

Damming the Mekong: The Social, Economic and Environmental Consequences of the
Nam Theun 2 Hydroelectric Project

by

Jason Wolf
BA, University of Victoria, 2006

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Supervisory Committee

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Supervisory Committee

Dr. Christopher Morgan, Department of Pacific and Asian Studies
Supervisor

Dr. Katsuhiko Endo, Department of Pacific and Asian Studies
Departmental Member

Abstract

Supervisory Committee

Dr. Christopher Morgan, Department of Pacific and Asian Studies

Supervisor

Dr. Katsuhiko Endo, Department of Pacific and Asian Studies

Departmental Member

More than a decade after the World Bank was forced out of the dam-building industry due to the social and environmental consequences of the projects they helped to finance, World Bank support for the development of the Nam Theun 2 (NT2) Hydroelectric Project, located atop the bio-diverse Nakai Plateau in central Laos, signals the re-emergence of the Bank's involvement in large-scale dam construction initiatives. The NT2 project is the Bank's response to its international critics. The project is a 'test case' for a new model of hydropower development that seeks to counteract any negative consequences to the surrounding environment and populations through the enactment of a new set of environmental and social safeguards that the Bank had spent over a decade developing. As the optimal consequence, if NT2 achieves the goal of safeguarding the bio-diverse environment of the Nakai region through the creation and implementation of long-term 'socially and environmentally sustainable' livelihood activities capable of raising the living standards and income levels of Nakai villagers beyond the national poverty line, then the NT2 model of development will be validated and its use in other World Bank supported hydroelectric initiatives all but assured. The alternative result is that the new safeguard mechanisms fail to achieve these goals, significantly contributing to the destabilization of one of the most environmentally and culturally unique regions in the world. This thesis analyzes the effectiveness of NT2 social and environmental safeguards in order to determine to what extent this new model of development is achieving the objectives it set prior to construction. Using a range of data, it analyzes outcomes produced from the core safeguards program of the project: the resettlement livelihoods' programmes. Analysis of villagers' livelihoods after resettlement clearly indicates that the NT2 model was never able to overcome challenges posed by reduced access to forest and agricultural lands for re-establishing villagers' core land-based livelihood activities. As a result, many villagers have abandoned the livelihoods programmes at resettlement villages across the Plateau. In the short term, these villagers have, nevertheless, significantly increased their incomes through intensified commercial fishing and export-oriented rare timber and endangered wildlife extraction activities. The problem for NT2 developers such as the World Bank is that this form of economic activity is neither socially nor environmentally sustainable, placing the regional environment, local populations and the NT2 project in jeopardy.

Key Words: Livelihood; subsistence; neo-liberal; sustainable development; hydropower; NTFPs; resettlement; market integration; bio-diversity; landscape resources

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ABBREVIATIONS

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
EAMP	Environmental Assessment and Management Plan
GMS	Greater Mekong Sub-region
GOL	Government of Laos
IFI	International Financial Institution
INGO	International Non-governmental Organization
IRN	International Rivers Network
MDI	Multilateral Development Institution
NEM	New Economic Mechanism
NT2	Nam Theun 2
NTFPs	Non-Timber Forest Products
NNT NPA	Nakai-Nam Theun National Protected Area
NTPC	Nam Theun Power Company
PoE	Panel of Experts
SDP	Social Development Plan
SESIA	Summary Environmental and Social Impact Assessment
UNDP	United National Development Programme
WB	World Bank

Foreword

It was after graduation from B.A. studies in Political Science and Pacific and Asian Studies that I first traveled to Laos, in the summer of 2008. Finally, and for the first time, this seemingly remote nation at the heart of Southeast Asia came alive to me after years of reading about it in books. I was immediately struck by the richness and beauty of the landscape, and the relaxed and friendly attitude of the local people with whom I came in contact. These impressions stayed with me throughout the duration of this first visit to the Highlands of Laos, becoming a hallmark of my experience, no matter where across the country I traveled. Truly, the Laotian people with whom I came in contact were among the most gracious and welcoming people I had ever met. Most locals appeared to be very easy going, friendly and unassuming individuals, willing to share with you whatever they had. This reception was quite a contrast from the types of encounters I had engaged in other parts of Southeast Asia, particularly in the hustle and bustle that has come to characterize most of the urban centers of Thailand and lowland Laos, which I had just visited. I found myself pleasantly surprised given what I had learnt about the rapidly developing and transforming economies and societies of Southeast Asia. Looking back now, I find the sentiments of another Laos scholar, Jonathan Rigg, ring true to my own initial experiences, when he writes: “People, in general, seemed blithely unaware that their government is struggling to reorient the economy and transform the development trajectory and prospects through an overarching reform programme” (Rigg:2005, 12). Rather, Laos and its upland people seemed to have found a way to retain their idyllic natural beauty and peaceful, harmonious character, even as they occupied the very

geographical center of the Southeast Asian highlands, one of the most dynamic and rapidly changing regions in the world.

It was not until I looked more closely, however, that I began to see the unmistakable sign of a nation's increasing entanglement with the social, political and economic forces of regional integration and the global market economy. My first real taste of this was while watching satellite TV, available in the major northern city of Luang Prabang. The news of the day was being beamed in from Thailand (a major reason that Rigg credits for the ordinary Laotians' apparent lack of awareness of national issues). It featured the latest regional pact between ASEAN member states to build a modern highway system connecting Thailand, Laos and Vietnam through the construction of a highway corridor across all three states. Shortly thereafter, I found myself reading an article in the *Vientiane Times*, a prominent English language newspaper, which was describing the country's recent spate of new international partnerships with foreign governments and corporations in order to develop a number of infrastructure projects including dams, mining operations and expansions planned for the transportation grid. These huge projects had become a place where local and global were finally meeting in the Laos Highlands.

With this information still stirring in my mind, I began to take notice of the evidence of these types of interactions which I was coming in contact with throughout my own tour across the country. During my travels along the Mekong River I was able to observe signs detailing joint partnerships between international bodies like the UN, foreign governments, multinational corporations and Lao state enterprises. These signs detailed partnerships responsible for developing the various infrastructure improvements

happening across the country, such as the dam on the Beng River responsible for providing the people of Pak Beng with electricity, albeit intermittently. The impact of this increasing interaction with powerful external organizations was made all the more vivid for me a few weeks later when I reached the now infamous border town of Phonsavan. This town had been made famous both for being home to the ancient civilization (500BCE – 500AD) responsible for moulding the mysterious giant stone jars clustered across the Xieng Khouang plateau, as well as more recently for being one of the most heavily bombed and mined stretches of land in the world, as a result of its close proximity to the Ho Chi Minh trail during the Vietnam War.

Here, I witnessed both the historical ravages and the potential contemporary benefits of the Laotian people's interactions with the outside world. As well, it was in Phonsavan that I truly learnt to appreciate the industriousness of the local population. Bomb shells had been gathered by some of the local villagers and the materials stripped off the casings, with the more valuable parts being sold off for use in the manufacture of other locally derived products. What had not been sold off had been instead converted into useful items of all sorts. In particular, bomb casings left over from the United States carpet bombing of the region had been turned into door handles, flower pots, and even parts for tables and chairs. The largest bombs had even been converted into canoes for traversing the local waterways. The landscape had also been deeply converted. The rolling fields surrounding Phonsavan were littered with deep craters as a result of the war time bombing runs. There were many stories of unexploded ordinances (UXO) from that era still killing and maiming unsuspecting locals such as farmers working the fields,

scavengers hunting for scrap metal among the wreckage and children playing, even to this day.

Two points were made clear to me from my time spent in Phonsavan. Contrary to my original interpretation of the people of Laos as being a quiet, friendly and unassuming nation full of locally oriented individuals with very little knowledge of or interaction with the outside world, many communities across Laos have had a long history of interaction with the dynamics and influences both of the region where they are geographically situated, as well as the broader global community. Second, not all of those experiences had been particularly positive; however, it appeared that the industriousness of these people had allowed once shattered communities to regroup and even thrive.

Another thing that struck me was that it appeared that many of these foreign influences which were responsible for so much devastation in areas such as Phonsavan appeared to have been invited back in. Signs were everywhere around this region detailing joint agricultural initiatives between Lao government agencies and United Nations (UN) departments working on land clearance and agricultural production schemes, as well as joint initiatives with government agencies from Australia and Japan working on mine and unexploded ordnance clearance. These signs were written in English, Thai / Lao, and Japanese. A little later, back in Vientiane, some research on the internet reiterated to me the fact that many foreign government departments, NGO's and multinational corporations were already heavily invested in infrastructure projects within Laos. Moreover, the pace of investment was increasing at a tremendous rate, particularly in the fields of forestry, mining and hydropower.

This was not new information to most Laotians however, as my guide in Phonsavan, a young man from an ethnic minority village nestled in the mountains not far away, recounted one night, in a period of openness, over a bottle of traditional Lao whisky how many new projects were already under development in the area and how these developments raised his concern for the future. He said that he thought that it is important for the government to work with other countries to provide improvements for his people, but he worried about the cost to the environment at the same time. This is a sentiment that I had heard echoed many times during my travel across the Laotian Highlands, and subsequently during my research for this thesis. In fact, these are concerns which have largely been validated by much of the findings of the research since my conversation with that Laotian guide way back on a hot May 2008 summer night. It was through the experience of nights of conversations like these where I had an opportunity to engage in meaningful discussions over the merits of Lao's development program with local community members, combined with the observations of foreign interactions within Laos that I was then witnessing which compelled me to pursue further investigation into the nature of the development processes currently underway in Laos. This thesis is the culmination of that effort. I only hope that this end product honours the people who were so warm and generous to me by at least drawing attention towards those aspects of the developmental process in Laos which were of greatest concern to so many whom I had the pleasure of spending time with during my sojourn through their land.

CHAPTER ONE

INTRODUCTION

After the fall of the ruling Royal Lao Government in 1975, the new victorious communist Pathet Lao Government turned to the development of the nation's natural resource potential as a means of producing the revenue streams required to fund the government's national rebuilding and modernization ambitions. In an effort to rebuild the country after two decades of war, the Lao government sought to harness the tremendous potential for hydroelectric energy in the country. This potential to generate hydroelectric energy is the result of the latitudinal traverse of the Mekong River and its tributaries in conjunction with new regional demands for power. Government policy has increasingly been to use the development and sale of hydropower as one of the main engines for financing its wider economic development, modernization and nation-building agendas (Lintner 2008:171; Goldman 2005:189-193; Evans 2002:215; McCartan 2010:2). Recently, state representatives have gone so far as to openly remark about their desire to turn Laos into the "battery of Southeast Asia" (Lawrence 2009:82; Cruz del Rosario 2011:7). These developments give rise to important analytical questions: What is the structure of the new projects in terms of international, national and local participation? And, what are the results of this development process for the local populations?

To develop hydropower, an expensive and highly technical infrastructure of dams and electric generators must be built on river locations. In order to obtain the financing and technical expertise necessary to build this infrastructure, the national government adopted a plan to utilize development partners from across the international community (Middleton et al. 2009:31; Singh 2009:488-489; Rosario 2011:3; Pholsena and Banomyong 2006:88). The result has been an international collaboration that has

overseen the design and implementation of a new model for developing hydropower. A major case based on the model is located along the Mekong River up on the Nakai Plateau in central Laos and is known as the Nam Theun 2 (NT2) Hydroelectric Project. Championed by the World Bank and its development partners, the NT2 project seeks to draw its legitimacy through the implementation of a comprehensive program of social and environmental safeguards that were not required in earlier internationally-financed hydropower projects. The Nam Theun 2 Hydroelectric Project, marketed by the World Bank and its development partners as an environmentally and socially sustainable development model, is intended to serve as the “test case” for a new World Bank sponsored model of developing hydropower. This thesis examines the effectiveness of this development model by analyzing its ability to facilitate the transition and reconstruction of villagers’ livelihood patterns at resettlement villages on the Nakai Plateau, which is a central goal of the NT2 social and environmental safeguard policies.

1.1 NATURE OF PROBLEM

Across Laos, over 80 percent of the population live in rural areas (Rigg 2005:12; Phonsena and Banomyong 2006:72). Due to the lack of infrastructure across the nation, much of the rural population has, until very recent times, lived their lives relatively disconnected from populations lying outside their immediate area of interaction (Mansfield 2000:2). As a result, these populations are primarily engaged in subsistence-oriented economic activities (Rigg 2005:12; Guttal 2011:91; International Rivers 2008:11). In the Asian Development Bank publication *South Pacific Agriculture: Choices and Constraints*, Douglas Yen refers to the subsistence systems he finds across the region as: “traditional self-contained sets of production strategies incorporating

independent sub-systems of field agriculture (the starchy staple crops), tree husbandry (starchy crops, oil-rich nuts, fruits), animal husbandry (pigs, chickens), fishing (especially by coastal people) and the exploitation of other marine resources, hunting and gathering, and horticulture” (Yen 1980:73). With only minor variations based on local ecology, Yen’s observations of subsistence production processes in the Pacific during the late 1970s provides just as accurate a description of the core production strategies on the Nakai Plateau prior to village resettlement. The key point regarding subsistence based economies across the Southeast Asian Highlands, including the Nakai region, is that although production has historically been constrained by the availability of landscape resources, the circulation of products through networks of trade relations has still allowed for the incorporation of a wide variety of distant materials, information and products to enter into local subsistence economies (Wolf 2011:19-20).

This form of livelihood typifies the populations settled around proposed dam construction sites, as these projects tend to be located in remote mountainous areas where it is possible to take advantage of the difference in elevation between mountain top plateaus and adjacent valleys. This process works by establishing a reservoir on top of a plateau in order to regulate the flow of water to gravity fed electric generating turbines located in the valley below. What this means for local populations living on areas of a plateau appropriated for a dam project is that they are required to move to new village locations so that the inundation of a reservoir can proceed. Under these conditions, it is important for understanding the new model to analyse the results of this type of ‘resettlement,’ that involves a process of uprooting entire villages from their original living spaces and relocating their inhabitants to new landscapes. This displacement and

resettlement has observable effects on the economic and social practices relied upon by these communities.

1.2 PURPOSE OF RESEARCH

The purpose of this research is to determine the effectiveness of the World Bank's new model for developing hydropower currently being tested on the Nakai Plateau, site of the NT2 project, at facilitating the re-establishment of villagers' livelihoods after project induced resettlement has taken place. This development model is the result of a long history of criticism leveled against the World Bank and its international development partners in the public and private sectors over the social and environmental consequences of the large scale hydropower development projects which they have supported in the past (Khagram 2004:188-189). Throughout the 1980s and into the 1990s, an increasingly well-organized and vocal network of non-governmental organizations (NGOs) and civil society advocacy groups succeeded in galvanizing public opinion against internationally financed hydropower projects, ultimately leading to the collapse of the World Bank sponsored Narmada projects in India and a subsequent decade long hiatus from World Bank participation in hydroelectric development, while it re-tooled its development processes (Khagram 2004:190, 194-197). The NT2 project is the World Bank's response to its development critics. According to the World Bank, this new model for developing hydropower projects places social and environmental issues at the forefront of project planning in order to ensure that development processes are either socially and environmentally positive or neutral, meaning that any negative consequences resulting from the development process for project affected lands and people are addressed in such

a way as to ensure that both land and people are left in a comparable or better state than they were prior to project development (World Bank 2010:9; SDP Vol.1 Ch.1 2005:1).

In order to gauge the effectiveness of this new model of development in facilitating the re-establishment of villagers' livelihoods at resettlement villages, this thesis focuses on the outcomes produced through villagers engagement with the NT2 promoted resettlement livelihoods programmes. The goal is to analyze how effective these development programs have been at overcoming two of the most destabilizing challenges which have hindered the resettlement process at past hydropower sites in Laos. These two challenges are changes to the composition of the local resource base and increased interaction with the market economy at resettlement locations. This research focuses on these two aspects of the resettlement process because it is this researcher's belief that these are the most impactful forces shaping the process of change in dam affected communities economic and social systems, and because these are common characteristics of the dam construction initiative as it is currently being undertaken across Laos. By analyzing how changes in the resource base and increased market access after resettlement is affecting livelihoods at the micro level of the Nam Theun 2 "test case", the goal is to extrapolate a more general understanding of how effective the World Bank's new development model can potentially be at resolving issues associated with the re-establishment of livelihoods at future hydropower sites at the 'macro' national, regional and international levels.

1.3 VARIABLES AFFECTING RESETTLEMENT LIVELIHOOD PATTERNS

One of the most significant challenges facing resettled villagers on the Nakai Plateau is the fact that the creation of a 450km² reservoir (Scudder 2005:33; SEMFOR 2005:1) in

villagers' living spaces combined with the designation of 4000km² of adjacent forest lands as a protected watershed zone (Scudder 2005:34; SEMFOR 2005:7) means that there is no longer sufficient farming or forest lands available to replicate previous livelihood practices at resettlement villages (Lawrence 2009:95-97; Mekong Watch 2010:5). This reduced access to land has created for many Nakai villagers the potential for what Jonathan Rigg, in reference to past academics pessimism, has referred to as “the specter of a Malthusian squeeze on livelihoods” (Rigg 2005:42)¹.

At the same time, however, increasing connectivity to outside markets and populations resulting from NT2 related infrastructure improvements such as all-weather roads and electricity is facilitating the growth of new market-oriented activities such as small business enterprises, export-oriented agricultural production and the harvesting of aquaculture and rare timber and non-timber forest products (NTFPs) for sale to external markets (Scudder 2005:41; Rigg 2005:15; World Bank 2010:12). These and other market-based opportunities have become increasingly enticing to those villagers who have the skills, resources and freedom of mobility to take advantage of them, as a means of replacing previous core livelihood activities such as rotational cropping, animal husbandry and NTFP collection, which are no longer as accessible on the Plateau. One of the roles of this thesis, therefore, is to ‘map out’ how effectively the NT2 resettlement livelihood programmes are able to help villagers respond to the simultaneous reduction in availability of local resources and increase in availability of market-oriented economic

¹ Although Rigg himself makes it clear that, at least within the context of contemporary rural Laos, he does not subscribe to the “Malthusian squeeze” approach for interpreting villagers livelihood prospects (Rigg 2005:42), it should be noted that NGO field investigations at several resettlement villages have confirmed that for many villagers, core livelihoods practices have become increasingly restricted, with the ultimate outcome being that villagers must travel much greater distances away from the village in order to obtain resources from the landscape (Mekong Watch 2008:4; Mekong Watch 2010:17).

activities in the reconstruction of their livelihood systems at resettlement villages; which is to say, the complete range of social and economic activities villagers engage in, in order to provide material wealth for themselves and their families at resettlement sites.

1.4 NT2 RESETTLEMENT PROCESS

As part of the social safeguards emphasized for the NT2 project, the development of many of these new market-based opportunities are the result of a series of negotiations which took place between Nakai villagers and NT2 development partners. These negotiations outlined the types of resources, including improved access to modern infrastructure, technical assistance and market-based livelihood options which NT2 developers indicated would be available to villagers after resettlement (World Bank 2010:9; NT2 Social Development Plan 2005:9-11; Chamberlain 2005:5). Unlike previous dam projects financed by the World Bank or undertaken by private contractors operating in Laos, these negotiations were intended to be extensive and comprehensive. The goal was to create livelihood strategies which took into account both villagers' social and cultural backgrounds and the reality of a dramatically altered local resource base in order to develop "sustainable" livelihoods which villagers would be comfortable adopting (SDP Vol.1 Ch.1 2005:1), thus increasing the likelihood of villagers successfully reconstructing livelihood systems which would be viable over the long term. In fact, according to the World Bank: "the NT2 project's commitment to these resettled people is not only to compensate them for the move, but to help them develop better livelihoods and living standards than they had before the project" (World Bank 2010:9)

The outcomes of these livelihood activities that are being witnessed today on the Plateau are therefore, in many respects, the maturation of the intentions which were born

through this process. It is largely as a result of these consultations and negotiations that villagers conceded to relocate their villages in order to clear the way for reservoir inundation required for the NT2 project. Therefore, one of the most effective means of gauging the success of the World Bank's new hydropower development model is to measure the extent to which expected outcomes of resettlement established through the negotiation and consultation process compares to the actual outcomes which have been and are being produced now that villagers have made the transition to a new village location and have begun actively engaging with the market economy.

These negotiations have involved all relevant stakeholders, from Nakai households and village leaders to district and national government representatives, the Nam Theun Power Company (the international development consortium tasked with designing, constructing and operating NT2), World Bank and Asian Development Bank representatives, and international non-governmental organizations (INGOs) (NT2 Social Development Plan Vol.1 Ch.4 2005:1-2; World Bank 2010:7; Singh 2009:492). According to these stakeholders, and many scholars researching the NT2 project, the negotiations which took place between Nakai villagers and NT2 developers represents a process of 'consensus building' which has been far more inclusive and comprehensive in scope than anything which has taken place at previous World Bank or Lao government funded hydroelectric initiatives (Singh 2009:496).

Therefore, because of the prominent role which these stakeholder negotiations have played in the overall development of the NT2 project, an analysis of the motivations of each of the primary stakeholders, namely the World Bank, NTPC, NGOs, Lao government, and the Nakai villagers, for participating in the planning, negotiations and

construction of NT2 in the first place, is required to understand how well the model fulfills the stated joint objectives which have resulted from this process. While each stakeholder has its own sets of goals related to the development of NT2, it is through their interactions with and influence on each other that the final outcomes of the project are produced. In order to correctly analyze the dynamics behind some of the project outcomes which have been witnessed, individual stakeholder motivations must also be understood and interpreted.

For example, whether the Lao government is really as committed to conserving the bio-diversity of the Nakai region as they claim to be in NT2 development reports and official communications, or whether this issue is being used as a legitimizing vehicle to pursue other objectives is likely to have an impact on the ability of the NT2 project to meet its stated resettlement objectives over the long term because at some point in the development process the Lao government will be assuming responsibility for the implementation of many of these conservation and management programs. Some of these resources, such as the reservoir fisheries, are heavily relied upon by villagers at resettlement sites and a weak commitment to enforcing fishing regulations could seriously jeopardize the long term stability of villagers' livelihood systems. Similar questions can also be raised regarding the motivations of all of the stakeholders and the answers to these questions have undoubtedly already shaped and re-shaped the development process. Therefore, an analysis of stakeholder motivations for participating in NT2 which focus on their consequences for the reconstruction of villagers' livelihood systems at resettlement villages will be undertaken using the 'actor oriented' approach, which seeks to model the 'social life' of projects (Lewis and Mosse 2006:9). In the case

of NT2, there is much to analyze regarding the role played by each of the NT2 stakeholders in directing project outcomes and forging common objectives.

Development scholar Frederic Bourdier might well have been referring to the NT2 project when, in reference to the contemporary international development process, he stated: “Development is a process which includes a chain of actors, including international experts, national planners, decision-makers, non-governmental organizations and, more recently, representatives of local communities” (Bourdier 2009:6). According to the NTPCs own Social Development Report, all stakeholders in the NT2 project have an interest in ensuring that the resettlement process leaves all households better off as a result of the project (SDP Vol.1 Ch.2 2005:8). In fact, to emphasize the commitment which the World Bank and its partners has placed on the social and environmental aspects of the project, NT2 developers have gone so far as to appoint two independent bodies, the Panel of Experts (PoE), and the Independent Advisory Group (IAG), to act as ‘watchdogs’ of the project. These two bodies have made several trips to project locations, including Nakai resettlement villages, meeting with local leaders and project officials to report on current challenges and propose solutions, as well as to ensure that the terms of resettlement negotiated prior to relocation are being met by all parties (Talbot et al. 1997:4; World Bank 2006:2). As the NT2 case represents a model of development which the World Bank and its international consortium of development partners are advocating as the way forward for future dam projects, both within Laos and around the globe, the success of the NT2 model in achieving the livelihood restoration results anticipated on the Nakai Plateau has major potential

implications for the future viability of this model, as well as for the resettled villagers of future hydropower sites.

1.5 SIGNIFICANCE OF PROBLEM

Analysis of the outcomes of the resettlement process on the reconstruction of villagers' livelihoods is particularly significant for two reasons. First, the resettlement of villagers is a common component of the Lao government's rapidly expanding hydroelectric development initiative, and, as such, it will increasingly occur in the future. Second, the Nam Theun 2 dam is being used as a test case for the World Bank and its development partners, whose goal is to use the NT2 project as a template for future large-scale hydroelectric projects around the world. If there are patterns of activity which fail to meet expected outcomes on the Nakai Plateau, and a thorough investigation is not undertaken to determine the causes of those failures, there is a risk of repeating those mistakes at other future World Bank sponsored hydroelectric projects, negatively impacting the surrounding landscape and local populations in those regions as well. However, if there are patterns of activity which have failed to meet their objectives, and a thorough investigation is undertaken, then there is a strong possibility of making changes to the process that can help create success at future dam sites.

