*
- Difficulties with the Village Restoration Fund had continued. During one of our previous visits in 2011, we encountered some villagers who had fallen into debt using the Village Restoration Fund. They had borrowed money from the fund with

²² A compensation program for the 150 downstream communities was already terminated and handed over to the Lao government in 2013.

insufficient information and poor lending planning. Their investments in small-scale businesses failed due to lack of experience. During this trip in 2017, we did not meet any seriously indebted villagers, as selection criteria for who could utilize the fund had become very strict. Some households had used the fund to successfully increase their livestock. At the same time, about one third of the 56 households we spoke to said that they were in need but had no access to the fund. Also, a few years ago, more than 30 villagers were detained at the district office for about two weeks and made to undergo a “training” because they had not been able to pay back their debt. To avoid punishment, many villagers sold their rice paddies and livestock, or solicited money from other family members and relatives to pay back the debt.²³



Illegally logged rosewood, March 2011.

²³ One issue we encountered during an earlier field visit that we were unable to cover in January 2017 was river bank erosion in Xaiburi District, Savanaket Province. At least five families had had no choice but to relocate at their own expense when the riverbank eroded by ten meters. The villagers attributed the problem to changes in the flow of water due to NT2. See World Bank & ADB Response dated December 16, 2016 to Mekong Watch's Inquiries dated August 5 & 23, 2016. <http://www.mekongwatch.org/PDF/NT2response16Dec2016.pdf>

1-4 Has NT2 Helped Reduce Poverty in Laos?



NT2's principal benefit for Laos is the \$1.95 billion in revenue that the project is expected to generate over the 25-year concession period from 2009 to 2034. *Doing a Dam Better* quoted earlier states, “The NT2 project...has a development objective of generating revenues...that will be used to finance priority poverty reduction and environmental management programs.”²⁴

Given persistent corruption and governance challenges in Laos,²⁵ the World Bank and ADB helped the Lao government create a Revenue and Expenditure Management Program to track NT2 revenues and ensure expenditures on relevant development programs. As key monitoring tools, annual revenue management reports, public expenditure tracking surveys (every 2 years), public expenditure reviews (every 2 years), and audit peer reviews (every 3 years) were to be submitted to the financing partners at annual consultations after the commissioning of NT2.²⁶

²⁴ Page 4 in Porter and Shivakumar. 2011.

²⁵ When Transparency International first included Lao PDR in its Corruption Perceptions Index in 2005, the country ranked in the top half of the 159 surveyed countries. It then fell to the 27th lowest ranking in 2015. See International Federation for Human Rights (FIDH). *International Indexes Show Lack of Progress on Democracy and Human Rights*. August 2016.

²⁶ Page 12 in Fozzard, Adrian. *Technical Brief: Revenue and Expenditure Management, NT2 Hydroelectric Project*. March 16, 2005.

<http://documents.worldbank.org/curated/en/272761468299206275/pdf/665910WP0P07640f0revenue0management.pdf>

At a consultation on NT2 between NGOs and the Japanese Ministry of Finance held in Tokyo in 2005 soon after the ADB and World Bank's approval to finance the project, the then Counselor of the Finance Ministry's International Bureau also said:²⁷

In order to make this project successful, such elements as...ensuring transparency in managing the public financing and establishing managing capabilities are indispensable, and when we inquired [with World Bank management] if they could be sure to install such elements, their response to our inquiry was that they could ensure it."

Almost ten years later, an ADB-World Bank joint mission in 2013 reported that NT2 "is generating the expected revenues for the GoL [Government of Laos], and there is a possibility to further enhance the return on investment through an expansion of generating capacity."²⁸ The same joint mission report, however, also says:²⁹

Although the World Bank has received reports on the allocation and expenditure of NT2 revenues by sector and by some projects including for activities such as teacher training, provision of school text books, rural health services, and electrification of rural villages, the IFIs [international financial institutions] have yet to receive a formal report on the use of revenues and an audit thereof. These reporting delays are not compliant with the relevant provisions of the Financing Agreements between the GoL and the IFIs. (underline added)

The World Bank's *Country Partnership Strategy Progress Report* in 2014 also mentions the NT2 revenue management, pointing out:³⁰

For the revenue management, tax and dividend components (in addition to royalty) of the revenues still need to be allocated to the priority programs and the timeliness of reporting and audits needs to be improved.

