



**CIB Corporate Social Responsibility**

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Sonja Willems  
Campaign Officer, BankTrack  
Vismarkt 15  
6511 VJ Nijmegen, The Netherlands

27 May 2010

Dear Mrs Willems,

We have received your letter dated March 29, 2010, in relation to the Nam Theun 2 (NT2) hydropower project in Lao PDR, and signed by International Rivers, BankTrack, and Les Amis de la Terre. We are aware that a substantially similar letter was sent to the presidents of the World Bank and the Asian Development Bank (ADB) on March 26<sup>th</sup> by International Rivers and Mekong Watch. In both letters, the signatories express their concerns over the start of NT2 operations on March 15, 2010, which they regard as illegal and in violation of the Concession Agreement and of the World Bank's resettlement policy.

We also officially received a copy of the joint reply letter sent to International Rivers and Mekong Watch by the World Bank and the ADB on April 8, 2010, which is publicly available on The World Bank's website<sup>1</sup>. We have carefully reviewed such letter, consulted with the other lenders to whom you addressed your correspondence and with the project company. In addition, we have requested the opinion of the Lenders' Technical Advisor (LTA).

We subsequently received the confirmation from the LTA that they fully support the statements expressed in the letter from the World Bank and ADB. In addition, they confirm that all the necessary approvals have been granted for the start of operations in March and that there are significant environmental and social (E&S) benefits to be gained by commencing power generation as soon as possible.

Based on the analysis of the World Bank and ADB reply letter, we believe that the detailed and thorough explanation stated in their letter should address your concerns over the recent start of operations. We note however, that you may not share the same opinion as expressed in your reply letter to these institutions dated May 12<sup>th</sup>, which you sent us a copy. We note that you have engaged into direct exchanges with the World Bank and ADB and we will continue to review and follow your exchanges with them.

We continue to believe that the E&S due diligence carried out on this project since its inception has been thorough and of a very high standard. Measures taken for mitigation of E&S risks and for compensation / offset of irremediable impacts have been discussed extensively with affected communities and the civil society, and benefit from the joint efforts and experience of several development financial institutions<sup>2</sup>.

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<sup>1</sup> <http://siteresources.worldbank.org/INTLAOPRD/Resources/293582-1092106399982/492430-1092106479653/NT2ResponsetoIRoftheirlettertoWBandADBPresidents.pdf>

<sup>2</sup> The World Bank, ADB, the European Investment Bank, the Agence Française de Développement, Proparco, Thai Eximbank, and Nordic Investment Bank



In addition, the project has been subject to intensive and extensive monitoring against the requirements of the Concession Agreement and other safeguard documents by a wide range of independent parties, including the LTA. Such monitoring does not stop at commercial operation date and will be ongoing over the life of the project, to ensure that the project company's management process for E&S issues remains effective and in line with the overall project objective to improve the livelihood of affected communities and reduce poverty.

Yours sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'P' followed by a horizontal line and a short vertical stroke.

Patrick Bader  
Head of Corporate Social Responsibility  
Corporate & Investment Banking