At the same time, an examination of the NT2 development process could well reveal that the NT2 project has managed to create some of the most effective development processes implemented at a hydropower project to date. Given the emphasis on stakeholder consultations as well as on the social and environmental components of the project, particularly with regard to the resettlement livelihoods programmes, there is every reason to believe this is a possibility. Without a thorough examination of the NT2

project, such highly effective policies may not be revealed, reducing the likelihood that they could be exported, expanded or otherwise incorporated into future hydropower projects.

1.6 SOURCE DATA

To ensure that only the most relevant and accurate data are considered, wherever possible this research utilizes the reports derived from direct field investigations. In all cases, the following methodology has been applied for accumulating source materials. Sources required the following characteristics: geographic relevance, primary observations, time relevance, and project relevance. In order to be considered project relevant, sources must make specific reference to NT2 project affected areas, or be conducting research which is directly applicable to the NT2 case study and the objectives of this research project. This may include sites of past hydropower projects, other development initiatives involving village resettlement, changes to the composition of the local resource base and increased connectivity to the market economy. Two types of sources were required to be relevant to project's time conditions. The first requirement is for data that measures and indicates the composition of the local resources base and livelihood activities that existed prior to resettlement on the Nakai Plateau, a period that extends from the mid-1980s until 2008, when resettlement of villagers was completed. The second requirement is for comparable data on the same elements of the resource base, and the types of livelihood activities taken up at resettlement villages from 2008 upto 2012. The account and analysis require information based on direct observation at the dam site and in the communities affected. This is provided by the reports of academic researchers, especially those based on primary field research, NGO reports with on-site observation, and project assessment reports with descriptions and measures of the relevant environmental and livelihood

activities. The findings presented are drawn from these available materials and are limited to that base of information.

Important source materials for this research include the various impact assessment reports commissioned for NT2 developers such as the World Bank, Asian Development Bank, and Nam Theun Power Company. These reports contain significant background information on the landscape and people of the Nakai Plateau and adjacent Nakai-Nam Theun National Protected Area (NNT NPA), as well as valuable insight into the mandates, motivational philosophies, and conceptual frameworks which have justified and structured these stakeholders involvement in the NT2 project. Similarly, reports from the various NGOs such as CARE International and the International Union for Conservation of Nature (IUCN) who have partnered with NT2 developers to assess the social and environmental implications of the project and implement solutions, have added to the quality of data on the composition of populations and resources found in the Nakai Plateau and NNT NPA prior to resettlement.

The information obtained from these organizations is an important reference against outside sources of information such as scholarly reports and independently conducted social and environmental impact assessments and compiled data from interviews and polls of resettled village inhabitants conducted by NGOs after villagers had been resettled. NGOs operating in the region like International Rivers and Mekong Watch, who serve as project ‘watchdogs’ on behalf of the broader NGO community, have undertaken several field trips to resettlement villages in order to ensure that the social and environmental obligations agreed to by NT2 developers are being implemented. A comparison and analysis of the material provided by all these sources is used to

determine the extent to which the NT2 project delivers in reality what it promises in rhetoric and on consortium policy and assessment papers.

Other useful sources include documentary evidence such as the ABC produced documentary *Amazon of Asia*, which featured a 12 minute segment on how villagers' lives have been impacted after resettlement in the village of Sop Ma, and in which village inhabitants are interviewed on camera discussing their perspective on how these changes have affected their lives. As well, the notable works of Lao scholars such as Jonathan Rigg, Grant Evans, Vathana Pholsena, and Stephen Mansfield, among others, provide a great deal of important background information as well as a much needed holistic interpretation of the nation's social, cultural, political and economic identity, both historically as well as in contemporary times, which has been essential for helping this researcher place the NT2 project into its appropriate context.

Also of great importance for placing the NT2 project within a broader context is the works of development scholars and professionals who have intimate knowledge of the field of international development and who now offer their critical analyses of the objectives and outcomes which have so far been produced at NT2. This list includes such academics and professionals as the noted anthropologists James Chamberlain and Stephen Sparkes, hydroelectric development experts and Panel of Experts (PoE) members Lee Talbot and Thayer Scudder, and World Bank critic Michael Goldman, among others. These professionals contribute to this research by providing first-hand accounts and an in-depth experience backed analysis of the outcomes of the NT2 resettlement process for the reconstruction of villagers' livelihoods at resettlement villages on the Nakai Plateau. These sources, when taken together, create a compelling

synthesis of knowledge, perspective and insight which has guided this researcher's efforts to accurately interpret the effectiveness of the NT2 development model in reconstructing villagers' livelihood systems at resettlement villages.

Finally, an important source of primary observations is the author of this thesis. Over the past four years, I have taken two trips to Laos and spent much time getting to know the region and its people. As a result of these experiences, I became interested in the question of local – global interactions, and the role which international developers and foreign institutions were playing in connecting distant Highland communities to the mainstream economy and lowland populations. During my January 2012 visit, I observed the ways in which life was transforming on the Nakai Plateau first-hand.

While I was in the country, I also was able to gather publicly available information from the libraries of NGOs and Multilateral Development Institution (MDI) head offices in Vientiane. Over the course of the month, I had an opportunity to tour around many of the resettlement villages, as well as project infrastructure such as the Plateau reservoir, the power station, and surrounding areas. The observations which I undertook during this visit provided me with a more complete picture of how the NT2 project has affected the surrounding landscape, as well as the implications this has for the future of villagers' livelihood activities at resettlement sites. This enhanced understanding has provided me with a more developed context with which to analyze the observations, statements and claims included in much of the NT2 document material, be it the reports of Multilateral Development Banks (MDBs), NGOs, or the works of other scholars and development professionals.

1.7 CHAPTER OUTLINE

Chapter two of this thesis has three sections; the first section describes the local landscape and ecology of the Nakai Plateau and the Nakai-Nam Theun National Protected Area (NNT NPA); the second section gives an account of the minority communities who have long lived on the Plateau, and who have recently undergone the process of resettlement in order to make way for dam construction to commence; and finally, in the third section, background information on the development of the NT2 project is provided.

Chapters three and four examine the roles and motivations of the various stakeholders involved in the NT2 project. Chapter three examines the transnational coalition of NGOs and civil society advocates who have, through their efforts, transformed the dam-building process world-wide, and the World Bank and its international development partners, who have responded with the development of the Nam Theun 2 hydropower project. Chapter four describes the goals and motivations surrounding the Lao Government's ambitions for developing the NT2 project as well as their willingness to work with the World Bank and the NTPC in its development. In the latter section, the role and motivation of Nakai villagers in the development of NT2 is discussed. The goal of chapters three and four is to determine the extent to which the broader individual agendas of each of the participating shareholders have played in determining the outcomes of the NT2 development and villager resettlement processes.

Chapter five analyzes the outcomes produced from the implementation of the 'environmentally and socially sustainable' development model, as it has been implemented on the Nakai Plateau. In particular, it analyzes livelihood objectives

developed through the negotiation and consultation process against outcomes achieved, in order to determine the extent to which the negotiation and implementation process has succeeded in producing the intended results. Where results have failed to reach their objective, an analysis is conducted to determine the source of the problem. The most significant issue this chapter seeks to answer is the extent to which the development model used to construct NT2 has been able to facilitate the re-establishment of villagers' livelihoods, given the potentially destabilizing effects which changes in the composition of the local resource base and increased availability of external markets has for already established livelihood and social patterns. This chapter concludes with an assessment of the overall effectiveness of the NT2 projects social and environmental safeguards (the legitimizing components of the NT2 development model) based on their ability to meet the resettlement livelihood objectives set during the consultation and negotiation phase of development. In chapter six, the concluding chapter, the main findings of the research are summarized, and the resulting conclusions presented along with a series of recommendations intended to help improve upon international dam building processes.

CHAPTER TWO

LANDSCAPE AND PEOPLE OF THE NAKAI PLATEAU AND NNT NPA

The purpose of this chapter is to provide background information about the NT2 project, the region in which it is located, and the people affected by it. The goal is to provide a ‘snapshot’ of what life on the Nakai Plateau was like before villagers started being affected by the changes taking place in the area as a result of NT2, and, in particular, before resettlement and reservoir inundation. The first section of this chapter provides an account of the geographic features of the landscape, including prominent features of the terrain, climate, and flora and fauna native to the area. These are features of the region which have had a profound impact in shaping the livelihoods and social dynamics of the local inhabitants, and which therefore, must be taken into account when analyzing the outcomes of the resettlement process currently taking place on the Plateau.

The second section describes the resettled populations living on the Plateau. It provides an account of their various histories, including how long they have settled on the Plateau and where they came from. It also looks at some of the unique social and cultural features of the major groups, such as language, pre-existing livelihood patterns, and historical networks of interaction among Plateau groups, and between Plateau groups and outside communities, in order to provide a broader context for interpreting the social and economic transformation that villagers are currently experiencing at resettlement locations. While it is impossible to totally equate past instances of socio-economic interaction on the Nakai Plateau with the situation that is unfolding today as a result of the NT2 project, understanding who these resettled villagers are and how they live is

useful information for assessing the consequences of resettlement on villagers' livelihoods after relocation.

In the final section, the NT2 project, which is responsible for instigating transformations in villagers' livelihood and social patterns, is introduced and explained in detail. The historical development of the project, its main participants, and the various features of the project are described. The arrival of the NT2 project has brought tremendous change onto the Plateau. Most of these changes relate directly to issues of accessibility. Villagers' access to local resources after resettlement is usually described as a decreased accessibility. At the same time, NT2 has also resulted in increased accessibility of people, resources and products from outside the Nakai Plateau and vice versa. The resulting changes in 'accessibility' of local resources and foreign cultures are having a tremendous impact in determining how villagers re-negotiate their livelihoods and social relations after resettlement. For that reason, a description of the project, the causal force for much of these changes, is provided.

2.1 PHYSICAL CHARACTERISTICS OF THE NAKAI PLATEAU

The Nakai Plateau, site of the Nam Theun 2 reservoir and associated resettlement villages, is situated in the central Laos province of Khammouane. This province covers a total area of 16,000km², and is characterized as consisting of primarily rugged mountainous terrain owing to the high density of limestone karst's populating the territory (LNTA 2012). Khammouane is bordered by the province of Bolikhamxay to the north, and the province of Savannakhet to the south. To the west, forming the border with Thailand is the Mekong River, and to the east, separating Laos from Vietnam, is the

Annamite Mountain Range. Within this territory, the Plateau itself is located between the Annamite Mountains and Mekong Plains in the central eastern region.

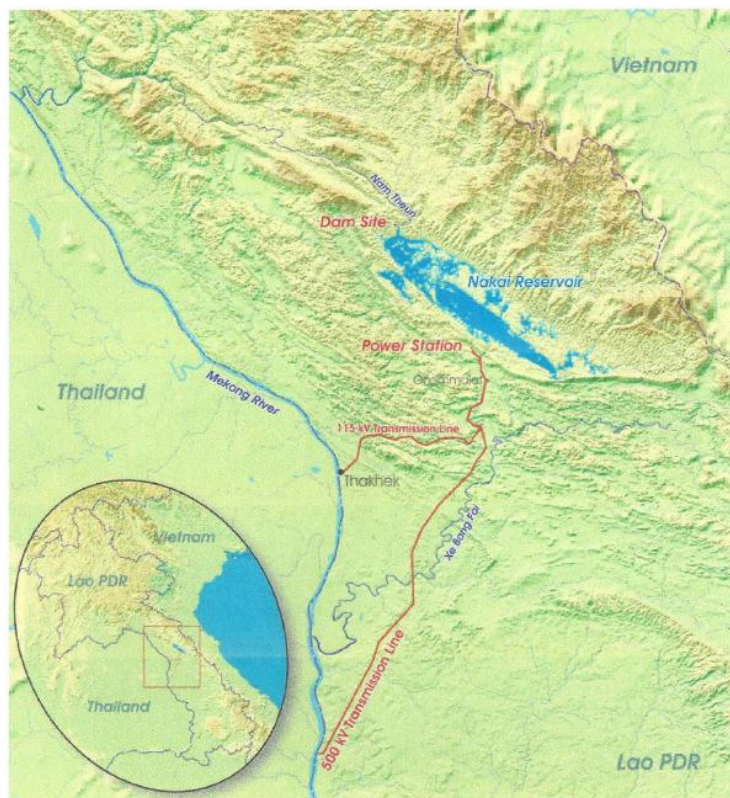


Fig. 2.1 *Position of Nakai region within Laos*

Source: SDP Vol.1 Ch.1 2005:1

The Nakai Plateau is a rectangular shaped plateau covering 1200km² (60km SE-NW by 16-20km SW-NE), with an elevation ranging from 500 to 600 meters (LNTA 2011; Dersu and Associates 2006:8). The foundation of the Plateau is formed out of sandstone bedrock (Dersu and Associates 2006:8). Atop the Plateau, the Nam Theun River confluences with the Nam Sot, Nam Mon, Nam One and Nam Noy; to the south, the plateau drops off sharply at the SaiPhouAk Escarpment, giving way to the lowlands of the Gnommalat Plains, which contains highly cultivated rice paddy land below the 200m range (LNTA 2011). The Nakai Plateau is separated from the more mountainous Nakai-Nam Theun National Protected Area (NNT NPA) to the north and by small

foothills ranging from 800-1100m in elevation in the east, known as the Dividing Hills, which channel the areas river systems onto the Plateau (LNTA 2011).

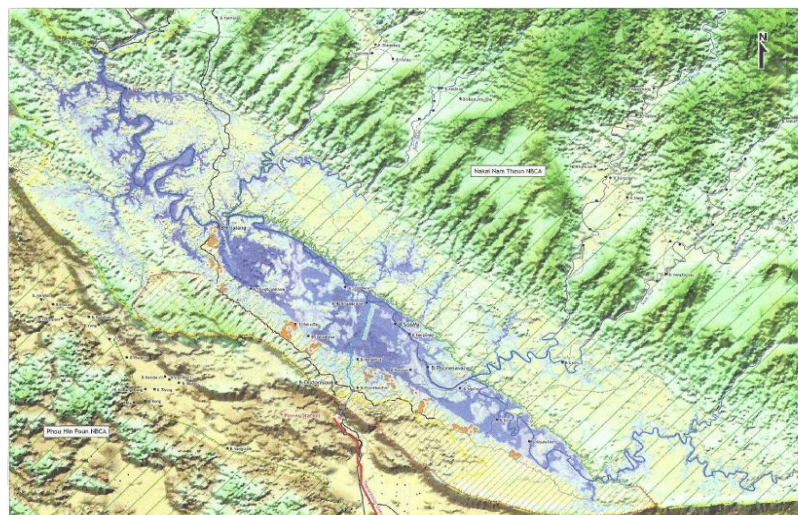


Fig. 2.2 *Landscape features of Nakai region*
Source: SDP Vol.1 Ch. 1 2005:12

The Nakai Plateau landscape has several interesting characteristics.

Topographically, the Plateau is unique from the landmasses surrounding it. Unlike the jagged peaks which characterizes much of the adjacent Annamite Mountains, or the flattened plains area that characterizes the downstream regions, the Nakai Plateau is comprised of a mixture of low sloping hills and a relatively flat central plain (Dersu and Associates 2006:11). Prior to inundation, the central Plateau area served as a flood plain for the Nam Theun and Nam On rivers which would annually flood the lowest lying wetland areas (Dersu and Associates 2006:11). Historically, most of the Plateau has been covered by highly diverse secondary, dry deciduous, evergreen and conifer forest habitats which were home to many different forms of wildlife species, but a 2006 wildlife survey conducted by Dersu and Associates suggests that the long history of human settlement has already had a profound impact in re-shaping the availability of resources on the Plateau.

According to this report, “The plateau’s vegetation history has probably been shaped heavily by the activities of people, ungulates and fire...Because most of the plateau’s villages were scattered throughout this region [higher elevations of central Plateau expanding outwards], this higher terrain is now mainly a patchwork of hill rice agriculture and secondary growth of various ages” (Dersu and Associates 2006:11). This appraisal of the condition of the landscape seems to indicate that the central Plateau region which was slated for inundation had already been largely degraded by human settlement and activity prior to the construction of the reservoir. Interestingly, however, the report goes on to say that “The last decade has seen a noticeable increase in the extent of young secondary growth and hill rice in the area,” (Dersu and Associates 2006:11) which is the ten year period that corresponds with the planning phase for the development of NT2.

Regardless of the degree of degradation to the Plateau environment which resulted from human activity and habitation prior to reservoir inundation, the Nakai Plateau has remained an important area of bio-diversity, home to an exceptional number of wild birds and large mammal species (Dersu and Associates 2006:8), including several families of elephants. In fact, the specific elevation of the Plateau combined with its topographical features create a unique micro-climactic zone with attributes of forest cover and associated fauna which differ from both the plains areas downriver, and from the adjacent NNT NPA, where forests and flora grow on steeper slopes and at higher altitudes (Dersu and Associates 2006:11).

The question which remains now that NT2s ‘environmentally sustainable’ development model has been completed is how the inundation of the reservoir and

incorporation of market-oriented activities brought about by the increasing connectivity of the Plateau to outside regions will affect the integrity of the area's fragile ecosystem. Given the track record of the past decade, in which major changes to the landscape associated with export market activities such as logging has already led to major habitat change (Dersu and Associates 2006:10), market-driven resource extraction activities are one consequence of the dam construction process which developers, if they are serious about ensuring the success of NT2 social and environmental safeguards over the course of the NTPC operating tenure (25 years), must account for in the project's design.

2.2 CLIMATE OF PROJECT AFFECTED REGION

Climatically, this area is situated within the Southeast Asian monsoon climate region, which has two major seasons. The Northeast Monsoon season lasts from November to February, and is fueled by cold high pressure air making its way over from continental China. During this period the average temperature is at its coolest point of the year, ranging from 24.7-25.4 degrees Celsius (Dersu and Associates 2006:11). The most prominent features of the Northeast Monsoon are cold dry air and a lack of rainfall (LNTA 2011). During the months of May through August, a strong low pressure formation called the Inter-Tropical Convergence Zone carries warm winds southwest from the Andaman Sea and the Gulf of Thailand across to Laos where vertical convection causes large amounts of rainfall to inundate the central region (LNTA 2011). This is termed the Southwest Monsoon, and is characterized by its warm air, heavy rainfall, and high humidity. During this period the average temperature is at its hottest point of the year, ranging from 29.8-33.0 degrees Celsius (Dersu and Associates 2006:11).

2.3 NAKAI-NAM THEUN NATIONAL PROTECTED AREA (NNT NPA)

Officially designated as a National Protected Area (NPA) by Prime Ministerial Decree 164 on the 29th of October, 1993 (LNTA 2011), the Nakai-Nam Theun National Protected Area (NNT NPA) extends as far west as the Nakai Plateau and as far east as the border with Vietnam in the Annamite Mountains, covering a total area of over 4000km² (IUCN in Scudder 2005:34). There are ostensibly two principal reasons for the creation of the NNT NPA. One is the need to establish a protected watershed area to prevent excess soil erosion resulting from the inundation of the reservoir on the Nakai Plateau. In this regard the objective can be said to have been achieved. The newly-established NPA is responsible for containing over 88 percent of the drainage area of the reservoir (Asian Development Bank 2004:16). The other reason, and the one most often cited by NGOs and development professionals, is that according to scientists and environmental groups who have studied the NNT NPA, it is one of the richest and most biologically-diverse regions of plant and animal life in the world (Scudder 2005:35). These are the principal reasons that NT2 consortium members, led by the World Bank, had highlighted the protection of this region as a conservation zone in their development plans during the initial planning stages of NT2. Even today, much of the region has still not been documented by researchers and scientists, and so accounts are still largely dependent on information from local villagers.

Of those areas which have been explored, researchers have so far identified 106 mammal, 403 bird, 38 reptile, and 25 amphibian species inhabiting the area (Asian Development Bank 2004:14). Of these species, 38 mammals, 17 birds and 10 reptile species are listed as globally threatened according to the International Union for the

Conservation of Nature (Asian Development Bank 2004:14). New discoveries include the saola and dark muntjac, and there are nine different species of primates living in the NNT NPA, including the pygmy loris, douc langur and white-cheeked gibbon (LNTA 2011). A quick survey of the flora reveals a variety of forest types supporting a diverse range of habitats, including evergreen forest, montane forest, cloud forest, riverine forest and everwet forest (LNTA 2011).

Due to the high density of climactic and geographical variables which characterize the NNT NPA (Asian Development Bank 2004:14), there is an unusually large number of ecological zones that, although being distinct in terms of their composition, are not clearly demarcated, but rather move into one another forming a large regional system: “There is a complex range of habitats in the NNT Conservation Area which reflects pronounced gradients in soils, altitudes and micro-climates. Habitat types usually blend into one another, and there is rarely a sharp divide between them” (LNTA 2011). Such descriptions of the climate and ecology are commonplace throughout the literature on the area, and indicate a highly complex regional and local environment. It is this densely packed concentration of climactic and geographic variables that is principally responsible for the extraordinary diversity of flora and fauna inhabiting the region.

The most prevalent types of flora include genuses of plants and trees, most notably *Dipterocarpus*, *Shorea*, *Myristicaceae*, *Annonaceae*, *Rutaceae*, *Sapindaceae*, *Fabaceae*, *Fagaceae*, *Rhododendron*, *Urticaceae*, and palms, including rattan (LNTA 2011). Collectively, the above mentioned genera are found across the region; however, each type has its own set of associations with other types of vegetation, as well as micro-

climactic preferences and, therefore, distribution patterns (LTNA 2011). Whereas some of the heartier *Dipterocarpus* can be found almost in any location across the NNT NPA, other species exist only in highly specialized and fragile micro-climates, such as the merging areas between two habitat zones.

Much like with the Nakai Plateau, the NNT NPA is at increased risk from transformations taking place in the Nakai region as a result of the construction of NT2. Modern infrastructure improvements such as all-weather roads now connecting the Nakai Plateau and NNT NPA to the outside world also provides international markets with increased access to the resources found in the region. Many of these resources are extremely rare, such as with rosewood, eaglewood and other aromatic woods and especially, the various types of endangered wildlife found in the NNT NPA. One key question to be answered is whether the establishment of the Nakai-Nam Theun watershed as a National Protected Area (NPA) will be sufficient to protect this region from environmental degradation resulting from the new developments, or whether further protectionist measures need to be built into the NT2 development model? Preliminary indications are that much work remains to be done if the NNT NPA bio-diversity is to be preserved, as many groups including Nakai villagers, lowland Lao, and Vietnamese traders have been implicated in involvement in the illegal trade of rare flora and fauna (Mekong Watch 2010:6). The following section provides a description of the various ethnic groups living on the Nakai Plateau and NNT NPA.

2.4 POPULATIONS LIVING ON THE NAKAI PLATEAU AND NNT NPA

The record concerning the migration of ethnic groups into the highlands of Laos is far from definitive. What is known is that the earliest inhabitants arrived in the pre-historic

period and consisted of a mixture of early peoples who arrived via land bridges which once connected Southeast Asia with Indonesia, the Philippines, and Borneo (Mansfield 2000:12). Later on peoples of proto-Malay or Indonesian stock arrived and began interbreeding with these earlier populations, producing the first ancestors of the groups known today as the *Lao Theung*, which roughly translates to ‘upland Lao’ (Mansfield 2000:12; Lebar et al. 1964:94; Kislendo 2009:6). These people are the ancestors of the various Austroasiatic Mon-Khmer groups inhabiting the highlands of Laos today. Mon-Khmer is an ethno-linguistic sub-group belonging to the Austroasiatic language family (Lebar et al. 1964:94). In contemporary Laos, the dominant lowland Tai-Lao population often refers to Mon-Khmer groups by the derogatory term *kha*, which means slave (Kislendo 2009:6; Lebar et al. 1964:94). The meaning behind this term is that Mon-Khmer groups lack the signs of civilization, namely wet-rice agriculture and Buddhism (SDP Vol.2 Ch. 3 2005:7). The result of this long pre-history of migration and settlement is a mosaic of different groups at various elevations in the region.

2.5 ORIGINS OF VIETIC GROUPS ON THE NAKAI PLATEAU AND NNT NPA

Based primarily on the research of anthropologist and NT2 independent consultant James Chamberlain, there are 28 different ethnic minority cultures consisting of five main ethnolinguistic groups living on the Nakai Plateau and adjacent NNT NPA affected by the construction of NT2 (Chamberlain 2005:4; SDP Vol.2 Ch.3 2005:1). In particular, over 6,000 villagers spread out across 17 villages would need to be resettled before reservoir inundation could proceed (Scudder 2005:33).