Recent exchanges between Mekong Watch and the Japanese Ministry of Finance also indicate that the reporting delay has yet to be resolved. We received a response to our inquiry from the World Bank through the Ministry of Finance on August 26, 2016. The response states:³¹

NT2 revenue received at the [Lao PDR] Ministry of Finance are also audited and tracked; audits for FY2009/10-FY2012/13 have been received by the World Bank and audits for FY2013/14 and 2014/15 are pending. (underline added)

A Japanese Finance Ministry official later added explanation to the pending FY2013/14-2014/15 auditing, saying:³²

²⁷ Minutes of NGO-MOF Consultation on NT2. April 12, 2005

²⁸ Page 38 in World Bank and ADB. *NT2 Annual Update: Project Progress during 2013.*

²⁹ Page 34 in World Bank and ADB. *NT2 Annual Update: Project Progress during 2013.*

³⁰ World Bank. *Country Partnership Strategy Progress Report for Lao PDR for the Period FY12-FY16.* September 16, 2014.

<http://documents.worldbank.org/curated/en/644931468088478994/pdf/902810CASP0P14060Box385331B000U0090.pdf>

³¹ World Bank response. August 26, 2016.

³² NGO-MOF Consultation. February 24, 2017.

Although the audit report for FY2013/14-2014/15 was received during the latter half of 2016, we understand even prior to that World Bank had carried out the monitoring by obtaining the information through exchanges with the Lao government and based on the financial management system.”

More importantly, however, the public still has no way to know if and to what extent NT2’s revenues have been used to reduce poverty and improve the education, health, and environment sectors in Laos. The ADB and World Bank’s response dated December 16, 2016³³ to our August 2016 inquiry³⁴ says, “*obligations for public disclosure of NT2-related revenue management, expenditure and audit reports have not yet been met.*”

The same Finance Ministry official admitted this, saying,³⁵ “[c]urrently, there is no information [to review the NT2 revenue management] for the general public to access, which is a problem in terms of transparency. The World Bank is aware of the issue.

The NT2 model for poverty reduction and environmental management may face another challenge as private sector investment increases in the Lao hydropower sector. A case in point is the Don Sahong Hydropower Dam currently being built on the Mekong River’s mainstream. The project implementer, Malaysia’s Mega First Corporation Berhad, has established Don Sahong Power Company in Laos through a holding company registered in the British Virgin Islands, a tax haven. This may make it difficult for the Lao government to generate as much revenue as they could from the project.

³³ World Bank and ADB Response to Mekong Watch dated December 16, 2016.
<http://www.mekongwatch.org/PDF/NT2response16Dec2016.pdf>

³⁴ Mekong Watch Letter to the World Bank and ADB dated August 23, 2016.
<http://www.mekongwatch.org/PDF/NT2letter23Aug2016.pdf>

³⁵ NGO-Ministry of Finance Consultation. February 24, 2017.

1-5 Has NT2 Contributed to Environmental Management in Laos?



NT2 is supposed to benefit people in Laos beyond the project site in the areas of environmental protection and natural resource management. *Doing a Dam Better* states:³⁶

- 1) *It [the NT2 project] provides an opportunity to develop policies and tools that will strengthen the government's capacity to manage the country's natural resources in a sustainable manner, promote biodiversity, and protect ethnic minorities;*
- 2) *With its large geographic footprint and multiple impacts, it constitutes a test case for project-specific environmental and social protection policies that have the potential to be broadly replicated throughout the country; and*
- 3) *If successfully implemented in concert with the international community, it will demonstrate the government's commitment to sustainable development and its willingness to engage with the local population in designing and implementing a program of shared benefits at the national, regional, and local levels.*

It is true that both the World Bank and ADB have used NT2 as an opportunity to help the Lao government improve policies and procedures to better protect the country's environment and people. For instance, through ADB's loan Environment and Social Program,³⁷ the Lao government was able to issue *National Public Involvement Guidelines*³⁸

³⁶ Pages 7-8 in Porter and Shivakumar. 2011.

³⁷ ADB. *Report and Recommendation of the President on the Environment and Social Program*. November 2001. <https://www.adb.org/sites/default/files/project-document/71375/rrp-34543.pdf>

³⁸ Science, Technology, and Environment Agency and ADB. *National Public Involvement Guidelines: Summary*.

in 2003 and *Prime Minister’s Decree 192 on Resettlement and Compensation for Development Project* in 2005. These rules could be used to improve Laos’ environmental and social protection standards. Far from being implemented, however, some of them have since been overridden or nullified.