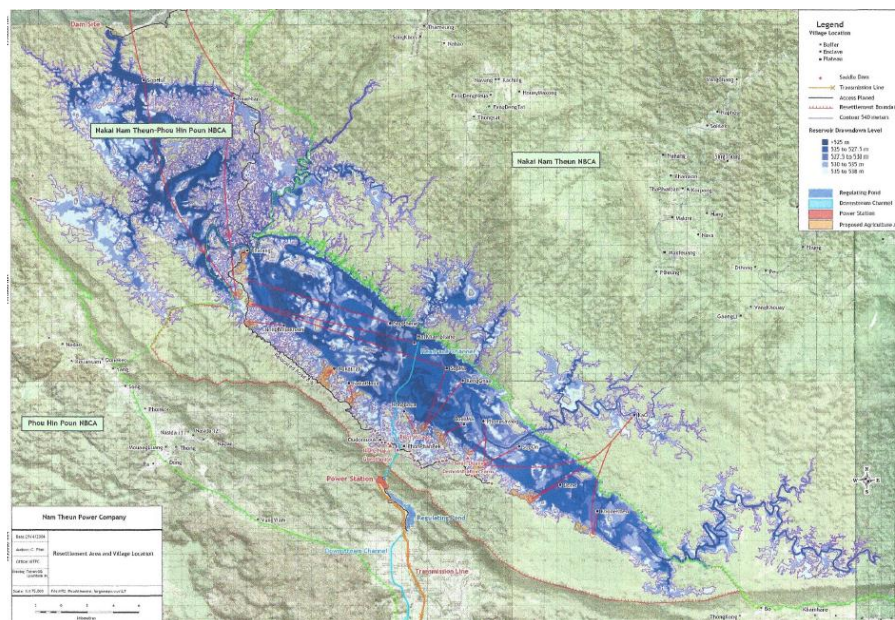


Fig. 2.3 Village locations before and after resettlement

Source: SDP Vol.2 Ch.1 2005:4

Of these 28 ethnic minority cultures, Vietic speaking Mon-Khmer groups were the first to settle in the area. Vietic is a sub-group of Mon-Khmer languages. According to Chamberlain, the term “Vietic” originates from La Vaughn H Hayes who used it to describe a branch of Austroasiatic that includes Vietnamese, Meuang, and a variety of languages in the Ha Tinh and Quang Binh region of Vietnam, as well as in Borikhamxay and Khammouane in Laos (Chamberlain 1998:106). According to earlier scholars such as Cuisinier, Tai speakers of the Vietic branch are generally referred to as “Muong,” (Meuang) which is an old Tai word for ‘settlement’ (Chamberlain 1998:106). The phrase Na Lang is used to describe the various Vietic groups, of which very little is known. Since these groups referred to as Na Lang are not well known, the branch of languages which they speak are referred to as ‘Viet-Meuang,’ as it is generally assumed that these groups originated from Tai and Vietnamese speaking groups.

According to Chamberlain's research, based on the degree of linguistic diversity, the most likely homeland for the Vietic groups is the interior regions of the Borikhamxay and Khammouane Provinces, with subsequent expansions across the Annamite Cordillera as far as Nghe An and Quang Binh in Vietnam (Chamberlain 1998:107). In particular, Vietic ethnic diversity is concentrated in the NNT NPA, which includes part of the Nakai Plateau and the conservation area running north to Bolikhamxay Province (Chamberlain 1998:107). Within this area, 17 distinct Vietic languages have been found, leading scholars such as Chamberlain to hypothesize that the Nha Lang branch of Vietic dates back at least 2000-2500 years (Chamberlain 1998:107). These groups have historically lived in small bands as foraging nomads whose specific cultural attributes and social relations became increasingly dependent on the "eco-cultural niches" they inhabited (Chamberlain 1998:107). Based on these 'eco-cultural' niches, a tentative classificatory scheme has been created which divides Nha Lang groups in the Nakai region into four categories based on cultural type, referred to as Culture Type I, II, III, IV (Chamberlain 1998:107).

2.6 VIETIC GROUP CULTURAL TYPES

Type I Vietic groups are characterized as small bands of foraging nomads. Type I Vietic groups in the Nakai region include the Atel, Mlengbrou, and the Themarou (Chamberlain 1998:109). Beginning in 1976, the Laos government began moving these groups out of their forest locations, which Vietic groups considered to be their spiritual territories, with tragic consequences (Chamberlain 1998:107). A majority of the members of these groups died shortly after from physical and physiological trauma associated with being relocated (Chamberlain 1998:107). The loss of these groups is compounded by the fact that, as

Chamberlain notes, “The groups classed as Culture Type I, the true forest people, represent a cultural type that is practically extinct in Southeast Asia, and that is found nowhere else on the planet” (Chamberlain 1998:107). Those who did survive can today (1998) mainly be found in three villages, the *Atel* at Tha Meung along the Nam Sot River; the *Themarou* at Vang Chang along the Nam Theun River near its confluence with the Nam Noy River; and the *Mlengbrou* near the Nam One River (Chamberlain 1998:107).

Type II groups are described as originally being traders, but over time became increasingly involved in swidden agriculture. These groups include the Arao, Maleng, Malang, Makang, To’e, Ahoe and Phong (Chamberlain 1998:109). Of these groups, the remaining Ahoe can today be found primarily in the villages of Nakai Tai (39 households) and Sop Hia (20 households) (Chamberlain 1998:109; SDP Vol.2 Ch.3 2005:3). Type III groups are long time swidden agriculturalists who move every two to three years between pre-existing villages as land becomes depleted after several harvests. In the Nakai region, there is only the Kri (Chamberlain 1998:109). Type IV groups combine swidden agriculture with wet-rice production. In the Nakai region, these groups consist of the Ahao, Ahloa, Liha, Phong (Cham) and the Toum (Chamberlain 1998:109). These groups, although still experiencing social disruption resulting from the government’s program of forced relocation, have been somewhat more successful in adapting to life after resettlement than those Nha Lang categorized as Culture Type I, due to their pre-existing familiarity with swidden and rice paddy agriculture and other sedentary based livelihood practices (Chamberlain 1998:107).

This classification scheme highlights the importance of the surrounding environment for these subsistence-oriented societies. As Chamberlain notes, “This division into cultural types should not be construed as evolutionary in nature. Indeed, to the extent that we have been able to observe the Vietic peoples, their modes of existence represent something more akin to an ecological niching which is manifest in conscious preferences” (Chamberlain 1998:109). In fact, according to the research, Nha Lang groups display a surprisingly diverse range of subsistence livelihoods, likely a result of the vast range of ecological zones they inhabit. While it appears that all ‘proto-Vietic’ began as hunter-gatherers (Chamberlain 1998:109), as the classification scheme illustrates, many groups have since moved on to incorporate sedentary practices such as swidden agriculture, wet-rice, and occasionally even irrigated rice production into their livelihood systems. Today, those Nha Lang groups which employ more sophisticated agricultural practices are mainly found living on the Nakai Plateau, while those still relying primarily on the hunter-gatherer activities and limited swidden agriculture have receded back into the more remote corners of the NNT NPA. This is not coincidental. Historical evidence suggests that the most powerful drivers of the incorporation of sedentary agricultural practices by Nha Lang groups on the Plateau has been the influence of other groups who have for centuries been migrating into the Nakai area and interacting with these already established Vietic groups (Sparkes 2004:16; SDP Vol.2 Ch.3 2005:6).

Considering that Nakai villages already contained a mixture of ethnic groups living together prior to NT2 project instigated resettlement, it is clear that ethnic groups on the Plateau featured a pattern of close adaptation, exchange and integration at the

Nakai regional level before the NT2 resettlement process began. This integration has included transmissions of cultural and material information, technology, and the establishment of kinship ties through trade networks and intermarriages (SDP Vol.2 Ch.3 2005:2, 3, 12, and 15). As well, it is these settlements by multiple waves over the centuries which placed initial limits on access to resources through circumscription. The first such groups to arrive and intermix with the Vietic populations are referred to as the Sek people.

2.7 ARRIVAL OF THE SEK

About 300 years ago, a group of Tai-speaking Sek people began migrating from Vietnam into Khamkeut, near where the NT2 dam is situated, and onto the Nakai Plateau, where the reservoir is located (Chamberlain 2005:4). Much like the Nha Lang, not a lot is known about the Sek people. During interviews conducted by Professor William J. Gedney in the Sek village of Ban Atsamat, elder villagers referred to an original homeland of the Sek people (Chamberlain 2005:98), most likely located in Quang Binh Province, Vietnam, at old settlements along the Nam Pheo and Nam Noy Rivers (Chamberlain 1998:103). The modern Sek speak two dialects. One dialect is located in the Khamkeut region of Borikhamxay, near the site of the NT2 dam, while another dialect is believed to have originated in the Nakai District of Khammouane, site of the NT2 reservoir and NNT NPA (Chamberlain 1998:100).

There are currently four villages in the Nakai region populated by Sek who still use this dialect. These are the villages of Ban Toeng, located along the Nam Noy; Ban Na Meo, Ban Na Moey, and Ban Beuk, all of which are located along the Nam Pheo, which is a tributary of the Nam Noy, one of the five major river systems that confluences on the

Plateau (Chamberlain 1998:100). These Sek are long time sedentary agriculturalists. In fact, according to villagers at Ban Na Meo, in 1998, they had been living at that same settlement for the last 286 years (Chamberlain 1998:100). In addition to wet-rice production, Sek people also commonly engage in swidden production of upland rice, red peppers, a variety of tuber plants and cotton (Lebar et al. 1964:149). Most Sek villages also contain mangroves of jackfruit, mango, tamarind, banana, grapefruit and lime trees (Lebar et al. 1964:149). Other principal livelihood activities included fishing and hunting. The Sek rely heavily on aquaculture as part of their diet and also hunt wild boar, panthers, civets, wild cocks, and deer (Lebar et al. 1964:149). Domesticated animals include buffalo, pigs and poultry. Villager handicrafts include died cloth, farming tools, weapons and rice alcohol (Lebar et al. 1964:149). Among the Sek, the division of labour is typical to that widely observed across Southeast Asia. Men do the heavy labour tasks associated with the farm, while women weave, help with the weeding and harvesting and maintain the household (Lebar et al. 1964:149).

2.8 INFLUENCE OF THE SEK PEOPLE ON VIETIC GROUPS

The influence of the Sek on the Nha Lang groups in Nakai has likely been extensive, and includes exchanges of cultural information, agriculture techniques, trading in handicrafts, and cementing relationships through marriage. This process of interaction has become increasingly possible as a result of the close proximity of Sek villages to other cultural groups settled in the Nakai region. As an example, one Sek village, Toeng, is currently located near to villages of Brou (Katuic), Kri (Vietic) and the Phong (Vietic) (Chamberlain 1998:101). As well, there are some resettled villages established on the Plateau, such as Sop Hia and Nakai Tai, which contain a mixture of Vietic, Tai (of which

Sek are a part), Lao, Bo and Brou ethnic groups (SDP 2004:2). While today the livelihood patterns of the Sek are practically indistinguishable from the other major ethnic groups on the Plateau (SDP Vol.2 Ch. 3 2005: 12), given that the Sek people have long been wet-rice agriculturalists with a long history of irrigated and terraced rice paddy production (Chamberlain 1998:101), it is clear that the Sek are at least partially responsible for influencing the development of wet-rice and irrigated rice production now commonly associated with type III and IV Nha Lang groups in the region. As the first major cultural group to migrate onto the Plateau, the Sek have had a long history of engagement with the cultural and livelihood systems of the various indigenous Vietic groups of the region. However, while the Sek people may have been the first, they were not the last to influence the development of the area's many cultures.

2.9 SECOND GREAT WAVE OF MIGRATION

Another major wave of migration began occurring around 1875, when large numbers of Tai speakers sought refuge from conflicts exploding in the northern Vietnamese provinces of Houa Phan and Nghe An (Chamberlain 2005:4). These Tai settled mainly in Khamkeut, integrating with or displacing many of the original Vietic inhabitants in the process; while at the same time, Katuic speaking Brou, another group belonging to the Mon-Khmer branch of the Austroasiatic language family, began migrating in large numbers onto the Nakai Plateau, similarly integrating or displacing many of the Vietic groups there (Chamberlain 2005:4). Those Vietic Nha Lang who have been unable or unwilling to integrate sedentary based agricultural practices into their livelihood systems, have instead been largely displaced by these groups. It is likely that these displaced Vietic groups are the same ones found living in what is today the NNT NPA.

2.10 INFLUENCE OF THE BROU

Like many of the Mon-Khmer groups living across Laos, little is known of Brou history. What is known is that the Brou were originally swidden agriculturalists who have been continuously migrating onto the Plateau from southern and eastern Laos (Chamberlain 2005:4) since around 1875 (Chamberlain 2005:4; Boer and Lamxay 2009:3). Most likely, their original homeland is located in Vietnam near the headwaters of the Nam Pheo (Chamberlain 1997:17). Like most ethnic groups living on the Plateau, the Brou tend to supplement their diet with hunting, fishing and the collection of NTFPs, including some products obtained from primary forest lands located farther from the village (Boer and Lamxay 2009:5). Like so many of the other Lao Theung (upland dwelling) groups in the Nakai region, the Brou have proven to be a highly adaptable people. Many Brou groups have become highly skilled rice paddy producers (Boer and Lamxay 2009:3). Today, the Brou can be found across the Nakai region from the border with Vietnam in the Annamite Mountains, throughout the NNT NPA, across the Plateau, and scattered across the downstream valley areas in districts like Gnommolat and Boualapha (Sparkes 2004:11).

Like the Nha Lang groups, Brou livelihoods vary depending on the ecological zones and socio-economic pressures associated with the locations they inhabit. Across the NNT NPA, where populations are small and locations remote, Brou livelihoods primarily consist of swidden agriculture, hunting and the collection of NTFPs (Sparkes 2004:11). On the Plateau and in the lowland areas, Brou livelihoods are considerably more sophisticated, consisting of everything from small business ventures to irrigated rice production. In fact, the Brou have been so successful at adapting to socio-environmental

challenges that today they make up the largest population group on the Plateau (Scudder 2005:38). This highly adaptable nature of the Brou has benefitted them greatly in recent times. Over the past two decades, as the planning phases for NT2 have gotten underway, the Nakai region has seen an unprecedented migration of foreign groups, including other Brou migrating from the southern plains region, various groups of upland Tai-Kadai, as well as the dominant lowland Tai-Lao, arriving on the Plateau in order to take advantage of the increased economic opportunities which the project was expected to generate (Sparkes 2004:9). The arrival and subsequent interactions promoted by these groups within the limited space of a plateau in transition has had an integrative effect on many of the pre-established societies situated on the Nakai Plateau.

In particular, through their economic activities and cultural influence, the Brou and the lowland Tai-Lao have helped to further integrate Mon-Khmer groups into mainstream Lao' society and economy. When groups like the lowland Tai-Lao migrate onto the Plateau, they bring with them extensive knowledge of modern Lao society and the mainstream economy, which influences both the livelihoods and social organization of the Mon-Khmer groups they interact with. In this way, it is fair to say that one of the most dramatic outcomes stemming from the development of the NT2 project is that it has intensified the degree of cultural integration occurring in the region, and in particular, on the Nakai Plateau. The case of the Tai-Bo ethnic group, the second most populous ethnic group inhabiting the Plateau, provides a good illustration of the social, cultural and economic effects of the processes of adaptation, incorporation and assimilation which characterize contemporary life on the Plateau.

2.11 EFFECTS OF CULTURAL INTERACTIONS ON TAI-BO SOCIETY

Anthropologist Stephen Sparkes notes that the Tai-Bo are most likely one of the Vietic Nha Lang groups that over time lost their original languages and adapted a sedentary lifestyle common to other groups on the Plateau (Sparkes 2004:10). The Tai-Bo share many cultural similarities with the other major ethnolinguistic groups living in the area. The language they speak has even been transformed from its original version to one which shares many similarities to the languages of Upland Tai groups which surround the Plateau, including the Phou Thay, Tai Yooy, and Tai Noy (Sparkes 2004:11; SDP Vol.2 Ch.3 2005:8). In fact, the Tai-Bo have been so thoroughly influenced by other major ethnolinguistic groups, including the dominant lowland Lao culture, that they are no longer even considered to be a Vietic culture by the Lao government or NT2 project developers. At the same time, the Tai-Bo still retain some distinctive features of their culture and hold tight to the assertion that they are actually the ‘original’ inhabitants of the Nakai Plateau (Sparkes 2004:10; SDP Vol.2 Ch.3 2005:8).

The ability of the Tai-Bo to integrate social and economic practices of the cultures they have long been engaged with into their own socio-economic and cultural framework while still retaining significant markers of their own cultural identity reinforces the fact that for ethnic groups across the Laotian Highlands, as well as for ethnic groups on the Nakai Plateau, “culture is a dynamic process in which borrowing, adaptation and integration is not a process of ‘acculturation’ entailing a loss of culture and values, but rather a process of change where old and new ideas merge” (SDP Vol.2 Ch.3 2005:12; Wolf 2011:1).

The historical experience of the Tai-Bo and other ethnic groups on the Plateau provides a real life example of a process which cultural development scholar Anne Tsing refers to as “*friction*” (Tsing 2005:4). By friction, what Tsing is referring to is the fact that cultures are continually co-created through the networks of interactions which social groups have developed over time: “all human cultures are shaped and transformed in long histories of regional-to-global networks of power, trade and meaning” (Tsing 2005:3). As the long history of migration and cultural integration on the Nakai Plateau shows, interactions between the many different ethnic groups living on the Plateau has resulted in a process of innovation, adaptation, and incorporation of livelihood and cultural traits which has, more often than not, benefitted all parties. Largely as a result of the cumulative effects of localized interactions between cultural groups taking place atop a relatively isolated Nakai Plateau, according to Sparkes, who has studied the area extensively, it is now possible to think in terms of a “Nakai Culture”, which he describes as, “a kind of ‘melting-pot’ consisting of a shared material culture, common socio-religious beliefs and agricultural practices” (Scudder 2005:38), often reinforced through ties of intermarriage and trade (Sparkes 2004:6). It is therefore, not surprising that NT2 commissioned social and environmental impact assessments have found that there is very little variation in the types of livelihood practices being employed among the various “indigenous”² minority groups on the Plateau today.

More than anything, what the current relationship between ethnic groups living on the Plateau indicates is that these societies are not only capable of changing and adapting

² Ethnic minority groups inhabiting the Plateau qualify as indigenous under the World Bank and Asian Development Bank safeguard policies as a result of having a definite sense of belonging to Nakai, being an economically disadvantaged group living on the Plateau, a strong presence of traditional infrastructure and institutions, and a primarily subsistence-oriented production pattern (Asian Development Bank 2004:18).

to new circumstances and integrating new knowledge into their social and livelihood systems, but they actually have a long history of doing so. This history is well-established across the Laotian Highlands, including the Nakai Plateau, and has its roots in the ancient Indo-Chinese trade circuits which extended across Southeast Asia from China to India, at times even reaching as far as Africa and Rome (Wolf 2011,11-14,19-21). Throughout the pre-colonial period, highland cultures, including those on the Nakai Plateau, participated in these long distance trade networks through intermediaries by exchanging local resources and handcrafts for prestige goods such as bronze gongs and drums, and material information originating from China and India (Wolf 2011: 11)³. The various cultural groups found living on the Plateau today are, in many ways, a product of centuries of mutual influence, and, in some cases, mutual dependence.

At the same time, the fact that Stephen Sparkes was able to identify a distinct “Nakai culture” unique to the Plateau highlights the fact that this area has, despite the long history of migration into the region over the centuries, remained a fairly remote and inaccessible location (until the development of NT2, most villages were only accessible by boat). A result of this relative isolation is that groups living in the region have typically been far more influenced by their localized interactions with one another than through their indirect engagements with geographically distant cultures and economic systems. As the preceding description of cultural engagement on the Nakai Plateau makes clear, the majority of ethnic groups inhabiting the Plateau had historically experienced intense local interactions with the various other cultures established in the area.

Particularly since the colonial period brought an end to what remained of earlier trade

³ For a fuller reading on the historical significance of the process of socio-cultural and material integration and adaptation of Laotian Highlands societies consult *Conceptualizing a Pre-Colonial Highland Laos Ecumene* by Jason Wolf, available by contacting the author at jwolf@uvic.ca.

linkages, it is these local interactions which have defined uses of resources and land, to the point where, as is the case with the Tai-Bo living on the Plateau today, it is often difficult to distinguish between the various ethnic groups based on material culture and livelihood patterns.

What this historical process of exchange and interaction indicates is that the overriding issues determining the ability of Nakai villagers to adapt to the social, environmental and economic challenges posed by NT2 are less related to culture than they are to the accessibility of natural resources such as farming and grazing lands, fishing grounds, and timber and NTFPs. These are the resources which villagers, throughout their history, have always relied on to provide for themselves and their families. With the exception of fishing grounds, these are the resources which are becoming, for the first time in the history of the Plateau, increasingly inaccessible to the majority of resettled villagers.

The following section provides a description of the NT2 project which transitions away from the local level, so instrumental for describing Nakai landscape and population features, to a global perspective that is required to describe and contextualize the project. The account will show that the hydropower project has dramatically altered this local landscape and caused the resettlement of Nakai Plateau villagers.

2.12 NAM THEUN 2 HYDROELECTRIC PROJECT (NT2)

Most of the land affected by the Nam Theun 2 project is in Khammouane province, however, the actual dam, reaching 39 meters in height, is constructed at Keng None along the Nam Theun River in the Khamkeut district of Borixhamxay (Chamberlain 2005:3; SDP Vol.1 Ch.2 2005:1). The reservoir, covering an area of 450km², is located atop the

Nakai Plateau, which is bordered by the Ak Escarpment in the west and the south (Chamberlain 2005:3), while the power station that generates electricity for sale to Thailand is located at the base of the Nakai Escarpment on the Gnommalath Plains, just south of the Plateau (NTPC 2011). NT2 is designed to be a gravity fed hydroelectric producer which will take advantage of the 350m differential between the Nakai Plateau and the Gnommolath Plains to generate over 1070 MW of electricity, 95 percent of which will be exported to Thailand (NTPC 2011; Scudder 2005:34; Lawrence 2009:81; Cruz del Rosario 2011:9). From here, a 27km artificial downstream channel redirects water to the Xe Bang Fai River (NTPC 2011). The NT2 project was designed and constructed by the Nam Theun Power Company (NTPC), which is a consortium of international developers and the Lao government. The main stakeholders are Electricite de France (40%), Electric Generating Public Company of Thailand (35%), and the Lao Holding State Enterprise (25%) (NTPC 2011; Scudder 2005:35).

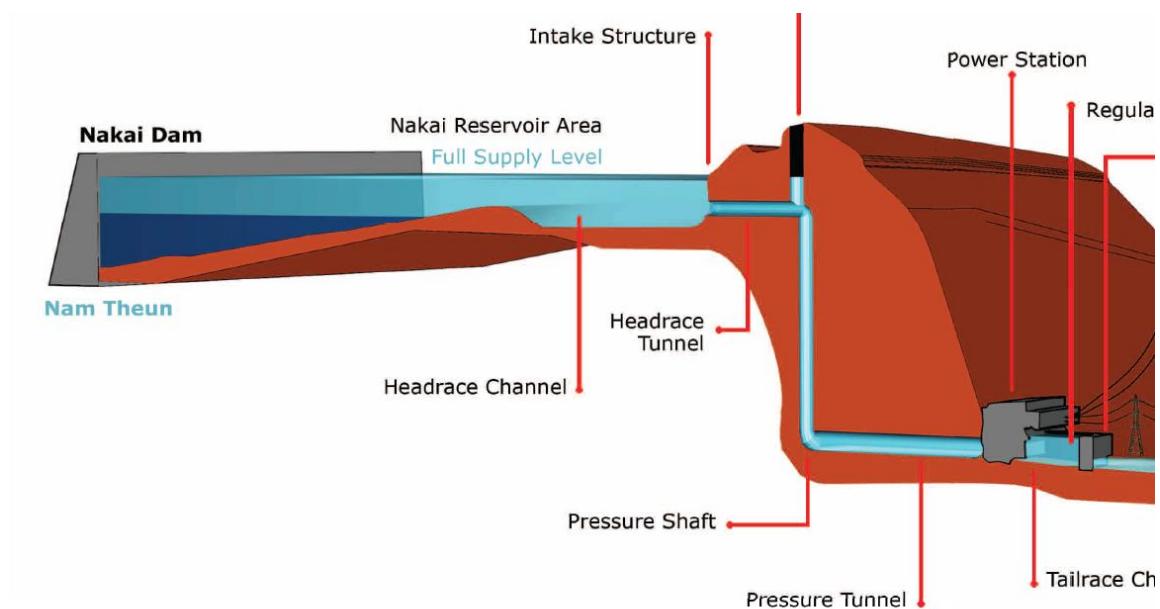


Fig. 2.4 *Nam Theun 2 reservoir and power station components*
 Source: World Bank 2010:6

According to the NTPC official website, the suitability of the Nakai Plateau as an ideal location for a hydroelectric project was identified as far back as 1927, when the Plateau was featured in the French magazine *L' Eveil Economique de l'Indochine* (NTPC 2011; Cruz del Rosario 2011:5). It was not until the mid-1970s, however, that the idea was seriously entertained and the first feasibility studies were undertaken (NTPC 2011). In the mid-1980s the Lao government asked the World Bank to get involved in the project, which it did, beginning with its own round of project feasibility studies conducted by Snowy Mountain Engineering Corporation (SMEC) (Scudder 2005:35; Lawrence 2009:83). This process culminated with a Concession Agreement being signed between the Lao government and World Bank in October 2002 (Lawrence 2009:83; Cruz del Rosario 2011:9), followed by a Power Purchase Agreement (PPA) being signed between the NTPC and the Electric Generating Authority of Thailand (EGAT) in November of 2003 (NTPC 2011; Scudder 2005:38; Lawrence 2009:83-84). Finally, in May of 2005, with all of the necessary agreements in place, financing for the project was secured and construction of the dam broke ground (NTPC 2011; Lawrence 2009:83; Scudder 2005:35).