National Public Involvement Guidelines

The National Public Involvement Guidelines define principles and procedures on information disclosure and public participation, directing government officials in facilitating Lao people’s participation in decision-making processes on development, including large-scale projects in agriculture, mining, and hydropower, as well as rural infrastructure and biodiversity conservation. The guidelines, however, are very poorly implemented. For instance, Section 5.9.2 states that draft environmental impact assessment (EIA) and social impact assessment (SIA) reports are to be disclosed in Public Information Centers at national, provincial, and district levels and that project-related consultations are open to the general public and NGOs. Very few projects, however, have set up information centers. Draft EIAs and SIAs are rarely disclosed, especially prior to decision-making. In some cases, final EIA and SIA reports are not disclosed at all.

In August 2007, Mekong Watch asked Laos’ Water Resources and Environment Agency and the project implementer to disclose the EIA/SIA report for the Xekatom Hydropower project in southern Laos. Our request was initially turned down. Later in July 2008, a summary EIA/SIA was sent to us. Some information in the disclosed document was blackened out, however, including names of affected villages and the number of relocated households. In May 2014, a public consultation on the ADB-funded Nam Ngiep 1 Hydropower project was held in Vientiane. It was announced that the meeting was limited to “agencies with registered offices in Lao PDR.” The consultation was not open to as wide a range of stakeholders as the guidelines suggest.



NT2 power house

Prime Minister's Decree 192

Prime Minister's Decree 192 on Resettlement and Compensation for Development Projects was issued in July 2005 and was followed by Rules 2432 on Implementation of Prime Minister's Decree 192 in November the same year. As stressed by ADB,³⁹ the two rules were positive outcomes of ADB's Environment and Social Program. Prime Minister's Decree 192, for instance, stated that families who are negatively affected by a development project should be compensated in such a way that their living standards are maintained or improved compared to the pre-project stage, and that the project implementer should respect local culture, religion, and beliefs when designing, building, and operating the project. Most importantly, Clause 6, Paragraph 6 of the decree stipulated that *"affected people [with customary land use rights] living in rural and remote areas can be compensated even in cases they do not have a legal land use title."*

In April 2016, however, the Lao government issued the new *Prime Minister's Decree 84 on Resettlement and Compensation for Development Projects*, which nullified Decree 192. Decree 84 does refer to customary land rights in Clause 8, Paragraph 3. It states, however, that affected people with customary land use rights should be compensated *"when [such rights are] proven by provincial authorities and other related offices."* The new decree thus has made it very difficult, if not impossible, for people with customary land use rights to be compensated when affected by development projects.⁴⁰

³⁹ Page 32 in ADB. *Completion Report: Lao PDR Environment and Social Program*. June 2007. <https://www.adb.org/projects/documents/environment-and-social-program>

⁴⁰ Mekong Watch. *Comparison between PM Decree No. 192 and Decree No.84*. 2016.

1-6 NT2 Seen in the Context of the Limited Space for Civil Society in Laos

A World Bank independent consultant wrote a report synthesizing the results of the 2004 local consultations conducted with NT2-affected villagers. The consultant reports:⁴¹

Thus in general, although some residual issues remain, the 2004 consultation process scores high on all three principles of transparency, balance and meaningfulness and in the view of the independent monitor can be considered as having met these goals.

While it is true that the affected villagers were probably able to express concerns related to resettlement and compensation, they had no say in deciding if NT2 was needed or not. More recently, when asked by ADB to find out if broad community support was obtained for another hydropower project in Laos, a social specialist of the project’s independent advisory panel reported back, saying:⁴²

Yes, for two reasons...Lao people support GoL’s policies. This is a national principle/philosophy. The people of the Lao PDR are socialized to sacrifice, accept and listen to their government. This can be seen during discussions with them regarding the NNP1 [Nam Ngiep 1 hydropower] project. PAP always say that the project is a good one and they agree with the GoL...

In order to assess how genuine public consultation and people’s participation might be, it is necessary to face the realities of Lao civil society rather than simply talk about “philosophy” or “socialization.” In short, the lack of independent media and strict limits on civil society in Laos have allowed NT2 to proceed without public scrutiny or open debates in the country. This has worked in the ADB and World Bank’s favor and made it difficult for critics to challenge the narrative that NT2 offers a model for poverty reduction and sustainable development in Laos.⁴³

To begin with, rural communities in Laos have lived for a very long time with self-sustaining and locally-governed economic and social systems and regulations. They have not yet acquired a strong understanding of and meaningful access to more centralized laws and mechanisms, which are aggressively imposed by the Lao government.⁴⁴

Non-Profit Associations (NPAs) are the only type of civil society organizations which are allowed to operate in Laos. NPAs are seen by the Lao government as instruments to put its own agenda into practice. NPA registration and operations are controlled by the Ministry of Home Affairs and other line ministries. Many groups choose to operate as social enterprises to avoid the registration and operational restrictions. The government discourages collaboration between international NGOs and NPAs. They forbid international NGOs to fund NPAs. All funding coming to NPAs must pass through the Ministry of Home Affairs. International NGOs themselves face controls from the

⁴¹ Page 15 in Chamberlain, James. *Proposed Nam Theun 2 Hydroelectric Project: Assessing the Quality of Local Consultations*.

⁴² Page 39 in Zola, Anthony. *4th Independent Advisory Panel Report on Nam Ngiep 1 Hydropower Project*. January 19, 2015. <https://www.adb.org/sites/default/files/project-document/156438/41924-014-esmr-05.pdf>

⁴³ Shoemaker, Baird, and Kanokwan Manorom. 2014.

⁴⁴ This and the following paragraphs are based on Sombath Initiative. *Civil Society in the Lao PDR*. August 2016.

government through complicated approval processes for MoUs, projects, and international staff.

It is very difficult for civil society organizations to receive official permission from the Lao government to do any activities involving critical analysis of or reporting on development project site conditions. Very few organizations, therefore, try to engage in critical advocacy. With very limited space for advocacy, donors also tend to focus on supporting capacity-building activities. Human rights groups are generally unable to operate in Laos, making it very difficult to find out about and monitor cases of human rights violations, especially from the outside.

Freedom of the press and independent judiciary are non-existent or strictly controlled. Although many laws may state that fundamental human rights are protected, such as the right to freedom of expression, it is extremely difficult to exercise them. People in Laos rarely express critical opinions, especially related to issues of the government's agenda, and if they do, authorities immediately crack down. Since 1997, Freedom House has rated Laos as "Not Free" with respect to civil liberties and political rights, as well as press freedom. In 2016, Freedom House gave Laos its lowest ranking of seven out of seven for political rights, and six out of seven for civil liberties. In its Press Freedom Index, Reporters Without Borders has consistently ranked Laos among the bottom fifteen countries surveyed since the creation of the index in 2002. In Laos' second-cycle Universal Periodic Review at the United Nations Human Rights Council (UNHRC) in 2015, eleven countries made specific remarks regarding civil society and freedom of expression and assembly. The Lao government denied many of the remarks, claiming that these rights are already guaranteed in the Lao constitution.⁴⁵

Enforced Disappearance of Sombath Somphone⁴⁶

Sombath Somphone, a prominent leader in Lao civil society and Magsaysay Award winner, disappeared shortly after he helped the Lao government and NPAs/NGOs organize the Asia-Europe People's Forum in Vientiane in October 2012. As co-chair of the national organizing committee, Sombath played a key role in coordinating the meeting.

CCTV footage taken by cameras near a police checkpoint in Vientiane on December 15, 2012 appears to show Sombath's abduction. He has not been seen since, and Lao authorities have not provided information on his fate or whereabouts. Authorities have supposedly taken measures to investigate the case, but released very little information on the progress of the investigation. Recently in June 2015, during UNHRC's Universal Periodic Review on



Sombath (right) with Archbishop Desmond Mpilo Tutu, 1984 Nobel Prize Laureate

⁴⁵ Based on FIDH. *Freedom of Expression Severely Repressed*. August 2016.

⁴⁶ The Sombath Initiative. *Homepage*. <http://www.sombath.org/en/>

Laos, government representatives responded to the recommendations made by several states on Sombath’s case, saying:⁴⁷

The Lao Government confirms that the concerned authorities of the Lao PDR are still thoroughly conducting the investigation and will continue to do so in order to find out the truth and bring perpetrators to justice in accordance with the law of the Lao PDR.