The project is designed as a build-operate-transfer (BOT) with a concession period of 25 years, during which time the NTPC will operate the dam before transferring the entire project over to the Government of Laos (SESIA 2004:11; Scudder 2005:35; Lawrence 2009:83). It is estimated that the government will generate up to \$2 billion in revenue from the sale of electricity from NT2 to Thailand over the course of the 25 year concession period, which is equivalent to 43 percent of the country's current export generated income (World Bank 2001a in Goldman 2005:193). The NT2 project is a

massive undertaking, not just in relation to the Lao government, but also within the development world. In 2005, when agreement to construct the dam was finalized, in addition to NT2 being the largest hydropower project ever to take place in Laos, it was also the largest foreign investment ever to take place in Laos, the largest internationally financed private sector cross border power project, largest internationally financed private sector hydroelectric project (Lawrence 2009:81), and one of the largest internationally financed Independent Power Producing (IPP) projects in Southeast Asia.

The sheer size, capital investment and technological expertise required to develop NT2 is a huge undertaking for the Lao government in particular, as well as for international developers in general. The total cost of designing and constructing the dam is estimated to have been around \$1.5 Billion USD (Scudder 2005:35; Lawrence 2009:81; Goldman 2005:193), and possibly higher if all the various spin-off projects which have resulted from NT2 are included. For the Lao government, the cost of developing this project is equivalent to about 4 times the country's national annual budget and just slightly less than the country's annual GDP (GOL 1997; World Bank 1997, 1999a, 2001a in Goldman 2005:193). The immense size of the project relative to the state's financial capabilities has led an increasingly vocal coalition of transnational NGOs, scholars and social and environmental activists to question the viability of a project that is going to be so reliant on international funding and technical expertise throughout the course of its life (Evans 2002:216; Lawrence 2009:82,85-86). Throughout the planning and implementation process, debate has continued over how much stimulus the project will add to the local economy once construction has been completed and the NT2 workforce has left the region (Evans 2002:215).

As well, despite Laos high potential for hydroelectric development and growing demand for energy resources from neighboring Thailand and Vietnam, many of these same critics question the long term economic sustainability of the Lao government's national hydroelectric initiative. As the real value of these projects is based on the export revenues derived from selling electricity to Vietnam and Thailand, revenue streams from hydropower are reliant on continued high rates of energy consumption and demand across the region. While strong demands for energy within the region has been the trend over the last few decades, as the Asian financial crisis of 1997 demonstrated, events can change rapidly, and as such, there is a risk associated with being too reliant on extra-national partners to meet national objectives. Thus, the ability of dam construction projects to remain economically productive over the long term is a significant issue affecting the overall viability of this initiative.

The NT2 project has tremendous implications for all stakeholders as well as for the future direction of the Lao government's modernization and nation building efforts. If this project achieves its goals of increasing government revenue streams, improving the living conditions and income levels of resettled Nakai villagers, and successfully providing critical protections for the rare bio-diversity found in the NNT NPA, it will likely serve as a template for future hydropower projects, both across Laos and abroad, particularly if these future projects are being guaranteed by the World Bank and Asian Development Bank. If, however, NT2 fails to achieve these goals, it could have disastrous implications for the local environment and the people living in the Nakai region, as well as severely restricting the likelihood of World Bank involvement in future large scale hydropower schemes. Without World Bank support, it is unclear if the Lao

government would be able to raise the massive capital requirements needed to proceed with the rapid expansion of hydroelectric projects across the country which their nation-building and modernization agenda is based upon. In the next chapter, this research will examine in more detail the motivations and logic of development which is driving the Lao government, Multilateral Development Banks (MDBs) such as the World Bank and Asian Development Bank, and the international consortium of developers, in the form of the NTPC, to undertake such a risky and high profile project.

CHAPTER THREE

MOTIVATIONS OF STAKEHOLDERS PART I: AN INTERNATIONAL PERSPECTIVE

This chapter is devoted to examining the reasons behind why the major stakeholders of the NT2 project: particular NGOs, World Bank, Laos government, and Nakai villagers, chose to participate in its development. The Nam Theun 2 dam is the most prominent site of what is arguably the most ambitious and highly controversial development initiative in Southeast Asia – the government sponsored expansion of hydroelectric dam projects along the Mekong River and its many tributaries. The outcomes produced as a result of its construction have implications for all of the stakeholders involved. As a result, all of the partners have a different set of vested interests in seeing the project achieve the goals it has set going forward. Considering the diverse positions and interests involved, the question arises, what were these stakeholders' motivations for becoming involved in the NT2 project in the first place? This is a particularly significant question considering the evidence indicates that the relationship between these stakeholders is effectively a coalition of unequal partners centered on the World Bank. As the leading partner, the World Bank dominates the dam-building process financially and technologically, as it both guarantees the loans required by foreign investors for the project to take place and has developed a worldwide network of partner organizations in the public and private sector containing the technological knowledge and financial assets without which the NT2 project could not take place.

The World Bank uses this authority in the development process to bring the other major stakeholders into the project in a manner which is most likely to benefit the World Bank and its public and private sector partners, including foreign government agencies

and multinational development corporations. In the case of NT2, most of the loan guarantees received from the World Bank went to pay for the foreign development agencies and private contractors who arrived in Laos to compete for lucrative contracts to build NT2 related infrastructure and conduct social and environmental assessments (Goldman 2005:188). Similarly, the Laos government uses its position as the sovereign authority over the territory of Laos to exert its influence amongst the other stakeholders in pursuit of its own objectives for undertaking the project. In the same way, the coalition of international NGOs involved in NT2, and more generally in the field of hydroelectric development, use their populist support and trans-national network of civil society groups around the world to draw attention to aspects of the dam-building processes that they wish to change. At the same time, Lao villagers use their position as the established inhabitants of project lands as leverage in the negotiation process with the other stakeholder members. The result of this process is that no one stakeholder has absolute control over the development process, nor do they achieve all of their goals necessarily, despite the apparent differentials in power and authority between the World Bank group at the center, and subsistence-oriented Nakai villagers on the periphery of the negotiation process.

Within this framework, this thesis suggests, the development of NT2 is best understood as an organic and constantly changing synthesis of interactions and exchanges involving often competing interests and power bases. Through their interactions, these processes have created both intentionally and unintentionally, outcomes witnessed at resettlement sites on the Plateau today. This chapter examines how these interactions and exchanges taking place between major NT2 stakeholders has, and is, contributing to the

outcomes being produced at resettled villages today. The general method for this part of the analysis is a variant of the actor-oriented approach that emphasizes the significance of stakeholder interactions in its analysis of project outcomes.

3.1 PARTICIPANTS AS ACTORS: AN ACTOR ORIENTED ANALYSIS

Originating from the Manchester school of anthropology, the actor-oriented approach to development seeks to build, from the words of Norman Long, “an ethnographic understanding of the ‘social life’ of development projects – from conception to realization – as well as the responses and lived experiences of the variously located and affected social actors” (Long in Lewis and Mosse 2006:9). An approach which recognizes the agency of each of the stakeholders and uses this understanding to examine the negotiation process and outcomes is most beneficial for this part of the account because it is a technique that shows how stakeholder organizations use their individual agency to influence the outcomes of a project that none of the stakeholders is able to accomplish on their own. What makes the approach so ideal for this analysis is that it was developed out of a recognition that: “A more dynamic approach to the understanding of social change is therefore needed which stresses the interplay of mutual determination of ‘internal’ and ‘external’ factors and relationships, and which recognizes the central role played by human action and consciousness” (Long 1990:6). The account aims to emphasize these dynamics in stakeholder actions.

The crucial point of this analysis lies in comparing the objectives of individual organizations and groups prior to their consultations with each other to those outcomes which have emerged through the strategies and negotiations which have taken place throughout the life of the project (Lewis and Mosse 2006:9). Analyzing stakeholder

interactions on the Nakai Plateau using an actor-oriented approach will hopefully shed some light on the reasons behind some of the discrepancies which have so far been observed between expected outcomes of village resettlement and increased market interaction on the Nakai Plateau, and actual outcomes that have resulted. The discussion will examine different aspects in the following sections.

The first section will examine the role of NGOs in raising awareness of the dangers and consequences associated with the development of large-scale hydroelectric projects. In their efforts at raising the profile of these projects around the globe, NGOs have created a transnational network of civil society groups and other NGOs, connected with local people at proposed dam sites, and pressured international development consortiums with enough force that developers, and in particular Multilateral Development Banks such as the World Bank, have had little choice but to restructure the way in which they undertake these projects so that the World Bank and its development partners are more accountable for the social and environmental consequences of the projects they support (Singh 2009:488; Khagram 2004:10,190; Goldman 2005:182).

In the second section, this chapter looks at how the World Bank and its partners have responded to these challenges. Following the success of the NGO sponsored campaign against the World Bank throughout the late 1980s and into the early 1990s, the World Bank refused to get involved in any large-scale hydroelectric projects, until the Nam Theun 2 project (Singh 2009: 488). NT2 is the World Bank's response to their critics, and represents a far more comprehensive model of development which includes a greater emphasis on the social and environmental components of the dam-building process (Scudder 2005:32). NT2 is the test case for the World Bank and its partners and

is intended to be a model of “socially and environmentally responsible” development for future dam projects (Singh 2009:488), so the success of NT2’s social and environmental safeguards in achieving the objectives laid out during the planning stages has potential repercussions for international developers that reach far beyond the Nakai Plateau.

3.2 INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS (INGOs)

The following information regarding the historical development of an international anti-dam NGO and civil activist movement is largely drawn from the works of Sanjeev Khagram, who has contributed significant research on the relationship between the development of an international anti-dam NGO and civil activist movement and transformations in World Bank development processes. Opposition from NGOs towards large dam projects has a long history that stretches back to the height of the dam-building era in North America and Western Europe in the 1950s and 1960s (Khagram 2004:180). It was during this period that increasingly vocal conservationists, whose primary goal was the preservation of the natural environment, began forging the first coalitions of conservation organizations that have evolved into today’s sophisticated transnational networks consisting of international environmental, human rights and indigenous peoples NGOs, connected to civil society groups from around the world (Goldman 2005:94). While early conservationists opposed dam projects out of a desire to preserve the natural environment, the modern transnational anti-dam movement has diversified their objectives, focusing on a range of issues such as protecting the environment, promoting human rights, and improving government transparency. As Khagram notes, a major concern has involved advocating for more equitable and sustainable water, energy and river basin management programs at proposed dam sites (Khagram 2004:177; Scudder

2005:6-7). Largely through the work of NGOs, these issues all have some level of public attention locally and internationally.

3.3 THE GROWTH OF A TRANSNATIONAL ANTI-DAM NETWORK

Beginning in the 1960s and 1970s with growing opposition to big dam projects emerging across North America and Western Europe, proponents of big dam projects looked to the developing world where “the demand for these projects was still high, anti-dam opposition muted, and democratic and environmental norms less institutionalized” (Khagram 2004:179). This transition of activities by international consortia’s of developers to more favourable dam-building locations across the world stimulated the development of the transnational networks which have proven to be so influential today. In response to the internationalization of the dam-building industry, “European non-governmental organizations, such as the Ecologist, Survival International, Berne Declaration, Urgewald, and the European Rivers Network, increasingly focused their energies on halting big dam projects being promoted by public authorities and private actors in Southern Europe, Eastern Europe, the former Soviet Union, and especially across the third world” (Khagram 2004:180). These groups concentrated their efforts on forging links with local peoples and any existing advocacy groups at the sites of dam projects around the globe while also organizing mass public campaigns drawing attention to dam consortium activities across Europe and North America.

At the same time, in the United States, Bruce Rich of the Environmental Defense Fund (EDF), Brent Blackwelder of the Environmental Policy Institute (EPI), and Barbara Bramble of the National Wildlife Federation gave the first ever testimony to Congress in 1983, highlighting the history of social and environmental impacts of large-scale dam

projects which had been supported by the World Bank, as part of a campaign which came to be known as the ‘multilateral banks campaign’ (Khagram 2004:108). This campaign became highly successful, gathering support and momentum for civil society organizations and the mass public throughout North America and Western Europe and forging transnational linkages with local organizations and communities resisting dam projects in areas around the world (Goldman 2005:95).

As a result of interactions with communities fighting dam projects around the developing world, and building off the success of the multilateral banks campaign at home, NGOs began expanding their objectives beyond conservation of the environment, to include: “involuntary resettlement of communities from dam projects, protection of indigenous peoples’ lands, and accountability and transparency at the World Bank” (Khagram 2004:185). These expanded objectives were the results of knowledge gained through the increasing linkages NGOs were forming with populations situated near proposed hydroelectric sites around the world (Goldman 2005:95). As the case of the NT2 highlights, resettlement to allow for reservoir inundation is an important issue for Nakai villagers, as it is a most significant part of the larger core issue of land security. Prior to these linkages with local communities, these were not aspects of the anti-dam campaigns as they were carried out by conservationists opposing dams in the United States and Europe.

3.4 THE BIRTH OF THE INTERNATIONAL RIVERS NETWORK

This growing awareness of and opposition towards large dam projects across the populations of much of North America and Western Europe combined with an increasingly connected transnational network of anti-dam NGOs and civil society groups

ultimately led to the creation of an ‘International Dams Newsletter’ in 1985, produced by a group of volunteer environmentalists from California. Their intention was to provide a channel through which citizens’ organizations around the world who were working to change dam construction policies could share information and lend support to one other (International Rivers 2012). This newsletter was the precursor to what is today known as the International Rivers Network (IRN), which is one of the primary NGOs (not directly involved in the project) which is observing the outcomes being produced at NT2, drawing attention to any problems or concerns that have developed as a result of project implementation, and ensuring that the NTPC, Lao government and World Bank fulfil their obligations regarding the social and environmental components of the project which they have agreed to in project documents such as the Concession Agreement and in loan agreements with the World Bank.

As Philip Williams, head of the IRN throughout the 1980s and ‘90s, stated in 1989: “IRN had evolved into a structured organization and our vision had expanded and changed. While our analysis of the problem remained the same, we now understood that the destruction of rivers was as much a social and human rights issue as environmental. We started to see the importance of dams as centerpieces of an inappropriate development ideology and realized we could use dam fights as important weapons in a larger war against institutions like the World Bank or against dictatorial governments” (Qtd. in Khagram 2004:188). Accounts show that IRN became an instrumental participant in consolidating a transnational advocacy network throughout the late 1980s and throughout the 1990s which included many leading NGOs across the Northern Hemisphere, along with the Lawyers Committee for Human Rights in the United States,

the Narmada Bachao Andolan in India, the Movimento dos Antigos por Barragens in Brazil, the Assembly of the Poor in Thailand, and many other groups around the world, in order to form a united front with which to reform or stop the process of international dam construction around the world (Khagram 2004:188).

This transnational network had become so effective by the early 1990s that in 1992, then President of the International Commission on Large Dams, Wolfgang Pircher, commented that the dam construction industry was facing “a serious general counter-movement that has already succeeded in reducing the prestige of dam engineering in the public eye, and it is starting to make work difficult for our profession” (Khagram 2004:189; McCully 2001:36). Throughout the late 1980s and 1990s many large scale international dam projects around the world came under intense scrutiny, and as a result, several of the dam projects supported by the World Bank and their multinational corporate partners were cancelled outright or delayed as social and environmental feasibility studies were undertaken (McCully 2001:37-39). As an outstanding case, the eventual cancellation of the massive Narmada projects, located in Narmada River Valley in India, is undoubtedly the most significant example of the growing power of this transnational network of anti-dam advocacy groups, and the principal reason for the heightened profile of the NT2 project across the development world.

3.5 THE COLLAPSE OF THE NARMADA PROJECTS: A GAME CHANGER

The Narmada Projects had all the elements of a controversial major hydroelectric initiative. The scope of the project was massive, involving the construction of 3,000 small and 30 large dams, including the 455-foot-tall Sardar Sarovar and 865-foot-tall Narmada Sagar dams. The project was intended to generate thousands of megawatts of power,

provide irrigation to millions of hectares of farmland, and supply drinking water to hundreds of villages, but would also require the submergence of thousands of villages for the reservoirs, displacing millions of inhabitants, as well as inundating thousands of hectares of forest lands.

There are actually many similarities between the Narmada Projects and NT2 in terms of the social and environmental issues each project faced. In both instances villagers would be required to resettle into new landscapes, incorporate modern infrastructure such as electricity into their lives, and reconstruct their livelihoods in such a way that could compensate for the loss of forests and farmlands now devoted to project processes. One of the major differences is that in the case of the Narmada Projects, due to the incredible size of the project, this would have taken place on an even greater scale. As it turns out, due to the combined strength of local and international opposition to the Narmada projects, villagers inhabiting proposed project landscapes were never forced to adapt to such a project instigated transition.

In 1978 the Indian government gave its formal approval for the dam project, followed by the World Bank the next year, and then the United Nations Development Programme, Japan, and a host of other foreign sponsors shortly after (Khagram 2004:2). Fast forward fifteen years and Japan and other donors withdrew their support as a result of a massive transnational campaign against the Narmada Projects conducted by grassroots civil society groups from across India, supported by an international network of NGOs and grassroots civil society organizations from across the world (Khagram 2004:2; Kothari 2002:236-237). The effectiveness of the campaign against the Narmada projects showed the effectiveness of the transnational network strategy. Civil society

groups within India, supported by transnational networks, were able to pressure local and national government authorities, while their international partners drew attention to the projects at the international level, driving public opinion and putting increased pressure on international developers, foreign sponsors, and MDBs like the World Bank.

As a result of this pressure from the anti-dam alliance, the World Bank agreed to the first ever independent review of a project it was funding (Khagram 2004:2; Kothari 2002:237). The report that followed, chaired by former United Nations Development Programme (UNDP) administrator Bradford Morse, was highly critical of the Narmada project, further eroding international credibility, both in terms of the World Bank's role in supporting the Narmada Projects, and in terms of the manner in which it proceeds with dam construction projects globally (Kothari 2002:237). In the end, with the project facing intense criticism both within India and abroad, it was the Supreme Court of India that finally provided the way out by ruling to halt the project indefinitely (Khagram 2004:2). For the World Bank, the loss of the Narmada Projects to this newly emergent transnational network of NGOs and civil society advocacy groups led to a state of internal crisis. It would be over a decade before the World Bank would become involved in supporting another large scale internationally financed hydroelectric project (Singh 2009:488). When the World Bank finally did resume involvement in these projects, it had transformed itself considerably. Transnational campaigns like the 'multilateral banks campaign' had long been advocating for the World Bank to substantially reform its dam-building processes, and it was quite clear when the World Bank re-emerged to support the NT2 project in Laos that it had both heard these demands, and was prepared to respond. According to Goldman, the result has been the unveiling of a new model of

development which not only silenced its critics, but has simultaneously opened up new markets for its expanded repertoire of products and services (Goldman 2005:182,188). A new era in World Bank development which emphasized the social and environmental implications of the projects it supports was beginning to take shape and the NT2 project was to be its inauguration.

3.6 THE RETURN OF THE WORLD BANK

Considering the complexity of interrelated social, environmental and economic issues which the NT2 project had the potential to create, it was not immediately clear why the World Bank chose to get involved in designing, implementing and financing the project after such a lengthy hiatus from dam-building activities. The anti-dam network which took the World Bank to task over its development practices almost a decade earlier was still very active at the global level and was sure to be very critical of any hydroelectric projects the World Bank attempted to support. Similarly, international public opinion regarding large-scale dam projects had not changed, and in fact, social and environmental concerns associated with their development had only increased. So why then had the World Bank decided to get involved in this particular project?

3.7 THE NEOLIBERAL LOGIC OF DEVELOPMENT

Development scholar David Mosse, in *The Aid Effect*, wrote that today's development policy can be understood as the "convergence of ideas of neoliberal reform, democratization and poverty reduction within a framework of 'global governance'" (Mosse 2005:1). According to Mosse, after the collapse of communism, international aid agencies such as the World Bank became intertwined with neoliberal ideals of unfettered market exchange, and began to re-orient development aid goals towards creating the

conditions within borrowing countries that would encourage increased production for global markets (Mosse 2005:4). According to this neoliberal model of development, the proper role of the state is to secure the optimum conditions for market integration by maintaining social order and a stable investment environment. The role of international aid is to provide borrowing countries with the tools needed to accomplish this objective. In order to accomplish this, development aid is attached to structural adjustment packages which are designed to restructure national economies in order to “harmonize them with the ‘new legal and regulatory superstructure for the global economy’ so as to allow the free movement of capital” (Mosse 2005:4). One of the most effective ways of convincing governments to accept international loans laded with structural adjustment demands that will reshape national governance and economic structures is to provide funding and loan guarantees for major infrastructure initiatives which developing nations do not have the funds or technical expertise to construct on their own.

Prior to the success of the transnational anti-dam advocacy network and campaigns such as the ‘multilateral banks campaign,’ financial and technical support for hydroelectric development projects was viewed by neoliberal policy advocates as one of the most effective methods of accessing a developing states internal social and economic structures. With the collapse of the Narmada Projects, however, it became clear that international public opinion no longer supported what was now popularly viewed as “business as usual” bank style development. The World Bank and its international development partners needed another reason for intervening in the actions and processes of developing countries which would be more acceptable to a skeptical global public audience in order to push forward with their project agenda.

3.8 INTRODUCTION OF THE GREEN NEO-LIBERAL DEVELOPMENT MODEL

The World Bank found this justification under the umbrella of ‘socially and environmentally sustainable’ development (Mosse 2005:3-4; Goldman 2005:193,200; Lawrence 2009:90). By incorporating social and environmental issues such as ‘poverty reduction’ and ‘conservation’ as central components of the development process, the World Bank and its partners were able to redefine and legitimize the NT2 project by incorporating a whole new range of social and environmental protocols which broadly extended the size and scope of the project, in the process further extending the scope of ‘structural adjustments’ which would now be required to ensure the success of the various added components of the project (Goldman 2005:200; Lawrence 2009:90-91). Goldman provides a description of the depth of this process when he states: “the project, from the beginning, was not merely a hydroelectric dam project, as it would have been designed by the pre-green World Bank of the 1980s, but a national project that will consume most of the government’s resources to finance a wide range of components, including new regimes of law, regulation, and management of both the country’s natural resources (its rivers, minerals, forests, wildlife) and the people whose livelihood directly depends on these natural resources (more than half of the country’s population)” (Goldman 2005:154). The World Bank had learned from its past dam projects where it had been effectively criticized by advocacy groups for its perceived lack of concern for the social and environmental components of the projects it supported, as well as for supporting corrupt regimes which violated the human rights of their subject populations.