An impact of Sombath’s disappearance has been that members of NPAs and international NGOs working in Laos have become even more afraid to express their views lest they should meet retaliation.⁴⁸

Restrictions on On-line Communications

In recent years, the Lao government has extended its restrictions to on-line communications. Under Decree 327 on Information Management on the Internet,⁴⁹ enacted in October 2014, web users face criminal action for “disseminating or circulating untrue information for negative purposes against the Lao People’s Revolutionary Party and the Lao government, undermining peace, independence, sovereignty, unity and prosperity of the country, as well as content that is deemed to divide the solidarity among ethnic groups.”⁵⁰

In March 2016, authorities arrested three Lao migrant workers who had returned from Thailand to renew their passports. They had posted messages on Facebook that criticized the Lao government on issues related to corruption, deforestation, and human rights. Authorities held them incommunicado for several days. They are currently being detained in a prison in Vientiane.⁵¹

⁴⁷ Page 8 in UNHRC 29th Session Agenda Item 6 UPR Report of the Working Group on the Universal Periodic Review: Lao PDR Addendum. 23 June 2015.

https://www.ecoi.net/file_upload/1930_1452171666_g1513175.pdf

⁴⁸ Based on International Commission of Jurists (ICJ). *Enforced Disappearance in Lao PDR*. August 2016.

⁴⁹ Lao PDR. *Decree: Information Management on the Internet*. September 16, 2014.

⁵⁰ Based on FIDH. *Freedom of Expression Severely Repressed*.

⁵¹ Radio Free Asia (RFA). *Lao Police Publicly Confirm Arrest of Trio of Workers for Criticizing State*. May 27, 2016 <http://www.rfa.org/english/news/laos/lao-police-publicly-confirm-arrest-of-trio-of-workers-for-criticizing-state-05272016154319.html>; RFA. *Three Lao Workers Held in Vientiane Are Denied Family Visits*. July 21, 2016 <http://www.rfa.org/english/news/laos/denied-07212016153733.html>

2 ADB Safeguard Policy Challenges: Railway Rehabilitation in Cambodia

Like all IFIs, ADB enjoys legal immunity.⁵² Some project-affected people and NGOs have attempted to challenge the privilege, while others have made use of ADB's own policies and procedures as much as possible to prevent and mitigate environmental, social, and human rights impacts of ADB-funded projects. Such policies include the Safeguard Policy Statement, Public Communication Policy, and Accountability Mechanism. ADB policies have some useful language and ADB has tried to strengthen them, especially in face of criticism from affected communities and NGOs. Implementation, however, has always been one of the ADB's weaknesses, as seen in the NT2 case and as acknowledged by ADB's own analysis.⁵³

Greater Mekong Sub-region Rehabilitation of the Railway of Cambodia Project

Cambodia's Railway Rehabilitation Project is another case in which affected communities and NGOs have long demanded policy compliance from ADB, specifically in regard to ADB's Involuntary Resettlement Policy. The case was taken to ADB's Compliance Review Panel, which acknowledged ADB's policy violation and proposed remedial actions.



A community living along the railway before resettlement, November 2010

The project began in 2006 aiming to restore Cambodia's railway system, which had fallen into disrepair since the Khmer Rouge era. The ADB Board approved an \$84 million concessional loan to finance the project. More than 4,000 families lived and ran small-scale businesses along the railway lines from Phnom Penh to northern and southern provinces. Many of them had to be relocated.⁵⁴

⁵² ADB. *Agreement Establishing ADB*. 1965. <https://www.adb.org/sites/default/files/institutional-document/32120/charter.pdf>

⁵³ ADB. *Real-Time Evaluation of ADB's Safeguard Implementation Experience Based on Selected Case Studies*. November 2016. <https://www.adb.org/sites/default/files/evaluation-document/177678/files/safeguards-evaluation.pdf>

⁵⁴ ADB. *GMS Rehabilitation of the Railway in Cambodia*. <https://www.adb.org/projects/37269-013/main#project-overview>

Compensation provided to the affected families was inadequate. Some resettlement sites were too far from their original residences, making it impossible for the families to maintain their jobs. Infrastructure at the resettlement sites was insufficient. The income restoration program set up to help relocated households was delayed and activities were so poorly designed that the program was unable to create new sources of income. As a result, many families fell into debt just to meet their basic needs.⁵⁵

After failed negotiations with the ADB management, two NGOs filed a complaint using ADB’s Accountability Mechanism in 2012 on behalf of representatives of the affected people.⁵⁶ After a year and a half investigation, the Compliance Review Panel released a report in 2014,⁵⁷ stating that the relocated families had suffered losses of property, livelihood, and income and “*as a result have borne a disproportionate cost and burden of the development efforts funded by ADB.*” The report stressed that “*these problems were the result of failure to implement ADB operational policies and procedures*” and attributed most actions and in-actions to ADB. In 2014, ADB’s board of directors approved the Compliance Review Panel’s findings and adopted the following recommendations:

- 1) Establish a compensation deficit payment scheme;
- 2) Improve facilities at resettlement sites;
- 3) Improve the functioning of the grievance redress mechanism;
- 4) Develop an appropriate program to build capacity for resettlement among relevant Cambodian government officials;
- 5) Establish a debt workout scheme to help highly indebted families repay their accumulated debts through a dedicated credit line and a debt workout facility; and
- 6) Implement the expanded income restoration program in a sustained and sustainable manner.