The World Bank that emerged to support the NT2 project had reinvented its own model of development into what Goldman refers to as the new ‘green neoliberal regime’, which he defines as “*neocolonial* conservationist ideas of enclosure and preservation and *neoliberal* notions of market value and resource allocation find[ing] common cause” (Goldman 2005:184). The NT2 dam was the World Bank’s response to its transnational critics, touted as a ‘flagship’ model for hydropower development which would usher in a new era of environmentally and socially responsible dam projects. According to NT2 developers, not only would this new model provide critical protections for the local environment, but it would also strengthen the Lao government’s capacity to manage future dam projects and contribute to the reduction of poverty levels among local inhabitants through its emphasis on issues such as ‘sustainable resource utilization’, ‘poverty alleviation’ and ‘capacity building’ (Lawrence 2009:85-86).

As Goldman rightly points out, “The environmental projects are the legitimizing vehicle for the dam: without a strong public commitment to environmentally sustainable development, the World Bank and its counterparts would encounter robust resistance from highly effective campaigns to stop ‘business-as-usual’ Bank style development” (Goldman 2005: 201). In fact, according to the World Bank, not only is this new ‘green’ model of development a revolutionary new methodology for designing and implementing major international development initiatives, but the entire project is to be used as a vehicle for introducing critical protections to fragile and diverse ecosystems and marginalized groups across the developing world. In an age where concepts such as ‘environmental conservation’, ‘poverty alleviation’ and ‘human rights’ are hallmarks of the global discourse on development (Lawrence 2009:85; Goldman 2005:184), the NT2

project provided a perfect testing ground for implementing the World Bank's new development model. In the NT2 project, the World Bank had found a weak national government partner heavily dependent on foreign aid and yet entirely committed to the development of the project (Singh 2009:488; Evans 2002:230; Pholsena and Banomyong 2006:73).

More importantly, the project location is one of the most biologically diverse regions of the world which has already come under threat, and is home to some of the rarest and most marginalized social groups known to exist in the world, some of whom are under threat of extinction (Chamberlain 1998:107; Goldman 2005:195). Thus, the stage was set for the World Bank to ride in on its campaign of 'eco-rational development'. The approach was to use the implementation of safeguards to protect the region's fragile ecosystem and more marginalized Vietic groups as a mechanism for transforming government institutions and policy (neoliberal institutionalism). The following section will examine how the World Bank has used the NT2 project to push ahead with its own agenda.

3.9 NT2: A NEW MODEL OF NEOLIBERAL REFORM

In Laos, the World Bank found a development partner which was, in the words of Shannon Lawrence, "a country with a one-party authoritarian government, no independent judiciary or independent civil society organizations, no free press, and a ranking among the world's 25 most corrupt countries" (transparency international 2008; US State Department 2008 in Lawrence 2009:82), while also consistently ranking among the highest in the world on the World Bank's list of "highly indebted poor nations" (World Bank 2010), and lowest in terms of human development by the United Nations

Development Programme (Pholsena and Banomyong 2006:71; Kislenko 2009:5). This was also a government that was eager to undertake a national campaign of dam construction in order to generate the revenue streams necessary for financing its own nation-building and modernization initiative, but which lacked the financial and technical resources to undertake such a massive scheme (Lawrence 2009:82). This left the World Bank in an advantageous position with which to roll out its new ‘socially and environmentally sustainable’ development model which it has spent the better part of a decade working on (Lawrence 2009:82,85).

Considering the Lao government’s poor reputation among international NGOs and civil society groups over its environmental and human rights record, the World Bank could expect little resistance from its transnational critics for demanding the government adopt a series of policy and organizational reforms, ostensibly designed to ensure that it met its social and environmental obligations towards the NT2 project. At the same time however, these structural reforms also served the purpose of realigning government infrastructure and policies towards the neoliberal dominated economic and political mainstream (Mosse 2005:4; Rosario 2011:2), powered by transnational capital and foreign investment organizations: “Even as it sought to appease those concerned with improving the conditions of populations and ecosystems, the World Bank was more concerned about its ability to interest private capital in its new ventures” (Goldman 2005:200).

Seizing the opportunity, the World Bank’s approach to the NT2 project was all encompassing (Lawrence 2009:85), restructuring national laws and government agencies in order to ensure the projects social and environmental objectives remained uninhibited

by contradictory national policy and ineffective national institutions, while also creating the necessary 'environment' to ensure the sustained flow of foreign investment into NT2 required to fund all of these various sub-projects (Goldman 2005:182,200). Through utilizing the discourse of socially and environmentally sustainable development and adopting development policies which responded to the international criticisms leveled against the Bank in the past, the World Bank had actually managed to increase its influence in recipient nations while opening up new opportunities for its other clientele: international capital. In fact, the World Bank's new model of development was proving to be so effective that it succeeded in opening up new opportunities, not just for itself and its international partners, but equally so for many of its most vociferous critics.

3.10 INCORPORATION OF NGOs INTO THE NEOLIBERAL DEVELOPMENT PROCESS

As described in chapter two, the NT2 project, and, in particular, the dam, reservoir and watershed, is located in one of the most biologically diverse regions in the world, containing a range of endangered flora, fauna and ethnic minority communities found nowhere else on the planet (Lawrence 2009:100). This highly complex combination of bio-diverse flora and fauna and distinctive social groups which characterizes the Nakai Plateau and adjoining NNT NPA provided a one of a kind opportunity to the World Bank. The high profile of this region's ecological and human settlement characteristics within global environmental science provided a legitimizing venue which the World Bank intended to use in order to showcase its new social and environmental safeguards (Lawrence 2009:100). Scientists working for international conservation groups had already been arguing that the area's fragile ecosystem may not be able to withstand the intense transformation to the landscape which would take place if the dam project were to

proceed (Goldman 2005:194). Similarly, anthropologist's working for NGOs questioned whether the region's diverse range of Vietic ethnic groups could withstand the deep psychological and cultural trauma associated with resettlement and increased interaction with external populations attracted to the plateau by expected economic opportunities associated with the project (Chamberlain 1995; 1997).

At the same time, the activities of the Lao government in the region over the last decade, in particular the logging of areas of the Plateau slated for reservoir inundation (Dersu & Associates 2007:10; Evans 2002:216), made it clear to NGOs and advocacy groups that the government intended to try to push ahead with the development of NT2 even in the absence of World Bank support. This created a very difficult situation for major social justice and environmental conservation groups such as CARE International, Oxfam, International Union for the Conservation of Nature (IUCN), and the World Conservation Society (WCS). Should they become involved in supporting a project which had the potential to cause so much human suffering and environmental degradation?

The World Bank, eager to expropriate its former critics into its new development model, both for the expertise they could provide in devising social and environmental protocols for the project and for the added legitimacy their inclusion in the project would provide to the Bank's new development model, argued that the Lao government and private capital were going to build the dam regardless, so the only question left was whether the 'international development community' was willing to engage with the project in order to influence the process (Goldman 2005:199). In the end, major NGOs decided that it was better to become involved in the project and attempt to influence the

process from the inside than not participate and have no ability to influence outcomes (Goldman 2005:196).

As indicated by a 1997 letter send from David McDowell, then director general for IUCN, to Patrick McCully, then campaigns director for International Rivers Network, the World Bank's argument had clearly been persuasive: "Having seen the PoE report [the Panel of Experts' report, co-written, coincidentally, by a former senior IUCN official], you will not be surprised to hear that on the environmental side the Groups' view was that the globally important biodiversity hot spot which is the Nam Theun watershed will be most surely protected if the dam is built in association with the Bank than by an unregulated, unmonitored private sector consortium..." (Goldman 2005:197). It appears the World Bank managed to come full circle, as the very social and environmental issues which in the past had led to some of the harshest criticisms being lobbied against the World Bank for its support of international dam projects have become the very same issues which are now legitimizing World Bank involvement in international dam initiatives such as NT2.

Without World Bank involvement in the project there could be no guarantees that the integrity of this environmentally and socially significant region would be preserved. The Government of Laos' poor social and environmental track record at previous dam projects such as Houay Ho, Nam Song, Nam Leuk and Theun-Hinboun, where thousands of villagers still had not been compensated for lost land and livelihoods, suggested that the World Bank's 2004 evaluation conclusions that the Lao government neither had the capacity to implement such a large hydroelectric project nor the commitment to enforce the social and environmental safeguards required to protect the surrounding landscape

and populations were credible (Lawrence 2009:86). The fact that much of the Plateau area had already been degraded over the past decade by government logging corporations and that a previous campaign to forcibly relocate minority communities in the Nakai region undertaken by the Lao government had led to the extinction or near extinction of some Vietic Mon-Khmer groups such as the Atel and Mlengbrou (Rigg 2005:141); that the World Bank as the guarantor for the loans to develop the project was in a position to compel the Lao government to comply with new social and environmental safeguards long advocated for by the NGO community, and that the World Bank was seeking their expertise in developing and implementing those standards and programs to prevent these activities from happening in the future, were doubtlessly all very important factors which contributed to transforming some of the World Bank's harshest critics into development partners.

From the perspective of NGOs and international advocacy groups, becoming involved in the project was simply the best way to influence the outcome of events. As Goldman notes, most of the NGOs working on the NT2 project have a history of working in adverse conditions which they didn't create, and many of these groups had a long history of involvement in administering specialized programs involving areas like sustainable forestry development and resettlement support and training which they believed could be leveraged to mitigate some of the projects most devastating consequences (Goldman 2005:196). By partnering with the World Bank, these organizations obtained the necessary access to resources and project related agency they required to dramatically affect the direction of the development process. And this is exactly what these NGO organizations were able to do: "it is to the credit of NGOs, such

as IUCN, Worldwide Fund for Nature (WWF), World Conservation Society (WCS), CARE, and Oxfam, that conservation, biodiversity, farmer training, and carefully mediated resettlement are central components to the project and to the Laos state's agenda" (Goldman 2005:196).

For the World Bank, involvement in the NT2 project is about reinvigorating itself as a leader in the field of global development, the most powerful vehicle for manifesting the ideological and institutional constructs of the global neoliberal agenda. Whereas in the past, the World Bank has encountered stiff resistance from a highly organized transnational network of NGOs and advocacy groups, who developed largely in response to the World Bank's perceived lack of regard for the environmental and social consequences of the projects it supports, the World Bank of today presents an entirely new image. Developed as a response to its social and environmental critics who effectively forced the World Bank out of the international dam construction business for almost a decade, the NT2 project represents the unveiling of a new model of 'socially and environmentally sustainable' development which has so far proven successful in not only responding to the demands of its former critics, but also in drawing many of them into the dam-building process as development partners. For the World Bank, the reasons for choosing the NT2 project to unveil their new approach to large-scale dam projects are clear. The social and environmental realities of the Nakai region and the dependence of the Lao government on foreign development aid provided the ideal conditions to implement the Bank's new model. The next chapter focuses its investigation on local level stakeholders. In this chapter, both the Lao government and Nakai villagers'

motivations for participating in the NT2 project are analyzed and their role in influencing the outcomes of the resettlement process on the Nakai Plateau discussed.

CHAPTER FOUR

MOTIVATIONS OF STAKEHOLDERS PART II: THE LOCAL VIEW

Part II of this inquiry describes the motivations of stakeholders at the national and regional levels. The first section of chapter four looks at the motivations of the Lao government for participating in this project. One of the outcomes of the World Bank's new development model is that the Lao government actually has less control over the NT2 development program than they have had over any development project in Laos in the past. In order to meet World Bank criteria for securing loan guarantees for the project, they have even been required to reorganize entire government departments and pass new laws meant to align national laws with 'international norms' under the package of structural adjustments demanded by the World Bank (Goldman 2005:182; Singh 2009:487). For the Lao government, the NT2 project is also a test case, in order to determine if this model of development in which the state becomes increasingly intertwined with neoliberal ideals of global governance is worth the benefit it can potentially provide in terms of foreign investment for its nation-wide hydroelectric program, or whether other sources of funding should increasingly be sought.

The second section identifies the motivations and challenges of participation in NT2 faced by Nakai villagers who have been resettled to the banks of the Nakai reservoir. This section focuses on what villagers hoped to achieve by participating in NT2, what degree of opposition existed towards participating in NT2 among villagers on the Plateau, and what types of outcomes and challenges remain for resettled villagers. The core question which this section asks is, are resettled villagers well-positioned from

their negotiations and interactions with NT2 developers to achieve from resettlement the types of benefits which they were hoping to obtain?

4.1 MOTIVATIONS OF THE LAOS GOVERNMENT

Beginning in the 1980s, with the weakening and eventual collapse of the Soviet Union, the Lao government, desperate for new sources of trade, aid and methods of generating revenue streams, began the long process of transition from a state-centered to a market-driven economy (Rigg 2008:705). This is most clearly evidenced by the steady transition to the global market economy encapsulated in the 1986 adoption of a new policy framework called the New Economic Mechanisms (NEM), in Laos *Chin Thanakaan Mai*, which translates roughly to “new thinking” (Rigg 2008:704-705; Ireson-Doolittle and Moreno-Black 2004:50). As Jonathan Rigg notes, the NEM is a formula for progressively opening up the Lao economy that mirrors the Washington consensus, which is a blueprint designed exactly to help national economies integrate into the mainstream market economy (Rigg 2008:704-705). The central features of the NEM include a movement towards market determination of prices and resource allocation, alignment of currency to market rates and introduction of monetary controls, an encouragement of the private sector and an encouragement of foreign investment (Rigg 2008:705). During this period, the Lao government’s transition to a market-driven economy was motivated more by practicality than by agreement with the liberal ideology. There was a recognition that the neoliberal development model, exemplified by the World Bank and its international partners, was the only available mechanism for attaining the revenue streams necessary for financing the government’s larger nation-building and modernization agenda (Goldman 2005:201).

For the Government of Laos, the question was never whether the NT2 project should proceed, but rather, what was the best method of moving it forward. Due to the lack of financial, technical, material and human resources within the nation, it was never a possibility for Laos to develop the NT2 project on its own. As mentioned earlier, the country is consistently ranked as one of the least developed and highly indebted nations on the planet by World Bank and UN global indexes (World Bank 2010; Lawrence 2009:82). In response, the government set an ambitious target of raising the nation out of Least Developed Country (LDC) status by the year 2020 (Lintner 2008:171). Based largely on the advice of international development institutions like the World Bank, IMF and UN, the Lao government has increasingly looked to the development of hydropower as one of the best options for creating the revenue streams necessary to achieve this objective (Pholsena and Banomyong 2006:87; Goldman 2005:194).

Hydropower is seen as the best option to accomplish the government's larger nation-building and modernization goals for a few reasons: Laos has an immense hydroelectric potential resulting from the flow of the Mekong and its tributaries throughout the country, there is strong and increasing demand for hydropower from Laos' neighbors, especially Thailand, Vietnam and China, and the electricity produced can also be used to electrify the rural countryside and in the process help integrate rural people and livelihoods into the national economy. It is as a result of these factors that the hydroelectric initiative represents a cornerstone of the government's nation-building and modernization efforts.

4.2 FUNDING NT2: THE LAOS GOVERNMENT SEEKS WORLD BANK PARTNERSHIP

The problem that the Lao government faced was how to obtain the necessary financing, technical expertise, and construction materials to undertake such a large initiative (Goldman 2005:189). Due to its massive size and foreign investor uncertainty and unfamiliarity with the Lao government, a 100 percent privately financed project was unlikely. Investors and private sector developers could only be convinced to get involved if international agencies like the World Bank and Asian Development Bank were prepared to step in and secure loan guarantees for NT2, thus mitigating their potential exposure to some of the risks associated with the project (Rosario 2011:3; Lawrence 2009:82). For this reason, the World Bank, the largest and most prolific development organization world-wide, was contacted by the Lao government and asked to participate in the project.

That the Lao government did so with full knowledge that it would be required to make significant concessions to its sovereignty, including restructuring government institutions, enacting new laws and legislations, and subjecting itself to resource and time intensive social and environmental mitigation measures which even dictated how the government would be able to spend project revenues, highlights the degree to which the Lao government was already invested in the transition to a neoliberal market-driven economy and dependent on foreign aid to sustain its operations (Lawrence 2009:82,89; Singh 2009:487). At the same time, however, World Bank involvement has also provided some opportunities for the Lao government to achieve its other nation-building objectives, including providing a legitimizing and normalizing development framework (Lawrence 2009:85), which the government utilized to encourage integration of rural

communities into mainstream Lao society and the economy, a key goal of the Lao government's own nation-building objectives (Rigg 2009:713).

4.3 DRAWING RURAL COMMUNITIES INTO THE NATIONAL ECONOMY

One of the main processes involved in developing the nation's economy is to incorporate previously remote, subsistence-based communities into the broader regional, national and international market economy (Rigg 2008:712). As scholars such as Rigg, Ireson-Doolittle and others familiar with Laos have pointed out, most of the population lives in rural areas which, until recently, have remained relatively autonomous from the state and mainstream national economy (Ireson-Doolittle and Moreno-Black 2004:37). On the Nakai Plateau, for example, prior to the NT2 project, of the 17 villages to be resettled, eight had no road access, and some were only accessible by boat (World Bank 2010:9). However, starting in 1986, as the national government, with the support of MDBs such as the World Bank and Asian Development Bank, began moving from a state-centered economic system to a free market economy, the incorporation of the rural populations has been seen as increasingly critical by the state (Rigg 2008:713).

One reason for this is that, both the state and international donor agencies such as the World Bank and UNDP argue that remoteness and lack of access are important causes of poverty in rural areas (Rigg 2008:713). Another reason is basic nationalism, in the sense that as Laos continues to move into the global arena, rural integration will help to bolster the legitimacy of the national government over the territory and people of Laos in the eyes of the international community. As Jonathan Rigg points out, the nation of Laos has, in the past, tended to be overlooked by development policy makers and scholars due to its previous international insignificance and the perception that the creation of Laos as

a nation was little more than a “cartographic accident” of the colonial period (Rigg 2009:703). Only since the Lao government signaled its intention to open up its economy has the realization of the globally significant resource abundance contained in the national landscape garnered more attention internationally (Scott 2009:11).

As the state governments’ control over valuable resources expands into increasingly remote areas, the concept of a shared national identity between hill populations living in the previously isolated rural communities and mainstream Lao society has taken on added significance (Rigg 2008:713; Scott 2009:11). Without a legitimate role in rural communities, it is difficult to be seen, both in the eyes of international developers and rural villagers, as the legitimate custodians of the land and resources of the countryside. The most effective method of achieving this sense of shared identity in rural regions the government has previously had little or no presence in is to draw hill groups into the mainstream market economy. By removing the autonomous functioning of the social and economic systems of rural communities and replacing it with state authority, the Lao government is better able to influence rural populations and bring the natural resources under their control (Scott 2009:11).

The majority of the rural population of Highland Laos, until recently, has been living in the countryside with mainly subsistence livelihoods. Generally in Southeast Asia, incorporating rural communities into the national economy has been seen as one of the changes required to grow export production, increase GDP, and establish a tax revenue base, to be generated from these newly incorporated “subject” populations (Scott 2009:4). Goldman alludes to this process of subject creation when, in reference to the potential for hydroelectric development across the Greater Mekong Sub-region (GMS)

(Laos, Cambodia, Myanmar, Vietnam, Thailand and China) which the NT2 project and its accompanying 'eco-rational' development model are intended to kick off, he writes: "If these plans are carried out, hill dwellers in these six countries will become the agro-industrial workforce in the newly irrigated and electrified plains *and* a new population of eco-rational natural resource managers" (Goldman 2005:192).

This form of neoliberal development logic is also nicely encapsulated by Noritada Morito, a director for the ADB in 1996, when she stated: "We may need to reduce the population of people in mountainous areas and bring them to normal life" (Goldman 2005:192). Morito then went on to clarify that the ADB has targeted hill dwelling groups such as those which are found on the Nakai Plateau precisely because "these people are not part of their national economies" (Goldman 2005:193). Through increasingly connecting hill groups to markets, the state is attempting to capture the export value of the products developed by these hill populations as a means of increasing government revenue streams, which state and development representatives argue are required to finance other development initiatives.

According to World Bank, NTPC and Lao government representatives, the revenue generated from the sale of electricity that is produced and exported from these hydroelectric generating facilities is to be re-channelled into other infrastructure projects such as road networks, health care facilities, education centers and other related infrastructure designed to improve the lives of villagers by incorporating them into the mainstream economy where they can reap the rewards of modernity and a technologically based lifestyle (World Bank 2010:10). This is reinforced in policy and project update documents like the NTPC produced Social Development Plan and World Bank produced

NT2 Resettlement: Taking Stock at the Halfway Point (World Bank 2010:10; SDP Vol.2 Ch.1 2005:12-22). By continually reinforcing this message the Lao government is attempting to legitimize its attempts to incorporate rural populations into the mainstream social and economic structures. This more sophisticated approach to positioning rural communities into the national infrastructure is a quantum leap forward from past tactics employed by the government and shows their ability to understand, adapt and leverage modern global processes in a manner which also fulfills their own nation-building and development ambitions.

Earlier attempts by the government to forcibly incorporate rural areas, usually through campaigns of forced resettlement, into mainstream society, had often led to negative results with sometimes disastrous consequences, particularly in cases involving the countries various ethnic minority populations. On the Nakai Plateau, earlier instances of forced resettlement and the subsequent destruction of many of the regions Vietic minority groups has been documented by anthropologists such as Chamberlain and Sparkes (Chamberlain 1998:107). The outcome of these activities had led to criticism of the Lao government for its policies of forced relocation, thereby undermining its position on the world stage, while politically weakening it at home. Now, thanks to the involvement of international development partners like the World Bank, a new type of development logic has been deployed which is capable of achieving a far greater integrating effect on rural populations than the government had previously been able to accomplish, and without the negative connotations. The next section examines the objectives of the Nakai villagers in agreeing to engage in the negotiations with NT2 developers and what villagers expected to achieve through participation in the project.

4.4 MOTIVATIONS OF NAKAI VILLAGERS FOR PARTICIPATING IN NT2

Beginning in 1996, Nakai villagers began engaging in a series of consultations and negotiations with the World Bank and the NTPC development consortium undertaking the project (SDP Vol.1 Ch.4 2005:1). While it is likely the case that some villagers and groups of villagers did not approve of the project, there is very little indication in the literature to suggest that there was a serious attempt to oppose it throughout the planning and construction phases. Rather, it seems that most Nakai villagers recognized the political reality of the situation and, rather than attempt in vain to stop the progression of the project, focused their energies on maximizing their post-NT2 social and economic positions through their negotiations with government and NT2 project officials.

Groups such as the Brou and the lowland Tai-Lao that possessed a great deal of experience interacting with foreign groups as well as the market economy, were the most successful at forging material gains. Other groups that had already begun recessing deeper in the NNT NPA, such as some of the Vietic groups who were hesitant to integrate with other ethnic populations on the Nakai Plateau, became disadvantaged. This is evidenced by the dominance of some Tai-Lao and Brou villagers in off-farm and market-based activities associated with the development of NT2 over the past decade. What is also clear, however, is that the involvement of the World Bank in the project did have an influence on the lives and livelihoods of all villagers involved in the resettlement process.

As previously described, the social and environmental components of the NT2 project were developed in response to previous NGO and civil society criticisms which had successfully amassed widespread public opposition to World Bank involvement in

international hydropower projects. The Nakai villagers living on the Plateau who would need to be resettled in order for the project to move forward were, in large part, the social component which the Bank had been so heavily criticized for neglecting in the past. The land in which they live off of is the environmental component. As such, the success of the NT2 project's social and environmental safeguards in significantly increasing villagers' income levels and quality of life (SDP Vol.1 Ch.1 2005:12) at resettlement locations was vital for legitimizing and justifying World Bank involvement in NT2, as well as for the continued implementation of the Bank's new 'environmentally sustainable' development model at future hydropower sites.

Because of these macro-level concerns, Nakai villagers were in a far more advantageous position for negotiating terms for resettlement than villagers at previous hydroelectric projects across Laos. As a result, Nakai villagers had a real opportunity to leverage their positions as inhabitants of the NT2 project location, in order to obtain concessions from the development consortium which no resettled communities were able to achieve in the past. Even before negotiations began taking place, villagers were bombarded by promotional materials promoting all the potential life enhancing products and services which they would have access to as a result of the NT2 project.

Impact assessment reports commissioned by the World Bank indicated that villagers could expect to benefit from access to new roads, village water pumps so they would no longer have to walk great distances, increased sanitation infrastructure, schools for themselves and their children, access to modern health services, village electricity, education in technologically based agricultural techniques and a World Bank commitment to raising villagers' incomes to at least the national poverty line over the

next five years through a newly developed suite of “resettlement livelihoods programmes” specifically designed for conditions at the resettlement sites (World Bank 2010:10; SDP Vol.2 Ch.1 2005:12-22).