The Compliance Review Panel’s second and most recent monitoring report dated June 2016, however, found that only recommendation #4 had been fully implemented. The others were complied with only partially. With regard to recommendations #5 and #6, which were most crucial to restoring the livelihoods of displaced families, the Compliance Review Panel found that “*the remedial actions fall far short of the Board-approved recommendations*”. The Panel also writes:⁵⁸

Urgent and concerted action is required on the part of ADB to ramp up efforts to close these gaps and ensure that remedial actions meet Board requirements and expectations. If that is not done in a timely fashion, the Project is unlikely to be brought into full compliance with ADB’s operational policies and procedures as envisaged in the Board’s decision.

⁵⁵ Equitable Cambodia. *The Railway Case*. <http://equitablecambodia.org/website/article/2-1992.html>; MW. *GMS Cambodia Railway Rehabilitation Project* (in Japanese).

<http://www.mekongwatch.org/report/cambodia/GMSRailway.html>

⁵⁶ Inclusive Development International. *Request for Compliance Review on GMS Rehabilitation of the Railway of Cambodia Project*. August 2012.

<http://equitablecambodia.org/website/data/dw/attachment/CAM%20Railways%20Complaint%20to%20CRP%2028%20Aug%202012.pdf>

⁵⁷ Compliance Review Panel (CRP). *Final Report on Compliance Review Panel Request No. 2012/2*. January 2014. [http://compliance.adb.org/dir0035p.nsf/attachments/Cambodia-FinalReport-13Jan2014_OSEC%20Submission.pdf/\\$FILE/Cambodia-FinalReport-13Jan2014_OSEC%20Submission.pdf](http://compliance.adb.org/dir0035p.nsf/attachments/Cambodia-FinalReport-13Jan2014_OSEC%20Submission.pdf/$FILE/Cambodia-FinalReport-13Jan2014_OSEC%20Submission.pdf)

⁵⁸ CRP. *2nd Annual Monitoring Report*. June 20, 2016.

[https://lnadbg4.adb.org/dir0035p.nsf/attachments/CAM-2ndMonitoringReport-For%20Web.pdf/\\$FILE/CAM-2ndMonitoringReport-For%20Web.pdf](https://lnadbg4.adb.org/dir0035p.nsf/attachments/CAM-2ndMonitoringReport-For%20Web.pdf/$FILE/CAM-2ndMonitoringReport-For%20Web.pdf)

Today, seven years since the affected families first contacted ADB about the resettlement and compensation issues in 2010, the project still has a long way to go before it will be in compliance with ADB's operational policies and procedures.



Representatives of affected communities negotiating with ADB management at the ADB Cambodia Office, June 2011

3 ADB Safeguard Policy Challenges: Rise of the Asian Infrastructure Investment Bank

According to the Asian Infrastructure Investment Bank’s (AIIB) website,⁵⁹ “AIIB is a new multilateral financial institution founded to bring countries together to address the daunting infrastructure needs across Asia.”

Critics point out that economically, China needs AIIB-funded projects to utilize the country’s excessive production capacities.⁶⁰ Politically speaking, AIIB came into existence amid China’s attempts to expand its role in the financial architecture in Asia and globally, and also reflects its dissatisfaction with the Bretton Woods hegemony, of which ADB is a part.

NGOs monitoring impacts of large-scale infrastructure development are very concerned about an additional massive influx of funds from AIIB rushing into countries where environmental, social, and human rights protection standards and development governance are weak. As seen in Laos’ NT2 dam and Cambodia’s railway rehabilitation cases, safeguard policies and grievance mechanisms adopted by the Bretton Woods institutions such as the World Bank and ADB are not without limitations. Although its basic structure is similar to that of the World Bank and ADB with an Environmental and Social Framework in place,⁶¹ AIIB has started its operations without finalizing other key policies, including information disclosure and grievance procedures. The Environmental and Social Framework is overall still weaker than the ADB’s Safeguard Policy Statement. Examination of its Energy Strategy currently in consultation indicates that AIIB seems very interested to finance coal-fired power plants.⁶²

Some Basics about AIIB

AIIB started its operations in December 2015 with fifty-seven signatory members. As of March 2017, the Bank has seventy members, of which thirteen are prospective.⁶³ The AIIB headquarters is in Beijing. The President is Liqun Jin, a Chinese national. AIIB’s motto is “lean, clean, and green.” AIIB has \$100 billion in subscribed capital and hires relatively few employees (about 100 as of October 2016) compared to other IFIs. Unlike ADB, AIIB does not have a resident board of directors.

China holds 26% of voting shares at AIIB, where there is a three-quarters majority vote needed to make key decisions such as approving major projects. The US did not join AIIB

⁵⁹ AIIB. *Who We Are*. <https://www.aiib.org/en/about-aiib/index.html>

⁶⁰ Pages 14-16 in Rio-Ligthart, Luz Julieta. *Desk Review on the Proposed Business Model of the Asian Infrastructure Investment Bank (AIIB)*.

https://issuu.com/ngoforumonadb/docs/desk_review_on_the_proposed_busines

⁶¹ AIIB. *Environmental and Social Framework (ESF)*. <https://www.aiib.org/en/policies-strategies/operational-policies/environmental-social-framework.html>; NGO Forum on ADB. *A Comprehensive Critique on the Draft Environmental and Social Framework (ESF) of the AIIB*.

<http://nebula.wsimg.com/56f68b006fea6c7483137f08a9c11c08?AccessKeyId=BBECBE2DB5DCCE90DECA&disposition=0&alloworigin=1>

⁶² Pages 7-8 in Hassan, Rayyan. *NGO Forum on ADB Critique of AIIB’s “Energy Strategy Sustainable Energy for Asia Issue Note for Discussion”*. https://issuu.com/forumonadb/docs/aiib_energy_strategy_critique

⁶³ AIIB. *AIIB Welcomes New Prospective Members*. March 23, 2017.

https://www.aiib2017.org:46225/ims/bbs/board.php?bo_table=news&wr_id=2

on the grounds that its environment and labor protection standards would be lower than those of the ADB and World Bank. Japan chose not to join AIIB for similar reasons.

In its first year of operation in 2016, AIIB approved loans of over \$1.7 billion for nine projects in seven countries, including Myanmar and Indonesia. AIIB has identified “sustainable infrastructure,” “cross-border connectivity,” and “private capital mobilization” as its three strategic areas of focus.⁶⁴ AIIB’s annual meeting this year will be held in Jeju Island, Republic of Korea on June 16-18, 2017.

Advocacy NGOs are also concerned about “a race to the bottom,” in which the World Bank, ADB and other IFIs may weaken their safeguard standards to become “more competitive” with AIIB. One test case might be monitoring if ADB can insist on strict compliance with its safeguards in administering the projects they co-finance with AIIB. As of April 2017, the following three projects are co-financed by the two banks:⁶⁵

- 1) National Motorway M-4, Pakistan (ADB: \$100 million, AIIB: \$100 million);⁶⁶
- 2) Myingyan 225MW Combined Cycle Gas Turbine Power Plant, Myanmar (ADB: \$42.2 million, AIIB: \$20 million, World Bank/International Financial Corporation (IFC): \$58 million);⁶⁷ and
- 3) Natural Gas Infrastructure and Efficiency Improvement, Bangladesh (ADB: \$167 million, AIIB: \$60 million).⁶⁸

Of the three projects, ADB’s Safeguard Policy Statement is applicable to the projects in Pakistan and Bangladesh, and IFC’s Performance Standards are applicable to the project in Myanmar. AIIB’s project descriptions read as though the co-financers agree upon the lead co-financer, and it is the lead co-financer’s standards that are used.⁶⁹ To ensure respect for the environment, affected communities and human rights, however, the safeguard policies of the co-financer with the highest standards should be used.