At the same time, the Laos government worked to reinforce the potential of the NT2 project for improving life on the Plateau, highlighting the significance of the revenue generated from the sale of electricity for funding other infrastructure projects such as road networks, health care facilities, education centers and other related infrastructure which would further increase the quality of resettled villagers’ lives (World Bank 2008; NTPC 2005). There would be a trade-off however. Resettled villagers would be required to adapt a new way of living and making a living, as old livelihood practices would no longer be sustainable due to the creation of the reservoir and watershed areas.

In reality, what Nakai villagers were negotiating prior to resettlement was the transformation of their livelihoods from a primarily subsistence-dominated to a primarily market-oriented production pattern. As the NT2 developers acknowledged in their Social Development Plan, “The most challenging aspect of the resettlement program will be achieving a successful transition from a subsistence livelihood pattern to a more market-oriented local economy, which is key in the livelihood development strategy” (SDP Vol.1 Ch.1 2005:16). Under this model, income earned from the sale of their products would be used to import materials and products which could no longer be derived locally. To be fair, for Nakai villagers, this model of livelihood production did have an appeal in that most villagers do have a genuine desire to access the modern products and services highlighted in World Bank, NTPC and Government of Laos briefing and assessment reports, as well as throughout the consultation and negotiation process.

During interviews conducted with a *Time* magazine reporter in March of 2005, scholar Sarinda Singh, who had agreed to act as translator for the magazine's correspondent, reports that during the course of their visit to the Nakai Plateau they talked to a number of people in a village that was situated along the Nam Theun River, all of whom expressed “their desire for the dam, village resettlement and the livelihood changes it would bring” (Singh 2009:498). According to Singh, one woman, when told by the reporter “We are interested in finding out how people really feel about the move to the new village and if they are sad to leave this beautiful place?” responded by saying: “I am satisfied [*pho chay leo*]. I can leave tomorrow or even today! I have seen this place already, I want prosperity [*yak khuam chaleun*]. People have come to explain already. They will build a new village with new houses, water, electricity, toilets. The whole area will be flooded; they said we will grow vegetables. I want to live in a new house! We understand, we agree already” (Singh 2009:498). The testimony provided by this now resettled villager indicates that on the Nakai Plateau villagers have been informed through their consultations with World Bank, NTPC and Lao government authorities of both potential positive and negative effects of the dam project. Despite villagers’ awareness that the inundation of the reservoir will result in reduced land available for subsistence activities, the desire of most Nakai villagers is that the project be allowed to proceed.

Part of the reason for this apparent willingness to trade local land security for access to modern products and services appears to be linked to the comprehensiveness of the negotiations that took place prior to resettlement. During the consultation phase villagers had the opportunity to voice their concern over the proposed resettlement

process. The issue that was cited as the most common concern for villagers during the 1998 round of consultations was food security (SDP Vol. 2 Ch.6 2005:2). This was also the main concern for NT2 developers at that time, as they noted that this was the most challenging aspect of creating new livelihoods' programmes for resettlement villages because "the concern with food security is so central but cannot be met completely without cash income" (SDP Vol.2 Ch.5 2005:5). No matter what model was constructed it would necessitate that villagers adopt a new set of core practices that interfaced more directly with the market economy. For those villagers who lack previous experience interacting in the market economy, this process tends to have a destabilizing effect on livelihoods and social patterns.

As a solution, NT2 developers attempted to incorporate already practiced livelihood activities into the resettlement livelihoods model, such as livestock raising, gardening and growing fruit trees, with the idea that much of the production would be sold to market (SDP Vol. 2 Ch. 6 2005:2) As the SDP notes, this generated a positive response from villagers: "The communities are accustomed to exchanging forest products and buffalo to make up deficiencies in rice production. Hence, promise of gardens, fruit trees and livestock in their new lives helped to create some impression of food security which was familiar, building on their existing practices" (SDP Vol. 2 Ch. 6 2005:2). Due to World Bank social safeguards which demanded that villagers be involved in the planning and implementation of the resettlement process, villagers and NT2 developers were able to develop a new livelihood model based on long-standing core livelihood practices of villagers. As a result of these negotiations, villagers were left feeling more confident in their ability to reconstruct their livelihoods after resettlement. Interactions

such as these helped to win over villagers, who by the end of the negotiation process were largely in favour of proceeding with the NT2 project, despite the fact that they would be uprooted from their lands and forced to engage in new methods of creating a livelihood in the process. Furthermore, as the ABC documentary *Amazon of Asia* illustrates, even without the added protections of World Bank mandated safeguards programs, the potential livelihood improvements that can be accessed through large-scale hydroelectric projects has led to cautious but widespread support for these initiatives.

4.5 APPEAL OF HYDROPOWER DEVELOPMENT IN RURAL LAOS

Deep in the south of Laos, in the 4000 islands region of Si Phan Don, issues of local versus global access, or access to land versus access to markets, are being debated by another group of villagers who are currently situated at a proposed dam site. In an interview with ABC News correspondent Zoe Daniels, a local village chief named Kammouvan Panboon describes his understanding of the dilemma faced by Laos' hydroelectric powered march to development. It is a description which for me, is reminiscent of the conversation I had with my own guide back in Phonsavan in the summer of 2008. Panboon said, "I'm worried about the environment, but building dams is good for the country. I don't blame them [government] and I can't stop them. I want our village to have electricity and lights. I'm happy about this if they can really do it" (*Amazon of Asia*). To this researcher, it seems clear that, although there is a great concern for the condition of the environment across Laos, there is also cautious but widespread support for the government's hydroelectric and broader modernization agenda. This has been expressed to me through my personal interactions with my Laotian guide during a night of conversation in the north of Laos (Phonsavan), in the center of

Laos by Nakai villagers, and in the south of Laos through the village chief interviewed by Zoe Daniels (Si Phan Don).

While it is apparent that the majority of rural Lao villagers understand the potential benefits hydropower can bring, and even, in the case of the Nakai Plateau, have clearly demonstrated an awareness of the potential repercussions on pre-established livelihoods, as the case of another village already resettled in order to make way for a different hydropower project, the Theun Hinboun dam, makes clear, understanding the potential consequences of dam-induced resettlement on livelihood patterns prior to resettlement, and finding solutions to them after relocation, are two very different things. The case of the Theun Hinboun dam highlights this potential disparity.

Construction on this project, including village resettlement, has already been completed, and the dam has been operational since 1998 (Evans 2002:216). Villagers moved into newly built villages complete with electricity, water pumps and new educational and health care centers (Amazon of Asia). All the trappings of a modern lifestyle, including TVs, fridges, and stereos were made available to these newly resettled villagers. At the same time, resettlement also meant that villagers were now living much farther away from their fields and animals, and from the river where they used to catch fish (Amazon of Asia). At the resettlement location, there are not enough resources in the landscape to survive on. Many villagers are finding it difficult to adjust to a new market-based approach to livelihoods, and some villagers are still unclear as to what additional market-based livelihoods may be available to them. Village meetings are now consumed with finding answers to the questions of how to deal with the increasing costs of living

and what the community can do to develop new sources of income closer to home (Amazon of Asia).

In a 2010 interview with Zoe Daniels, one of the villagers resettled for the Theun Hinboun dam, a man named Chang Pa summed up the situation, “he says he likes his connections to the modern world, but worries about an income. The food he used to grow or catch now has to be bought at the market: ‘I’m concerned because we used to live around this area, and rely on nature for our living, and we never spent money on living. Now if we don’t buy, we can’t eat’” (Amazon of Asia). The experiences of Chang Pa highlight some of the difficulties associated with relocation even in circumstances where villagers are aware of the types of changes to the local resource base that can be expected. As one NTPC representative stated on camera for the documentary: “Making sure that people can earn money from the land; that is where the real challenge lies. It’s going to take a long term investment” (Amazon of Asia). Given the uncertainty involved in the transition from subsistence to market-based livelihood practices, it is unreasonable to assume that all villagers can improve their prosperity through market activity after resettlement.

To be fair, there are some important distinctions between the resettlement process which took place for the Theun Hinboun Hydropower Project, and the negotiation process which is unfolding on the Nakai Plateau. In the case of Theun Hinboun, the World Bank was not involved and therefore the social and environmental safeguards demanded by the World Bank, including the involvement of villagers in all aspects of the resettlement process, were not a part of that project. As a result of these World Bank instituted safeguards, villagers on the Plateau played a major role in designing their new

villages, developing new resettlement livelihood programmes, and choosing the location of resettlement villages. In the case of the Theun Hinboun resettlement process, villagers had no say in the location of the resettlement villages, which is most likely one of the major reasons that these villagers found themselves living in an area of few resources and very far away from their lands, animals and rivers; a fate which is causing so much anxiety today. In the case of NT2, not only did villagers have a say in the location of resettled villages, they actively participated in designing them.

4.6 NAKAI VILLAGERS NEGOTIATE RESETTLEMENT

In accordance with World Bank policy, Nakai villagers consulted with NT2 professionals in the fields of forestry, agronomy, agricultural economy and reservoir fisheries in order to determine suitable locations for resettlement and to develop a new suite of livelihood options for use at resettlement locations which took into account the realities of resource availability and historical production processes of villagers (World Bank 2010: 11).

These preferences for relocation site attributes were then divided into the categories of agricultural, socio-cultural and resource based considerations (Asian Development Bank 2004:163). Combined, these three categories of preferences drove the resettlement process, as the NTPC and its development partners concentrated their efforts on finding suitable areas for resettlement which contained these features.

According to the NT2 developers, the main features villagers desired for resettlement locations was easy access to the reservoir for fishing and irrigation, and soil of a high enough quality that it would be capable of supporting crops and possibly even growing rice paddy (agricultural concerns) (Asian Development Bank 2004:163).

Villagers also preferred resettlement locations to be as close to the old village as possible

so that they could remain connected to the prominent cultural symbols of the community such as spiritual areas and customary boundaries (social concerns) (Asian Development Bank 2004:163). This was the main reason why resettlement villages were not built in the low lands downstream from the Plateau, where villagers would have enjoyed access to large segments of nutrient rich lands. Other preferences included village incorporation into the new road network being constructed across the Plateau, so that villagers would be able to more easily access markets and other support services, in addition to the reservoir, forest lands and grazing areas (resource concerns) (Asian Development Bank 2004:163). Utilizing this information, NT2 experts and Nakai villagers undertook the search for suitable locations for resettlement villages (World Bank 2010:11).

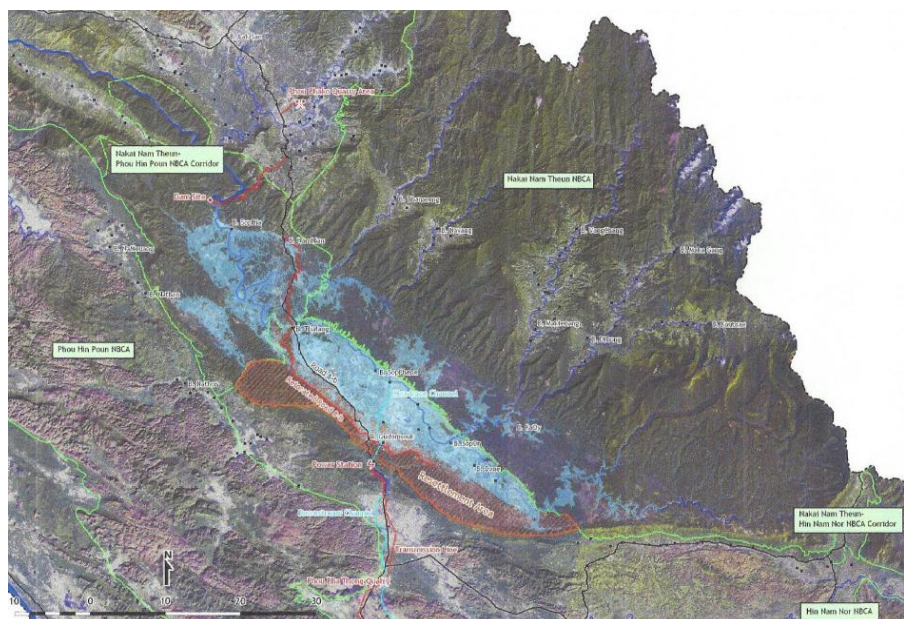


Fig. 4.1 *Location of resettlement area along the Nakai reservoir*
 Source: SDP Vol.2 Ch.1 2005:5

This process led to the identification, in 2003, of the southwest shoreline of the reservoir as an ideal location for resettlement and the creation of the resettlement livelihoods programmes, consisting of activities ranging from agriculture and livestock,

timber and non-timber forest products, reservoir fishing and wage and off-farm economic activity (World Bank 2010:15-27). At this point, the full extent of the transformations in villagers' social and economic identities resulting from the negotiations and interactions villagers have undertaken with the Lao government, NT2 developers, and outside communities who now regularly access the Plateau has yet to be fully revealed. However, given that the NT2 project is intended to be used by both the World Bank and the Lao government as a model for future hydropower projects, there remains a great need to monitor how actions taken by development partners at NT2 are affecting the re-establishment of livelihoods and identities at resettlement villages, in order to promote those policies most effective in aiding this process, while also drawing attention to those aspects of the government's dam construction initiative which are shown to have a destabilizing effect on resettled communities and the surrounding landscape.

The next chapter provides an account of the post-resettlement period after villagers were relocated to new landscapes, in order to describe and analyze the outcomes of the resettlement livelihoods' programmes that are a result of the negotiation and resettlement process. The main concern is to assess the extent to which these programmes have achieved the outcomes for resettled villagers that the World Bank, Lao government and NTPC assessment reports and negotiation agreements have indicated could be expected. Unlike in past dam projects undertaken across Laos and elsewhere, not only was access to modern infrastructure, products and services promised, but so was the establishment of new technology and market-based livelihood activities which would raise villagers' incomes to beyond the national poverty level within five years. As reservoir inundation and village resettlement was completed in the fall of 2008,

observations made in 2011 bring the findings close to the first five year post-resettlement interval, and indications are that, in this time some villagers have increased their incomes well beyond their pre-resettlement levels; however, a substantial number of villagers are not on track to meet that goal, and some villagers are attaining even lower incomes than they made prior to resettlement.

CHAPTER FIVE

OUTCOMES OF RESETTLEMENT LIVELIHOODS PROGRAMMES

The purpose of this chapter is to examine the outcomes resulting from resettlement and implementation of the NT2 development consortium – Nakai villager negotiated livelihood activities at NT2 resettlement sites, in order to determine if the World Bank's new model for developing hydropower has achieved the results which NT2 developers and Nakai villagers had been anticipating, now that the livelihood development process has been completed and the implementation phase begun. This chapter gauges the success of the World Bank's new safeguards by analyzing the outcomes of the new resettlement livelihoods programmes for reconstructing Nakai villagers' livelihood systems at resettlement villages against the expectations created during the negotiation process, in order to determine if the NT2 project has been able to overcome the challenges to villagers' livelihood systems associated with changes in the resource base at resettlement sites. The methodology for this chapter includes a description of the resettlement livelihoods programmes developed through the negotiations between the NTPC and Nakai villagers for use at resettlement villages. It begins with an overview of the challenges villagers encountered in implementing these new livelihood activities, and then makes a comparison of the actual observed results against the predicted outcomes, alongside an analysis of the implications for any discrepancies which have occurred between the two. The discrepancies in expectation and result provide a basis for discussion of the consequences of the project for local populations.

5.1 RECONSTRUCTING VILLAGERS' LIVELIHOODS

The NT2 livelihood restoration programmes are the result of the consultation and negotiation process between NT2 developers and Nakai villagers prior to reservoir inundation and villager resettlement in 2008. The main livelihood categories which this programme utilizes are the development of agriculture and animal husbandry, timber and non-timber forest products cultivation, reservoir fishing and off-farm economic activity. The goal of these livelihoods programmes is to develop a range of economic options capable of providing the necessary opportunities for all resettled households to become economically self-sufficient through combining livelihood methods from each of the categories together to create livelihood systems suited to each household's particular needs and skills (SDP Vol.2 Ch.16 2005:1). These programmes are designed to fuse previous livelihood practices with modern technology-based production techniques.

According to this vision, the role of NT2 developers is to support villagers by providing technical assistance, access to resources and improvements to infrastructure such as roads, markets and modern tools, in order to facilitate the movement of villagers' livelihoods away from subsistence and towards market-oriented practices. The above listed core livelihoods programmes represents the foundation on which the re-establishment of villagers' livelihoods at resettlement villages is based upon.

5.2 NGO FIELD STUDIES OF RESETTLEMENT LIVELIHOOD PROGRAMME OUTCOMES

In 2008 and again in 2010, NGOs such as International Rivers based out of California and Mekong Watch based out of Tokyo, undertook field studies on behalf of the NGO community operating in Laos, in order to ascertain how rural villagers in the Nakai Plateau were adapting to the new livelihood programmes after resettlement. The results

of these studies highlight the fact that reduced accessibility of land for livelihood activities at resettlement sites remains the dominant obstacle for villagers attempting to adapt their livelihood patterns to resettlement sites on the Plateau (Mekong Watch 2010:3; International Rivers 2012:5-7). Due to the re-categorization of the NNT NPA as a protected area and the inundation of the 450km² reservoir across much of the Plateau landscape, villagers no longer have sufficient available land to engage in pre-established forms of rotational cropping, livestock grazing and the supplementing of their material requirements with timber and NTFPs (Mekong Watch 2010:6; International Rivers 2012:5-7; SDP Vol.2 Ch.6 2005:2).

Field reports by these NGOs have confirmed that shortages of farming and forest lands at resettlement locations has become a barrier for many villagers attempting to implement the new livelihood activities outlined in the resettlement livelihoods programmes. Problems which have been identified include the fact that landscape resources are much farther from the resettlement villages than villagers were used to traveling in their previous locations, increasing the burden for villagers engaged in NTFP collection (often women with young children to care for) (International Rivers 2012:5), and that the soil is of a very poor quality. These outcomes for pre-existing livelihoods were well-known by NT2 developers and documented in planning reports like the Social Development Plan (SDP Vol.2 Ch.12 2005:5). The resettlement livelihoods programmes were designed to compensate for the decreased availability of local resources by incorporating modern production processes and engaging with the market economy. To combat poor soil quality, a series of techno-agricultural based strategies designed to mitigate their consequences on villagers at resettlement locations, including the use of

organic fertilizers, training on new modern agricultural techniques and the use of reservoir-fed irrigation systems were built into the NT2 agricultural program (World Bank 2010:10).

According to these NGOs, however, several of the promises made to villagers during the consultation phase have yet to be implemented, or were so late in arriving that villagers had already abandoned many of the resettlement livelihood activities. Both Mekong Watch and International Rivers documented cases of villagers not receiving the fertilizers, technical and training assistance, or irrigation infrastructure that was promised in the Concession Agreement and outlined in NTPC reports such as the Social Development Plan or in the World Bank's own social and environmental safeguards, and which were needed to successfully implement these new livelihood strategies (Mekong Watch 2010:2; International Rivers 2012:6).

In reference to these challenges facing villagers at resettlement villages, the Mekong Watch field team concluded in their 2010 field assessment that: "Against this backdrop, there is a growing gap between those villagers who have successfully adapted to the dramatic changes brought by resettlement and those who did not" (Mekong Watch 2010:6). For those villagers who have the necessary skills, ambition and resources to take advantage of new market-based opportunities provided by the project, there is a potential to dramatically increase their prosperity and quality of life. For those villagers who do not possess such skills and resources, the transition from a subsistence-oriented to a market-oriented economy has been difficult as reduced access to land has meant that previous agricultural methods are no longer viable and many resources gathered locally are no longer as accessible (International Rivers 2012:6). For these villagers, the

combination of increasing integration with the market economy, reduction of available lands, and disappointing results for so many villagers of the resettlement livelihoods programmes has led to a predictable conclusion: “the two main sources of income for villagers now are reservoir fisheries and illegal logging from the community forest area and the watershed area” (International Rivers 2012:6). In the next section, a closer examination of each of the five resettlement livelihood programmes is undertaken in order to determine the extent to which each of these programmes was either able or unable to compensate for the consequences of reduced access to landscape resources at resettlement villages.

5.3 RESETTLEMENT AGRICULTURAL PROGRAMME

“Nakai: Land where rice will not grow”

The translation of the Lao word Nakai, the name given to the region, translates to English as, “land where rice will not grow” (Mekong Watch 2008:2). That the people who long ago settled here named the region “Nakai” highlights the fact that poor soil quality has always presented challenges for agricultural development on the Plateau. The soils found on the Nakai Plateau are a class of Acrisol made from sandstone with bits of mudstone and siltstone mixed in (SDP Vol.2 Ch.12 2005:5). These soils are heavily weathered, infertile and do not absorb water very effectively (SDP Vol.2 Ch.12 2005:5). An analysis of the soil content prior to resettlement indicated that organic matter content, pH, and cation exchange capabilities are all low, along with vital nutrients such as phosphate (SDP Vol.2 Ch.12 2005:5), making agricultural production difficult. As the report notes, these soils are prone to aluminum toxicity and highly susceptible to erosion which places severe limitations on their agricultural uses (SDP Vol.2 Ch.12 2005:5).

Nakai villagers have long known this to be the case, and prior to resettlement, villagers compensated for the poor soil quality by developing a method of rotational cropping which included a variety of crops, the most important of which was upland rice, but also maize, corn, cassava and many others (World Bank 2010:10). During this period, no fertilizers or other inputs were added to the soil. Nutrient levels were maintained by cultivating over multiple tracts of land, most of which lay fallow at any one time in order to allow for the collection of biomass which could later be burned and used as fertilizer to enrich the soil with nutrients (World Bank 2010:17). These rotational cropping techniques require access to large areas of arable land so that farmers are able to leave plots fallow for the minimum eight years it takes for nutrients to return to the soil. (Goldman 2005:205).

The inundation of the reservoir only exacerbated an already difficult situation by flooding large areas of land previously cultivated by villagers. As the World Bank notes, “While all households were provided agricultural land as part of their compensation package, the land available is considerably less than many used before as part of their rotating agricultural system” (World Bank 2010:17). According to the Nam Theun Power Company’s Social Development Plan, in 2002, there was a total of 700 ha of land under various forms of agricultural cultivation being undertaken within the proposed reservoir inundation zone by the seventeen villages which would need to be resettled (SDP Vol.2 Ch. 2 2005:15). This cultivation included 91 ha of wet season and 35 ha of dry season rice paddy production, 434 ha of upland rice fields, 86 ha of corn, 49 ha of cassava and 4 ha of vegetables under cultivation across fifteen of the seventeen villages (SDP Vol.2

Ch.1 2005:11). The average size of family landholding on the Plateau ranged from .4 ha to 2.4 ha (SDP Vol.2 Ch.2 2005:15).

The lands which these crops were cultivated on are no longer accessible to villagers now that construction and reservoir inundation has taken place. In post-reservoir Nakai, there is not enough arable land available to practice rotational crop production because lands previously allocated for this purpose have either been inundated with water or re-categorized for other uses under the state's Land Law. Under the terms of the Concession Agreement negotiated with Nakai villagers, each household was allocated .66 ha of farmland for production, with the potential for a further 1 ha land allocation in the reservoir drawdown zones (SDP Vol.2 Ch.16 2005:1-2; World Bank 2010:10).

According to Mr. Hoy Phomvisouk, head manager of the Resettlement Management Unit (RMU), one of the bodies tasked with overseeing the NT2 resettlement process, .66 ha of land may be enough land for a small family, but it would not sustain a larger family throughout the year (Mekong Watch 2008:2)⁴. As a result, villagers are no longer able to practice pre-established rotational cropping techniques due to the increased pressure on land and forest resources (SDP Vol.2 Ch.12 2005:6). Instead, after resettlement, villagers are being asked to intensify their use of the .66 ha farm plots by incorporating a new set of agricultural methods which are designed to improve the productive capacity of Plateau soils by increasing the levels of organic matter, cation exchange capacities and nutrient saturation which is a requirement of intensive agricultural production (SDP Vol.2 Ch.12 2005:6).

⁴ It's worth noting that for a few of the poorest households, the guarantee of .66 ha farmland represents an increase from their pre-NT2 holdings, meaning that presumably these families would have greater access to farmland after resettlement. For the majority of households, however, .66 ha actually represents a significant decrease in landholding.

The resettlement agricultural programme heavily promotes the use of electrified irrigation systems, genetically modified seeds and organic fertilizers such as lime and manure, with the goal of developing intensive and sustained production without depleting the soils of their nutrients (SDP Vol.2 Ch.12 2005:6). According to the Social Development Plan, the NTPC would begin supplying villagers with new modern farming equipment, organic fertilizers, genetically modified seeds, and training in new agricultural techniques so that villagers could begin re-establishing their agricultural livelihoods after resettlement (SDP Vol.2 Ch. 2005:1). Technological inputs such as reservoir fed irrigation systems and new production methods such as triple-cropping was seen by NT2 developers as the most effective way to increase agricultural productivity (SDP Vol.2 Ch.12 2005:6).

As part of this process, different varieties of legume and maize seed types which have proven hearty enough to withstand the poor soil quality of the Nakai Plateau were made available to villagers. These include the peanut varieties Mock Kay Khor Kean and Tong Nang, capable of producing two tons per ha, a mungbean known as variety VC 1468, capable of yielding between 1.2 and 2 tons per ha, and a soybean called Chang Mai 1, which can yield up to 1.2 tons per ha (SDP Vol.2 Ch.12 2005:19). Another method which has proven effective at increasing nutrient levels in Plateau soils is the use of a legume called “stylo” in a process known as direct seeded mulch-based cropping (DMC) (World Bank 2010:18; SDP Vol.2 Ch.12 2005:15). The stylo is planted after a crop has been harvested where it serves as a cover crop capable of integrating nutrients back into the soil and preventing erosion (World Bank 2010:18). Intensive cultivation of highly marketable crops such as Job’s tear, beans, corn, pasture grass (Mekong Watch 2008:1)

and tobacco, which could be sold to market, were encouraged as a means of generating the income necessary to import materials and products which can no longer be derived locally. Given the realities of Plateau land availability after resettlement, export cropping was seen as the best way for relocated villagers to develop the incomes necessary to acquire the materials that they needed to survive from agricultural production. For Nakai villagers and NT2 developers, a lot was at stake regarding the outcomes produced by this agricultural programme. If these inputs failed to prevent the soil quality from continuing to erode, intensive agricultural production would not be possible without leading to a continual decrease in the quality and quantity of agricultural produce (Fujiya 2008:5; Mekong Watch 2010:3).

Unfortunately for all stakeholders on the Nakai Plateau, field reports from NGOs such as International Rivers and Mekong Watch indicate that these new agricultural measures have indeed proven largely unsuccessful at reproducing the level of production attained through previous rotational cropping techniques for the majority of resettled villagers, leading many farmers to abandon their .66 ha plots (Mekong Watch 2010:13; International Rivers 2012:6). According to villagers interviewed by Mekong Watch, the electrified irrigation systems, fertilizers and other newly introduced farming technologies have not only failed to increase agricultural output on the plateau, they are producing less crop yields than villagers were able to produce using their previous rotational cropping methods (Mekong Watch 2010:13).

According to a villager in Sop Hia, “Each household had 30-40 bags (1 bag = about 36kg of unhulled rice) of harvest on average in 2008. That number decreased to about 20 in 2009 and 6-15 in 2010”, despite the use of these modern agricultural inputs

(Mekong Watch 2010:3,13). As a result, many villagers had already, by the time of the field visit in 2010, abandoned their farm plots altogether (Mekong Watch 2010:13). The Village Chief described how many villagers have given up trying to grow crops using the modern techniques promoted by NT2 because they do not believe anything will grow anymore: “I am receiving fertilizer too. But the villagers say they know how it will go. They are suffering a loss. They cannot support themselves” (Mekong Watch 2010 13). Results of the field study corroborate the testimony of this village chief. In villages all across Nakai, a large percentage of villagers have given up trying to cultivate their .66 ha of arable land.

According to the 2010 report, in Sop Hia Village, 17 out of 39 households were no longer attempting to grow any crops on their land. In Tai Village, that number was even higher, with 127 out of 197 households no longer planting crops on their farmland (Mekong Watch 2010:2). In fact, there is a clear lack of confidence among resettled villagers towards the new agricultural methods promoted by the NTPC and its development partners, as a high percentage of villagers in Nuea Village, Nakai Village and Phon Saoon Village also elected not to cultivate their farmlands (Mekong Watch 2010:2). One villager interviewed attributed this lack of production on resettlement farm plots to the fact that the plots were “low quality land unsuitable for agriculture” (Mekong Watch 2010:2). Over a year later, International Rivers confirmed the findings of Mekong Watch when they similarly noted, “Many people reported they simply weren’t cultivating their plots as their efforts were unlikely to yield results” (International Rivers 2012:6). In addition to poor soil quality and the disappointing results associated with the technological inputs to crop production, there are other concerns inhibiting villagers from

more aggressively pursuing agricultural development. One such concern is the lack of an available market for villagers wishing to sell their excess produce.

One of the goals of the agricultural livelihoods programme is the creation of local markets where villagers will be able to sell their excess agricultural products: “Nakai Plateau households must be able to dispose of their surplus produce, and they will be assisted in this endeavor by the construction of markets, by the provision of vehicles, and by development of numeracy and marketing skills” (SDP Vol.2 Ch.12 2005:3). While NT2 developers did build several new market spaces for villagers on and downstream from the Nakai Plateau, many relocated villagers have already stated that growing vegetables and other crops for sale in these market spaces is not worthwhile because, due to improvements in the road network connecting previously remote Plateau villages to low land areas, farmers from the lowlands are transporting their surplus produce to markets near and on the Plateau, and selling their excess produce to Nakai villagers and downstream communities at lower prices than resettled villagers are able to (Mekong Watch 2008:3; Mekong Watch 2010:2). This was confirmed when the Mekong Watch team toured one of these new Nakai markets and found vegetables on sale which had been imported from as far away as Thakhek and even Thailand, but no local products for sale (Mekong Watch 2008:3).

When the team discussed their findings with World Bank country head William Rex, he responded that it is difficult to find a market (Mekong Watch 2008:3). As the International Rivers field team noted in their own report following their 2011 field visit, the outcomes of the agricultural programmes “stands in stark contrast to the empty promises in the Social Development Plan of organic fertilizer production and irrigation

schemes that would help villagers cultivate vegetables and other cash crops to sell to some unidentified market” (International Rivers 2012:6). While the availability of the market economy may have opened some opportunities for cash mono-cropping of certain economically viable crops like tobacco, the disappointing outcomes of the new agricultural techniques, combined with the lack of any viable markets for all but a few crops, has resulted in less stable and productive agricultural livelihoods for the majority of resettled villagers, which is one of the core groups of livelihood activities villagers have always relied on to support themselves. As a result, rather than raising the income levels and quality of life for the majority of resettled villagers, the NT2 agricultural programme has actually increased food insecurity without having much effect on income levels earned from agriculture at a time when income generation is increasingly important. In the next section, the livestock program is discussed.

5.4 RESETTLEMENT LIVESTOCK PROGRAMME

According to World Bank and NTPC documents, a set of livestock raising activities was developed which according to NT2 developers, took into account the importance of livestock for villagers’ economic and social patterns, while at the same time recognizing the limitations for herd sizes resulting from the reduced scope of available grazing lands (SDP Vol.2 Ch.12 2005:30). From the beginning, however, the policy regarding livestock development appears to have been contradictory. On the one hand, NT2 officials indicated that the loss of much grazing land to the reservoir meant that it was unlikely pre-NT2 livestock levels could be sustained (SDP Vol.2 Ch.12 2005:30); on the other hand, the SDP also stated that, according to the terms of the Concession Agreement, villagers who did not possess any livestock, estimated at 60% of Nakai households,

would be eligible to receive two free livestock for breeding to supplement their livelihoods at resettlement villages (SDP Vol.2 Ch.12 2005:2). In order to improve the productive capacity of those livestock, NTPC would introduce improvements to animal health care and nutrition supplements as well as upgrade the breeding stock (SDP Vol.2 Ch.12 2005:2).

In order to raise a healthy herd of livestock such as buffalo (the most important livestock animal on the Plateau) large grazing pastures are required, even with the addition of nutritional supplements. Under pre-NT2 circumstances this was possible because the large fallow sections of the agricultural lands that villagers maintained in their pre-resettlement locations could be used for such purposes. Livestock were treated as free range animals and allowed to roam across the grasslands of the Plateau (SDP Vol.2 Ch.2. 2005:20). In 2005, three years before the reservoir was inundated, it was estimated that there was a total of 43,000 buffalo grazing across a 57,000 ha territory, which amounts to a stocking rate of one animal for every 12.2 ha (SDP Vol.2 Ch.12 2005:33).

Under post-resettlement circumstances, however, raising livestock herds on the Plateau constitutes one of the biggest impediments to agricultural production. The inundation of the reservoir in 2008 resulted in an estimated loss of 45,000 ha of high quality buffalo grazing and habitat lands (SDP Vol.2 Ch.12 2005:30). Rather than reduce livestock holdings to accommodate the absence of available land, many villagers instead chose to raise livestock on the same grounds as they use for farming (Mekong Watch 2010:5). As a result, the number of large herd animals (buffalo and cattle) owned by villagers in 2010 had not decreased from the levels recorded as far back as 1998, when

grazing land was plentiful (World Bank 2010: 20). One reason for villagers insistence on raising livestock is a lack of faith in the ability of new agricultural techniques to produce sufficient crop yields. Another contributing factor is the symbolic and economic importance buffalo hold within Southeast Asian societies as a store of wealth which can be sold during times of scarcity (World Bank 2010:19) or used to make peace offerings to malicious spirits, or as an offering during ceremonial occasions like the village deity and rice harvest festival (Burling 1965:55; Ireson-Doolittle and Moreno-Black 2004:40-42).

The effects of the post-inundation land crunch is also evidenced in the drawdown zones, which were originally designated for use as grazing areas for livestock, but which were subsequently redesignated for use as both grazing and agricultural production (SDP Vol.2 Ch.12 2005:1). As would be expected, in both the agricultural plots and the drawdown zones, the tendency is for livestock to eat the crops farmers have planted before they are ready to be harvested, making it nearly impossible to both grow crop and raise livestock at resettlement villages. During Mekong Watch's visit to the village of Sop Hia, one villager stated, "I would plant cabbage, cucumbers, tomatoes and French beans if cattle and water buffalos did not come in" (Mekong Watch 2010:5). Another villager, a women working in a vegetable garden, stated, "We need a fence. Cattle and water buffalos would come in (to vegetable gardens) without a fence" (Mekong Watch 2010:15). As the Mekong Watch field team noted: "The agricultural program conflicts with the livestock programme because both are carried out in a limited space of the compensatory land" (Mekong Watch 2010:5).

In fact, development officials maintain that the damage done by these animals has set back the agricultural programme considerably: "The damage done by roaming herds

of buffalo, which destroyed the stylo planted to provide nutrients for the next growing season, was one factor contributing to the reduced yields witnessed in 2009” (World Bank 2010: 20). From such accounts it is clear that attempts to adapt two previously crucial components of villagers’ livelihood systems - rotational crop production and livestock raising - onto the diminished land and resource base at resettlement villages, has already encountered difficulties resulting from the reduced availability of land that is a hallmark of the post-inundation Nakai Plateau. As a result, neither pre-existing patterns of agricultural production nor pre-existing methods of livestock raising are possible on the Nakai Plateau (Mekong Watch 2010:5).

Given the disappointment experienced by so many villagers regarding the outcomes of the resettlement agricultural programme and the prominent role which buffalo occupy within these societies, it is unsurprising that, despite the loss of the majority of high quality grazing lands, villagers continue to raise livestock such as buffalo on the Plateau: “many resettled households are keen to accumulate buffalo, a highly prized savings vehicle in Laos” (World Bank 2010:20). Unfortunately, the incompatibility of Nakai villagers’ desires to retain buffalo as important stores of wealth has led to widespread cases of malnutrition, widespread disease and early deaths due to lack of grazing lands. During the 2010 and 2011 field visits from Mekong Watch and International Rivers field teams, interviews with villagers revealed several cases of villagers who had lost livestock to malnutrition, illness and drowning as a result of reservoir inundation (Mekong Watch 2010:16; International Rivers 2012:7).

Testimonies obtained by International Rivers include a Vietic man from the resettlement village of Nam Nian who lost six buffalo to drowning in the reservoir and

two to starvation from lack of accessible grazing lands, the village Headman from Nakai Neua who was only able to sell 17 of his 40-50 buffalo before losing the rest to drowning when the reservoir flooded the area they were grazing in, the man from Nong Boua who claimed that a total of 38 out of his 50 buffalo died from starvation after resettlement (International Rivers 2012:7), and the women from Sop Hia who claims that four of her seven buffalo were killed when the inundation of the reservoir took place (Mekong Watch 2010:16). Of all the villagers interviewed by International Rivers who had lost livestock due to drowning or subsequent starvation as a consequence of reservoir inundation, only the man from Nong Boua has received any compensation from NT2 developers, and even then, he was only compensated for two of the 38 buffalo he lost (International Rivers 2012:7). Despite the intentions of NT2 developers to develop livelihood activities villagers would be familiar with at resettlement villages, the reality is that with the agriculture and livestock programmes competing for the same space, neither programme has proven effective in supporting the reconstruction of villagers' livelihood systems at resettlement villages.

The outcomes of reservoir inundation and resettlement for agricultural production and livestock health highlights how the technology based solutions developed for the NT2 project have, so far, been unable to overcome the disruptive effects which the reduction of available lands is having on the NT2 project's resettlement livelihood programmes. Rather than access to new modern animal health care, nutrition and livestock breeds strengthening Plateau livestock herds, many households' livestock are actually in far poorer health than before NT2. As the health of buffalo herds on the Plateau continues to degenerate, so does their value as "banks on four legs", which can be

sold off during times of scarcity, in order to purchase urgently needed items such as rice (SDP Vol.1 Ch.1 2005:6).

The degradation of this vital safety net has negatively affected villagers' livelihoods by removing an important means of dealing with scarcity. As a result, villagers are increasingly dependent on their other livelihood activities and less secure in their overall livelihoods. Without access to these safety net subsistence activities, villagers have little recourse in the event of the failure of the new market-based agricultural options being employed, and little resources available to purchase important staples such as rice from the market. The failure of these programmes for so many resettled villagers reinforces the fact that for the majority of Plateau households, land and resource access is equivalent to food security because it allows villagers to continue living off the land, and therefore prevents the development of the types of poverty that are common to market-oriented societies where the majority of households are divorced from the resources contained in the landscape and must depend on their ability to engage the market economy to gather the materials they require. The next section describes the outcomes of the forestry and NTFP livelihoods programme.

5.5 FOREST AND NTFP LIVELIHOOD PROGRAMME

The role of timber and NTFPs in the daily lives of Nakai villagers is difficult to overstate. Forest lands have always been vital components of village economies because it is the resources of the surrounding forests which provide the materials for housing, handicrafts, and trade, as well as providing a supplementary source of food to compliment agriculture and livestock raising (WB and ADB 2010: 21). According to a project feasibility report conducted in 1997, Plateau villagers were able to identify 306 different NTFPs, including

223 foods and 67 materials used in village life (Foppes et al. 1997:2). Among these, kisi resin, fish, edible rattan shoots, cardamom and wildlife were reported by villagers to be the most important products in the forest (Foppes et al. 1997:2). Many of these products such as kisi resin and cardamom have commercial applications and are harvested for income. Others, such as fish, rattan and wildlife are incorporated into both the subsistence and income earning activities of villagers.

Even before village resettlement took place villagers' associations with the surrounding forest areas had altered dramatically from the pre-NT2 period, when the Plateau was still relatively remote and sparsely populated. According to Foppes and his team, in 1998, NTFPs accounted for, on average, 76% of total household income across the five villages they surveyed (Khone Ken, Kaoy, Nakai Neua, Sop Phene and Thalang)⁵. Much of this reliance on NTFP for generating incomes is related to the increased migration of lowland populations and commercial interests onto the Plateau in anticipation of NT2 driving the market for these resources by repositioning them as saleable commodities. Unsurprisingly, as commercial interest in the Plateau has increased, the availability of many of the resources relied upon by villagers has decreased as timber and NTFPs are increasingly harvested for sale to market. According to Foppes' study, conducted on behalf of NTEC (the pre-cursor to NTPC), kisi resin, fish, rattan shoots and cardamom were all identified by villagers as important, and in the case of resin and cardamom, rapidly disappearing, trade items (Foppes et al. 1997:2). This has

⁵ It should be noted that there is a discrepancy between the finding of Foppes team regarding the percentage of income derived from the sale of NTFP in the five villages they observed and the finding of the SDP survey conducted across all Nakai villages in 1998. According to the SDP, the sale of NTFPs accounted for just 6 percent of villagers total incomes (SDP Vol. 2 Ch.15 2005:2). Reasons for the discrepancy are unknown.

led NT2 developers to describe the Nakai Plateau as a “diminishing resource base” (SDP Vol.1 Ch.2 2005:8).

5.6 IMPACTS OF MARKET TRADE IN TIMBER AND NTFPs

As Foppes study indicates, increased exposure to the market economy has already transformed the way in which many villagers interact with the local resource base. Commercially valuable aromatic woods have been so over-harvested for sale to international markets that many types, such as the bark of bong trees, which is sold to Thailand to make joss sticks and incense (*Notaphoebe umbelliflora*), and eaglewood, which is produced in the heartwood of the tree *Aquilaria crassna* and highly sought after in Arabian countries as well as China and Japan, are rarely found on the Plateau anymore (SDP Vol.2 Ch.13 2005:10; Foppes et al. 1997:11). Trees such as the *Parashorea dussaudi* species of *Dipterocarp* have been extensively tapped for their resins and sold to Thailand where they are used to make varnishes and sealants (Foppes et al. 1997:11). These trees have become so exhausted through over-tapping that many of them have become critically damaged (SDP Vol.2 Ch.13 2005:8,12; Foppes et al. 1997:11). Wild *cardamom* and *Hak tin houg*, which is the root of a small fern called *Helminthostachys zeylanica*, are harvested at an ever-increasing rate and sold to China where they used in medicinal elixirs (Foppes et al. 1997:11). Most concerning of all, increasingly rare species of wildlife, including gaur, large antlered muntjac, sambar, wild pig, gibbons and several rare and endangered species of large mammals are being illegally poached, often by armed raiders from Vietnam accessing the Plateau and NNT NPA via old logging roads (PoE Report 18 2011:8); and the forest, one of the most biologically diverse in the

world, which has served as a pharmacological treasure trove for generations of Nakai villagers, has been intensively clear cut and then inundated by the NT2 reservoir, leaving little remaining of the once bountiful Plateau resources (Dersu & Associates 2007:8).

As the World Bank's independent Panel of Experts (PoE) stated in their latest report, the disappointing results so far obtained from livelihood activities such as agriculture and livestock raising has also led to the development of what has been termed the "rosewood syndrome", in which the illegal harvesting of rosewood coupled with fishing in the reservoir are viewed by villagers as a less labour intensive and more reliable means of earning an income than the unfamiliar agricultural practices being promoted at resettlement villages" (PoE Report 19 2012:11). Increasingly, villagers are turning to the illegal harvesting and sale of rare species of flora and fauna, including highly endangered wildlife species native to the region and highly sought after in international markets, in order to increase their incomes.

During their February 2011 visit to the Nakai Plateau, rangers patrolling the NNT NPA told panel members that they had collected over a thousand snares in the past two months and that Vietnamese poachers were living in the NNT NPA, moving around to avoid their patrols (PoE Report 18 2011:8). Panel members reported hearing gunshots ringing through the air each day they were on the Plateau, and also found recently used poacher camps capable of hosting 100 individuals (PoE Report 18 2011:8). Hundreds of snares were found nearby containing dead wildlife, including a large antlered muntjac, which is one of the rarest animals in the world, and wherever rosewood was found near trails it had been cut down by chainsaw. Numerous piles of rosewood were found in the poaching camps as well as under resettled villagers' houses (PoE Report 18 2011:8). The

assessment of the panel was that if not prevented from entering the region, “the veritable army of Vietnamese poachers will wipe out the larger wildlife and the rosewood” (PoE Report 18 2011:8).

The Panel of Experts joined NT2 developers and NGOs in calling for a more robust management program to enforce conservation policies; in particular, increased monitoring programmes to prevent fishermen from outside the Plateau from accessing the reservoir and poachers from entering the NNT NPA (World Bank 2010:25; PoE Report 19 2012:13; PoE Report 18 2012:8-10; International Rivers 2012:6). In their own field report, International Rivers called NT2 developers to task on these issues, noting that illegal logging is not only unsustainable but “raises serious questions about the future viability and protection of the watershed area, which was one of the justifications for building Nam Theun 2 in the first place” (International Rivers 2012:6). The Panel of Experts was clearly in agreement when they wrote that enforcement of conservation and resource management policies in the watershed is probably the issue of greatest concern regarding the overall success of NT2 (PoE Report 18 2011:8).

This increased commercial activity has led, in turn, to NGO and MDB pressure on the Lao government to increase regulations governing forest access and use rights designed to prevent further degradation of the natural resource base. As discussed in chapter 3, this increasing degradation of the Nakai region was also one of the principal arguments that the World Bank cited for its involvement in the project and helped to legitimize the depth and scope of World Bank social and environmental safeguards which required, among other things, the restructuring of government departments and legal codes (Goldman 2005:182; International Rivers 2012:6). It is as part of this process that

much of the non-degraded forest lands were reclassified into what is today known as the NNT NPA and incorporated into the system of transnationally managed and NT2 proceeds financed National Protected Areas (Mekong Watch 2010:9-10; Goldman 2005:203, 213). The result is that most of the high quality forest areas in and around the Nakai Plateau are no longer legally subject to most forms of resource extraction activities.

While the reclassification of significant portions of the surrounding environment has prevented some of the most egregious forms of commercial extraction, such as the government sanctioned logging operations which were occurring prior to World Bank involvement, the downside is that villagers are finding high quality forest lands to be increasingly inaccessible. What is available for use as harvesting zones is largely of a degraded quality, containing less amounts of NTFP and other resources than has typically been available to Nakai villagers. In fact, in the 2010 World Bank survey conducted to assess the success of the resettlement livelihoods programmes at the “halfway point”, the most common complaint from villagers was that due to reduced access to NTFP at relocated villages, villagers had to travel longer distances in order to find the resources they needed (World Bank 2010: 21). One commonly occurring example of such complaints comes from a woman now living in the resettlement village of Nakai Neua (Mekong Watch 2008:4). She recounted to the Mekong Watch field team how in the past she was able to acquire bamboo shoots, wild vegetables and kisii from the forests nearby her village, but now that these forests are under water, she has to walk to a forest far from the village (Mekong Watch 2008:4).

Unfortunately for Nakai villagers, designation of the Nakai-Nam Theun National Protected Area as an effective watershed is required to mitigate the environmental impacts of the project. Access to the NNT NPA, where fire wood, mushrooms, herbs, medicines and other products were once routinely collected, is not always practical (World Bank 2010: 21). As the World Bank states, “Change in access to NTFPs is one of the consequences of the project” (World Bank 2010: 21). As a result, three of the core livelihood techniques which Nakai villagers had relied on to provide for themselves and their families prior to resettlement - rotational cropping, animal husbandry, and NTFP harvesting - are no longer available in sufficient quantity to fulfill the needs of villagers after resettlement (Mekong Watch 2010:6; SDP Vol.1 Ch.2 2005:14). Even more troubling is that the results of field studies conducted after resettlement indicates that, so far, three of the core resettlement livelihood programmes - agriculture, livestock raising and forest and NTFP cultivation - promoted by NT2 developers as the path to re-establishing and improving villagers’ livelihoods, have not only failed to produce the results which were anticipated, they have actually failed to restore many villagers’ livelihoods to pre-NT2 levels (Mekong Watch 2010:1). Unfortunately, as the situation exists today in the Nakai plateau, it is impossible for villagers to survive using the same agricultural and livelihood patterns as they have throughout their history. However, while the NT2 project may be responsible for decreasing the accessibility of land-based core livelihood activities, it is, at the same time, responsible for increasing the accessibility of other core livelihood activities such as fishing. The next section focuses on the increasingly prominent role of reservoir fishing for providing both food and income after resettlement.

5.7 RESERVOIR FISHING LIVELIHOOD PROGRAM

In 2008, when inundation of the reservoir first occurred and the Nam Theun River swelled in size, it was accompanied by a bloom in fish stocks which resettled villagers were well-positioned to take advantage of. Under the terms of the Concession Agreement, villagers were given sole legal access to reservoir fishing for ten years, effectively establishing a monopoly over fertile reservoir fishing grounds (World Bank 2010:23). As a result of villagers' requests to remain on the Plateau, resettlement villages were built along the reservoir's southern coastline, providing instant access to reservoir fishing. Adding to this good fortune, infrastructure improvements, including the newly constructed road network connecting Plateau villages to lowland markets and the regional capital of Thakhek have allowed resettled fishers to make a tidy profit selling their windfall catches commercially.