In ADB President Takehiko Nakao’s closing statement at the ADB’s 48th annual meeting in Baku, Azerbaijan in 2015, Nakao said:⁷⁰

We will maximize co-financing opportunities not only with our traditional partners but also with new partners. We will collaborate and co-finance with the Asian Infrastructure

⁶⁴ AIIB. *About AIIB*. <https://www.aiib2017.org:46225/eng/sub/aiib/about.php>

⁶⁵ Two more ADB-AIIB co-financed projects are in the pipeline: Batumi Bypass Road, Georgia; and Transmission System Strengthening, India. See AIIB. *Approved Projects*. <https://www.aiib.org/en/projects/approved/index.html>

⁶⁶ AIIB. *National Motorway M-4*. June 6, 2016.

https://www.aiib.org/en/projects/approved/2016/_download/pakistan-national-motorway/document/approved_project_document_pakistan_national_motorway.pdf

⁶⁷ AIIB. *Myingyan 225 MW Combined Cycle Gas Turbine Power Plant*. 2016.

https://www.aiib.org/en/projects/approved/2016/_download/myingyan/approved_project_summary_myingyan_gas_turbine.pdf

⁶⁸ AIIB. *Natural Gas Infrastructure and Efficiency Improvement*. March 27, 2017.

https://www.aiib.org/en/projects/approved/2017/_download/bangladesh/document/bangladesh-natural-gas-infrastructure_document.pdf

⁶⁹ Page 5 in AIIB. *National Motorway M-4*; Pages 7-8 in AIIB. *Natural Gas Infrastructure and Efficiency Improvement*.

⁷⁰ Nakao, Takehiko. *Closing Statement at the 48th ADB Annual Meeting of the Board of Governors*. May 5, 2015. <https://www.adb.org/news/speeches/closing-statement-adb-president-takehiko-nakao-48th-adb-annual-meeting-board-governors>

Investment Bank, based on our shared understanding of the importance of safeguard standards. (underline added)

ADB must not compromise its safeguard policies and procedures under any circumstances, including projects it co-finances with AIIB.⁷¹

⁷¹ Page 2 in NGO Forum on ADB. *A Comprehensive Critique on the Draft ESF of the AIIB*.

4 Recommendations to the Japanese Government Regarding Impacts Caused by NT2

We would like to make the following recommendations to the Japanese government/Ministry of Finance regarding the environmental, social, and human rights impacts brought about by the NT2 project.

With regard to the specific impacts caused by NT2 both upstream and downstream, we recommend to the Japanese government that they urge ADB and the World Bank to ensure that NTPC fully implements the following mitigation measures:

1) On the Nakai Plateau:

- a) Continue the Resettlement Implementation Period (RIP) until there is a clear path to restoring relocated villagers' sustainable livelihood;
- b) Immediately disclose an action plan leading to RIP closure, and make a clear plan leading to livelihood restoration that fulfills the IFIs' resettlement policies and the Concession Agreement;
- c) Implement continuous monitoring of cassava cultivation as a cash crop, and thoroughly inform resettled families of the risks involved in cassava cultivation;
- d) Disclose relevant data in order to objectively evaluate the effectiveness of the livelihood restoration programs. Such data includes concrete information on how much compensation land has been successfully irrigated, how much land around the reservoir has been distributed to resettled families, and what percentage of the land is being used for farming;
- e) Continuously monitor fish species and catch in the reservoir and disclose results of monitoring. Based on this information, measures to increase sustainability of reservoir fishing should be developed and implemented;
- f) Investigate the current state of accidents during reservoir fishing, and provide villagers engaged in fishing with thorough instructions on safety measures; and
- g) Monitor impoverished households at resettlement villages in order to implement necessary measures to restore their lives and livelihoods.

2) Along the Xe Bang Fai River:

- a) Evaluate the effectiveness of the terminated compensation programs and disclose the evaluation results. Based on these results, take immediate and appropriate measures to restore the lives and livelihoods of the affected villagers; and
- b) Continue monitoring NT2's downstream environmental and social impacts.

3) Both in Nakai Plateau and along the Xe Bang Fai River:

- a) Conduct gender sensitive impact assessments of changes in livelihood after resettlement.

In regard to poverty reduction, environmental management, and development governance supported through the NT2 project, we recommend that the Japanese government urge ADB and the World Bank to:

- 1) Review outcomes of their support to improve environmental and social protection standards in Laos and ensure that the government comply with the highest standards that are available; and
- 2) Explain clearly and show the general public how they have monitored and evaluated to what extent NT2-generated revenues have been used for poverty reduction and environmental management in Laos. If it is truly beyond their authority to publicize audit reports, they should at least disclose the information upon which they based their evaluation of NT2’s contribution to Laos’ poverty reduction and environmental management.

**Questioning the “Model for Poverty Reduction and Sustainable Development”:
The Asian Development Bank and Japan’s Involvement in Laos’ Nam Theun 2 Dam**

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