As a result, commercial fishing has become one of the most significant livelihood pursuits undertaken by resettled villagers across the Plateau, and a principal driver of increased prosperity for many Plateau households. In fact, according to the 2011 International Rivers field report, "It is clear that the two main sources of income for villagers now are reservoir fisheries and illegal logging from the community forest area and the watershed area" (International Rivers 2012:6). This is in sharp contrast to the pre-resettlement situation. Given the decreased productivity of the other core livelihood programmes, villagers are becoming increasingly reliant on reservoir fishing due to its accessibility at resettlement villages and a proven market for fish.

During a 1998 *Census and Socio-Economic Survey*, the sale of fish ranked as the fourth most important income generating activity behind agriculture and livestock at 65%

of total income, and wage labour and remittance, which accounted for 15% of total income (SDP Vol.2 Ch.15 2005:2). Fishing ranked a distant fourth, accounting for just 10% of total income (SDP Vol2 Ch.15 2005:2). What this income data does not indicate, however, was the tremendous importance of the rivers for supplying fish and aquaculture utilized as part of the subsistence economy of Nakai villagers. Average household consumption of fish was estimated at 330 kg per household, per year, which breaks down to approximately .93 kg per household per day (SDP Vol.2 Ch.15 2005:23). Almost all households supplement their diets with fish, but only some households in the past were involved in the commercial fish trade: “After rice, fish is the most important item on the diet for all ethnic groups on the Plateau. Fish are caught mainly for household consumption with occasional surpluses being sold to local markets, on the roadside, or to neighbors” (SDP Vol.2 Ch.13 2005:11). In fact, according to the survey, while 84 percent of Nakai households reported fishing among their livelihood activities, 60 percent of that catch was consumed by households, while only 40 percent was sold (SDP Vol.2 Ch.15 2005:2).

After resettlement however, with the reduced availability of farm and forest lands and disappointing results of technological inputs decreasing the productive capacity of agriculture and forestry-based livelihood activities, villagers have increasingly flocked to commercial reservoir fishing, as it is one of the few livelihood activities that has actually become increasingly accessible as a result of reservoir inundation. As the World Bank notes, “Many resettler households have even decided not to cultivate their agricultural plots, preferring instead to take advantage of the fisheries opportunities” (World Bank 2010:23). By August of 2010, an estimated 72 percent of all fish caught in the reservoir

was sold (World Bank 2010:24). That the percentage of fish being sold to market has grown from 40 percent to 72 since the first studies on Plateau fisheries were conducted in 1998 indicates the degree to which resettled villagers have become dependent on reservoir fishing. In fact, the 2010 Mekong Watch field report concluded that due to the disappointing results experienced by villagers in the other resettlement livelihood programmes, “The situation forces them to depend on unstable reservoir fishing and illegal logging” (Mekong Watch 2010:6). In order to compensate for a lack of reliable livelihood options, not only are more villagers adopting fishing as their principal livelihood activity, but the quantity of fish they are harvesting has also increased.

At their peak during the ‘fish bloom’ phase of the reservoir fishing in early 2009, Nakai households reported catching, on average, 11kg of fish per day (World Bank 2010:23). By early 2010, however, the average daily catch per family had fallen to between 3.5-5 kg per day (World Bank 2010: 23). The 2012 report from the independent Panel of Experts draws an even sharper contrast: “The overall catch trend is downward, notably in the figures for the resettlers fishing in the reservoir, where catches have declined from a high of 160,000 kg in December 2008 to less than 20,000 kg in November / December 2011” (PoE Report 19 2012:13). This increase in the number of villagers adopting fishing as their primary occupation, combined with the number of fish villagers are harvesting, has caused concern among NGOs and NT2 project officials however, as overfishing during the short ‘bloom period’ could have a devastating impact on the long-term sustainability of the reservoir fisheries (Mekong Watch 2010:3; International Rivers 2012:6).

Already, as far back as 2001, a study conducted by the International Union for the Conservation of Nature (IUCN) indicated that “fish stocks in the Nakai area had already been severely depleted” (SDP Vol.2 Ch.15 2005:5). The report cited increased population fishing the rivers and increased access to the market economy as the main factors for decreasing fish stocks, noting that while in the past fishers mainly fished for household consumption, fishers today (2001) can also trade fish for cash (SDP Vol.2 Ch.15 2005:5). The report by IUCN highlights the importance of limiting access to reservoir fishing grounds to give resettled villagers sole access in addition to implementing a strongly enforced reservoir management plan. According to environmental experts studying NT2, if a long-term sustainable reservoir fishery can be established, it should be capable of providing each relocated family with 250 tonnes of fish for sale per year, along with an additional 100 tonnes of fish for household consumption per year (World Bank 2010: 25).

The long-term sustainability of reservoir fishing is crucial for the long term stability of resettled villagers’ livelihoods as well as for the overall success of the NT2 project. For resettled households still dependent on the surrounding landscape for their livelihoods, reservoir fishing is one of the few reliable sources of food and income available. In the absence of effective livelihood programs based on agriculture, livestock and forest and NTFP cultivation at resettlement villages, if fish catches continue to fall, these villagers have few other options to fall back on and continued illegal harvesting of rare flora and fauna is likely to be the result. NT2 developers are becoming increasingly aware of the dangers of over-commercialization of reservoir fishing to the sustainability of long term reservoir fishing. Development consortium reports have consistently highlighted the need for the implementation of conservation measures aimed at protecting

the reservoir from over-exploitation as imperative for the long-term success of fishing as a viable livelihood strategy (World Bank 2010:24-25; SDP Vol.2 Ch.15 2005:5).

Therefore, the emphasis on the conservation of fisheries resources and monitoring of the NNT NPA are likely to remain a central component of the resettlement livelihoods programmes for as long as MDBs like the World Bank are involved in the NT2 resettlement process. The real question regarding the long-term sustainability of these resources which remain to be answered is how the transition in management of the reservoir fisheries from the World Bank and NTPC to Nakai villagers and the Lao government, likely to take place in 2014 (PoE Report 19 2012:13), will affect this emphasis on sustainable fisheries production? This is a question which has become increasingly urgent since both the World Bank and Asian Development Bank first voiced concerns regarding the Lao government's capacity and commitment towards implementing the projects social and environmental programs during feasibility studies in 2003 and 2004 (Lawrence 2009:86). The next section addresses the development of new off-farm and wage labour opportunities resulting from the NT2 project.

5.8 OFF-FARM AND WAGE LABOUR LIVELIHOOD OPPORTUNITIES

One of the most obvious impacts of villager's increased connectivity to the market economy at resettlement villages is the newly available sources of wage labour income which are a result of both the construction of NT2 as well as all of the various side projects that accompany it. In fact, the reservoir fishing and off-farm and wage labour livelihood programmes are the only two in which villagers have a greater opportunity to benefit after resettlement than prior to it. This is partly because across the Nakai Plateau and downstream, there has been a surge of wage labour positions opening up for villagers

as a result of the road construction program, building the transmission lines, constructing the reservoir and dam components, and building some of the infrastructure projects meant to service newly relocated villages (World Bank 2010:26). These various projects have made it increasingly possible to find work outside the village, at least in the short term over the course of the dam's construction and implementation phases. Estimates undertaken during the planning phase indicated that the construction of NT2 would generate over 400 person years of labour during the construction phase of the project and 100 additional jobs after completion in activities such as log removal from the reservoir and general outdoor maintenance (EAMP 2004:164). In addition to providing increased income for Nakai villagers in the short term, NT2 related construction activities also provided many villagers with significant trade skills which they can leverage to further engage in market based activities in the future.

As well as wage labour opportunities directly tied to the construction of the dam, the migration of lowland groups onto the Plateau over the last few decades, attracted by the NT2 project, has led to an influx of new ideas, foreign products, and the establishment of a consumer market in foreign household goods and daily use items. These activities are helping to foster increasing linkages between Plateau villagers at resettlement sites and the populations and markets lying beyond the Plateau. Already, according to NTPC and World Bank reports, many villagers at resettlement sites have taken up the challenge of engaging the marketplace as shopkeepers, mechanics, tailors, restaurateurs and hoteliers, in addition to a variety of other entrepreneurial ventures (World Bank 2010:26). One interesting success story highlighted by the NTPC is that of Mr. Keovongsa from Ban Nongbouakham.

According to Mr. Keovongsa, after resettlement, many villagers were able to increase their incomes by engaging in reservoir fishing and as a result, the number of motorcycles on the Plateau dramatically increased (NTPC 2012). Mr. Keovongsa says that he learned how to fix these vehicles by watching his friends and now, with the support of NTPC, has managed to open a shop in which he is able to make a decent living repairing villagers' motorcycles (NTPC 2012). Through interactions such as these, relationships are created and reinforced with people and markets which have their origins outside the Plateau and which are already integrated into the global market economy. It is partly as a result of these exchanges that economic production at resettlement villages on the Nakai Plateau today can be characterized as transitioning from a subsistence-dominated economy to an increasingly mixed subsistence-market economy. In the case of the resettled villagers situated on the Nakai Plateau, this refers to the fact that livelihood systems are increasingly comprised of a combination of production for local consumption and production for export, whereby the funds derived from the sale of products in the marketplace is used to import items from foreign markets which are increasingly being incorporated into the daily lives of villagers.

While Mr. Keovongsa's story provides a good example of how enterprising villagers can find ways to take advantage of new market-based opportunities resulting from the development of NT2, it is also clear that success stories such as his remain the exception, rather than the rule. As the World Bank noted in its 2010 report, "Off-farm livelihoods are currently relatively small for most households. However, resettled villagers are gradually improving their skills and confidence to participate in market-linked activities" (World Bank 2010: 27). This is mainly due to the fact that they often

require difficult to obtain start-up capital, technical assistance, a steady and reliable demand from external markets, and a skill set which usually includes the freedom of mobility and communicative ability to engage with extra-village actors who are often based outside of the Plateau. Perhaps more importantly, it takes time to develop an understanding of the dynamics of the market economy.

Many villagers opened businesses during the height of NT2 construction in order to take advantage of the increased demand for a range of products and services such as restaurants, guesthouses and tailor shops created by the steady stream of comparatively well-off NT2 workforce. These businesses catered primarily to construction workers, engineers, contractors and development officials building NT2. Once construction started winding down and these workers starting heading back home, villagers lost their primary market (Mekong Watch 2008:5). As a result, many of these businesses have already closed. In some cases, loans required to cover overhead costs during start-up have not been fully paid back, leaving households in greater debt than when they started. Nevertheless, the development of off-farm livelihood activities such as wage labour and entrepreneurial pursuits are strongly promoted by the NT2 developers because it relieves some of the pressures put on the agricultural and forest lands at resettlement sites. And, despite the challenges that remain for the further development of small business enterprises on the Plateau, there have been some successful business models established.

Arguably the most successful business model highlighting villagers incorporation of market-based opportunities is the widespread proliferation of small shops containing day to day items such as shampoo, soap, candy, eggs, cigarettes, Beerlao, and a variety of other commonly used products, for sale in resettlement villages (World Bank 2010:26;

Wolf Unpublished Notes 2012:5). These shops are run by household members out of their homes, and are proving to be a very successful business model on the Plateau (World Bank 2010:26). Generally, these shopkeepers will make one or two trips a week to the regional capital Thakhek to pick up supplies, depending on proximity and available transportation. These shops have become integrated into the economic systems of resettled villages, as villagers routinely purchase products obtained from outside markets at these villager run shops for use in their day to day lives. However, despite the success of the village 'corner store' model and the experiences of entrepreneurial minded villagers like Mr. Keovongsa, the development of off-farm and wage labour activities has so far played only a minor role in the reconstruction of livelihood systems for all but a few resettled villagers. Therefore, the off-farm and wage labour livelihood programme has, so far, not proven capable of compensating for the reduced productivity of agriculture, livestock, and forest-based core livelihood activities.

For the resettled villagers on the Nakai Plateau, as the reports from Mekong Watch, International Rivers Network, and the Panel of Experts indicates, the outcomes produced by the implementation of the resettlement livelihoods programmes has not yielded the results which had been anticipated for the majority of villagers. This is especially the situation regarding the core livelihood activities surrounding agricultural production, livestock raising and timber and NTFP extraction. Despite the addition of modern technology, techniques, and access to the global marketplace, the NT2 resettlement livelihoods programmes have simply not been able to overcome barriers to the re-establishment of villagers livelihoods resulting from the reduced accessibility of land and resources which characterizes the post-resettlement landscape.

At the same time, increased access to reservoir fisheries and a global appetite for rare timber and NTFPs found in the Nakai landscape has led to a dramatic and ultimately unsustainable increase in the harvesting of these resources. Rather than Nakai villagers engaging in a diverse range of livelihood activities to reconstruct their livelihood systems after resettlement, villagers have become increasingly reliant on just a few occupations. In truth, for many villagers, this focus on reservoir fishing and illegal resource extraction has actually led to greatly increased levels of prosperity. However, this method of wealth creation, while representative of a market-based model of accumulation, stands in stark contrast to the stated objectives of the NT2 project, namely to safeguard the bio-diverse Nakai environment through the promotion of long-term 'environmentally sustainable livelihoods' for resettlement villagers. If the present trends in livelihood activities continue, villagers will quickly exhaust the remaining supplies of rare timber and NTFPs as well as, in all likelihood, the remaining reservoir fisheries. If this happens, the NT2 project will not have accomplished either of its main objectives: to protect the bio-diversity of the surrounding environment and to raise the living standards of resettled villagers over the long-term.

CHAPTER SIX

CONCLUSIONS

The combination of changes in the composition of the resource base resulting from resettlement and reservoir inundation, and increased connection to the market economy has had a powerful effect on villagers' livelihoods. Economies previously dominated by subsistence-oriented agricultural and forestry activities increasingly are in transition to a new condition that is best characterized as mixed-subsistence and small commodity production. The catalyst for this transformation, in the form of the NT2 project, is specific to the Plateau; however, the resulting movement towards greater integration into the global market economy which is resulting from it, is certainly not.

In a pioneering study produced for the Asian Development Bank, Douglas Yen signalled the movement of Pacific Islanders' livelihoods from subsistence to mixed subsistence-market production: "With the introduction of commercial elements, the integration of the true subsistence mode of production gives way to the specialized and often labour intensive inputs of cash cropping (73)...Pacific systems are no longer the closed systems of narrow subsistence and social circumscription – they now participate, apparently by choice, in a global system in which their contributions are considered as minor" (Yen 1980: 75). Yen's observation regarding the economic transformations he was witnessing across the societies of the South Pacific in 1980 provides a general model to frame the economic transformation unfolding across the Nakai Plateau today, over thirty years later and in another region of the world.

These changes are evident from observations that Nakai villagers' attempts to sell their surplus produce are often undercut by lowland competitors in their own market

stalls. In almost all avenues of market participation, Nakai villagers are out-competed by groups with more experience and skill at operating in the global marketplace of ideas, goods and services. As a result, while there are exceptions, broadly speaking, Nakai villagers increasingly have come to rely on rare local resources such as endangered wildlife, aromatic woods and their monopoly over reservoir fishing to effectively interface with the market economy. As detailed in chapters two and five, over-harvesting these resources can have severe repercussions for the surrounding landscape and ecosystem, as is being increasingly well-documented by non-governmental organizations and even the World Bank's own independent Panel of Experts.

Resettled Nakai villagers now are subject to the imperatives of the market economy as marginal producers using local resources. Many of the resettled villagers that previously lived in villages which were virtually inaccessible, except by boat, little more than a decade ago, now regularly buy and sell in the marketplace (Goldman 2005:187; World Bank 2010:9). The result has been the birth of a partial awareness of conditions and some new access to markets, information and cultures from outside the Plateau. These linkages have helped to create a new set of attitudes and ambitions regarding the types of lifestyles villagers desire to obtain (SDP 2004:2; Rigg 2009:716-717). At the same time, external forces are creating new demands for local resources at a time when there are fewer local resources available. As the parallel with Yen's findings in the South Pacific shows, these experiences are not unique to the Nakai Plateau, but are occurring in different locale through a variety of processes.

The most compelling aspect of the process of market integration atop the Nakai Plateau is the fact that over the last decade, the process has been driven by a development

project which, the developers argue, is designed and implemented with these potentially destabilizing repercussions for the surrounding communities and environment in mind. According to NT2 developers such as the World Bank, the incorporation of social and environmental safeguards, most notably the re-designation of the Nakai-Nam Theun National Protected Area as a protected watershed zone, and the creation of the resettlement livelihoods programmes, was developed as a result of lessons learned from past hydropower projects. These safeguards incorporated careful studies of the local environment and included lengthy consultations with the communities affected by the project, particularly villagers on the Plateau who were being resettled to allow reservoir inundation to proceed.

As discussed in chapter three, the implementation of the World Bank's social and environmental safeguards are the legitimizing vehicle for the NT2 project at the international level. These mechanisms were developed largely in response to international criticisms regarding the social and environmental consequences of the projects supported by the World Bank in the past, and therefore, the NT2 project has implications at both the local and global level. At the local level, the project is significant because of the unprecedented emphasis it places on protecting the bio-diversity of the Nakai environment and facilitating the re-establishment of villagers' livelihoods after resettlement, through programmes designed to support villagers' efforts to incorporate market-based livelihood activities. Such comprehensive social and environmental programmes are rarely witnessed in the field of international development, and are new in Laos.

The NT2 project's global implications are a reflection of the fact that this model represents a new method of developing hydropower which NT2 developers, particularly the World Bank, are using as a 'test case', in the hopes that it can be transported to other development projects around the world. If NT2 developers can show that the project has succeeded in protecting the bio-diversity of the surrounding environment and improving the prosperity and quality of life of resettled villagers to the degree which was anticipated prior to implementation, then it will reinforce the legitimacy of this new model of development, paving the way for the World Bank to re-establish itself as a global leader of large-scale infrastructure development projects, while also providing a template for implementing hydropower projects at future sites around the globe.

Perhaps the most important question surrounding the NT2 project, therefore, and the question which this thesis has attempted to uncover through its analysis of the outcomes produced by the resettlement livelihoods programmes, is just how successful the NT2 development model has been with regard to safeguarding the environment, and improving the living standards of resettled villagers on the Plateau. A comparison of the outcomes of the NT2 project with previous hydropower projects in Laos, such as the nearby Theun Hinboun project indicates that the NT2 project has resulted in improvements to the development process within the Laos context. Overall, however, given the results of the resettled livelihoods programmes documented in chapter five, it is also clear that the project has fallen short of achieving its own goals, making it difficult to declare the NT2 project a success.

It is perhaps necessary at this point to sound a note of caution regarding the outcomes of the resettlement livelihoods programmes cited in this report. While the

author stands by the accuracy of resettlement data which have been compiled as well as the analyses which has followed, it is also important to note that the resettlement livelihoods programmes are designed to be implemented over the long-term with benchmarks for achievement set every five years. To date we are approaching the first benchmark period of 2013, at which time programme developers are expected to assess the results so far obtained. This review structure that is built-in to the project provides opportunity to make adjustments to the programme going forward. Therefore, the project results observed in the initial period after implementation cannot and should not be extrapolated into long-term outcomes. The data that are available represent the first five year period after the dam construction.

One final note regarding the limitations involved in the methods and data is that, at present, there is relatively little statistical data that measure livelihood activities in close detail. As a result, the research findings are able to show general trends of the resettlement livelihoods programmes across the Plateau, rather than a detailed or quantified account of livelihood activities and outcomes for individual households. Ideally, further studies should ‘pick up’ where this research leaves of, in order to fill in the details of this picture. Any future studies of household outcomes resulting from the livelihoods’ programmes would benefit greatly from household consensus surveys that utilize a set of questions designed to draw out the decision making process of villagers regarding the livelihood activities they are engaging in, including perceptions of risk, and views on short and long term opportunities. This report relied primarily on the secondary data accumulated from social and environmental assessments conducted by or on behalf of NT2 developers prior to resettlement, and the field reports of independent NGOs such

as Mekong Watch and International Rivers at resettlement villages after relocation. These reports were designed to provide a generalized profile of the situation prior to and after resettlement on the Plateau rather than local stakeholder views or detailed household information. As a result, the data used to develop this initial report simply did not provide the required information to adequately analyze resettlement livelihood outcomes at the household level.

What can be said for certain is that, in net result, village resettlement and the subsequent adoption of the resettlement livelihoods programmes has to date failed to live up to expectations for the majority of the villagers on the Nakai Plateau. As NGO field reports indicate, rather than raising villagers living standards beyond the national poverty line, most of the villagers engaged in NT2 developed resettlement livelihood activities have experienced a reduction in their overall income. In a counter trend, those villagers who have abandoned these programmes to concentrate on fishing and illegal timber and NTFP extraction have generally fared much better economically and experienced a dramatic increase in their prosperity. As a result, resettled villagers have increasingly abandoned the resettlement livelihood programmes in order to concentrate their energies on these profitable pursuits. Unfortunately for the World Bank and its development partners, the creation of livelihood systems structured around intensified reservoir fishing and the collection of endangered resources indicates, at the very least, a partial inability of this project and model of development to achieve what it was designed to do: improve the quality of resettled villagers' lives through a balanced approach to market integration and protect the bio-diversity of the local environment. These shortcomings have led to the unintended consequences of continuing difficulties for the livelihoods of local people. As

a result, the legitimacy of the NT2 project as a ‘sustainable development model’ and blueprint for future hydroelectric projects is called into serious question. If this model is to be effectively used in future hydropower projects, further development of the models’ social and environmental safeguards will be required to address the problems identified, as the development of NT2 has not gone according to plan and many questions arise out of that.

Taken together, the NT2 resettlement process has not produced the results that were anticipated at the conclusion of the negotiation process and through the development of social and environmental impact assessment reports. Some of these problems may be remediated at future dam projects if there is sufficient willingness from stakeholders. According to the field reports from non-governmental organizations and the Panel of Experts, some of the responsibility for the failure of the problems seen in the resettlement livelihoods programmes lies in the fact that many of the services and infrastructure promised by the Nam Theun Power Company, World Bank and Lao government never materialized or were poorly implemented. Most especially electrified irrigation systems, compensation for lost assets, and training in new agricultural techniques, all encountered difficulties resulting in failure to meet the targets set during the negotiation process and outlined in the Concession Agreement (Mekong Watch 2010:2-3). These are problems which could be corrected with more careful planning and a diligent approach to implementation at future dam projects. A partial problem still to be resolved is the establishment of a viable long-term market both for the sale of villagers’ surplus produce and to support entrepreneurial ventures.

In the case of villagers wishing to sell their surplus produce to the open market, there is a continual risk of being undercut by sellers now coming from other regions and using the improved Nakai road infrastructure to transport large quantities of lowland produce to markets on the Plateau. Many villagers had opened up businesses associated with the construction phase only to see their primary markets largely dissolve with the completion of the project and return of the NT2 workforce to their own homes. For these local people, the challenge now lies in establishing reliable markets for their products and services to fill the void in demand left behind by the absence of these former patrons. While the possibility of establishing an eco-tourism industry appears promising over the long-term, the entire region, especially the Nakai-Nam Theun National Protected Area, would need to be cleared of unexploded ordnance (UXO) before a tourism industry could be established. Therefore, in the short-term, a cost-benefit analysis would be a useful means to assess the value to Nakai villagers of seeking out markets for their surplus products in other parts of the country.

That many villagers turn to illegal activities to support themselves should come as little surprise considering the situation they face. Income previously generated from livestock cultivation and non-timber forest products that before resettlement compensated for poor harvests is no longer available at relocation sites (Mekong Watch 2010:6). This loss of land-based income leaves villagers little alternative but to engage in illegal reservoir fishing and the harvesting of endangered aromatic woods such as rosewood, and to exploit the regions unique wildlife, most notably large-antlered muntjac and white-cheeked gibbons, to generate the income necessary to support themselves and their families. For the development community and government officials involved in the

planning of social and environmental restoration measures for relocated villagers, the limited accessibility of usable land on the Nakai Plateau was not a surprise. Nor was the fact that there would be limited lands available at resettlement sites hidden from villagers during the phase of negotiations which preceded resettlement.

As a general view, the Nakai experience indicates a situation where expectations and proposed solutions for resettled communities reliant on the local environment sounded good during the planning phases, but has shown to be far more difficult to implement in reality. Due to the reduced land available, now that the reservoir has been constructed, there is little room for error. Cultural and social aspects that were not given adequate attention during the planning phase now are coming to the fore as key concerns. Several issues involving the availability and accessibility of land, and changes in productive capacity have emerged that either were unforeseen or were not given appropriate consideration during the planning phase. Unfortunately for communities around hydro-development sites such as NT2, once a project has moved from the planning phase into the construction phase, there is little possibility for further redistribution of land to resolve the problems.

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