

Theun-Hinboun dam expansion Laos

Sectors: Hydroelectric Power Generation

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Created before Nov 2016

Last update: Nov 1 2015

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[Project website](#)

Sector

Hydroelectric Power Generation

Location



This project has been identified as an [Equator Project](#)

About Theun-Hinboun dam expansion

The US\$585.5 million Theun-Hinboun Expansion Project involves a 65-meter high storage dam on the Nam Gnouang River and a doubling of capacity at the existing Theun-Hinboun hydropower plant, resulting in a doubling of the amount of water diverted into the Hai and Hinboun Rivers. Over 7500 people have been displaced to make way for this project. In addition, the dam is now affecting the livelihoods of tens of thousands more people living downstream. Due to increased flooding and fluctuations of the Hinboun River, thousands of villagers are being moved away from the river with minimal support from the company over the duration of 2013-2017. Social programs to adequately support the restoration of these villagers' livelihoods remain unclear, particularly in terms of food security and economic well-being. All have seen a decimation of the fish stocks they once relied upon, as well as losses incurred for crops once grown near the riverbanks, including vegetables and paddy rice. There are no clear plans publicly available outlining the schedules for villages to be moved or providing information about how people will be able to grow sufficient food for their families at the new sites.

The original investment by the Theun Hinboun Hydropower Company to build the Theun Hinboun Hydropower Project, which was completed in 1998, resulted in serious impacts on the lives and livelihoods of around 30,000 people living downstream and upstream of the project who have lost fish, rice fields, vegetables and access to clean drinking water as a result of the dam.

Latest developments

Latest update

Jan 14 2013

Latest update

Dec 14 2009

What must happen

The Theun-Hinboun Power Company is moving forward in the implementation of 'relocating' villagers away from the river bank with limited public disclosure of the process, and no independent monitoring system in place. Despite promises in the Concession Agreement to set up a panel of experts to monitor a wide range of environmental and social implications of the THXP, and provide specific recommendations for remedial action as needed, the company has delayed the development of such a panel and failed to make any information about progress on this process public.

The international banks financing this project, including KBC, ANZ and BNP Paribas, should work with the Company to bring the Theun-Hinboun Expansion Project into compliance with the standards outlined in the World Commission on Dams, as well as ADB and World Bank safeguard policies, including in relation to independent monitoring. An independent Panel of Experts with the freedom to look into social and environmental issues related to the project will be key to bringing a level of transparency to the situation of affected communities and ecosystems, while holding the company accountable to proactively address concerns of affected villagers.

Impacts

Social and human rights impacts

The Theun-Hinboun Expansion Project is leading to the displacement of over 7,500 mostly ethnic minority people and negatively affecting another 48,441 people living downstream, on project construction lands and in host villages. The extra erosion, sedimentation and aggravated flooding from additional flows in the Hai and Hinboun Rivers is exacerbating the problems faced by villagers downstream who have relied on subsistence farming and gathering forest foods.

Failure to Provide Adequate Livelihood Support for Displaced People

A fundamental problem with the THXP is the lack of adequate and productive replacement land for the displaced villagers. People from villages that have been inundated have been moved into host communities where land and resources are already scarce. The consequent increase in the population in the host villages is already leading to fierce competition over natural resources, and social tensions. A second, but equally significant, problem is the inadequacy of the livelihood restoration measures currently being implemented, which consist of unproven, under-funded experiments in small scale market-oriented farming, livestock raising and artificial fish ponds.

Devastating Downstream Impacts

Theun Hinboun Expansion Project's impacts on the Nam Hai and the Nam Hinboun are severe as the project doubles water releases into these recipient rivers. The project significantly increases the frequency and duration of flooding along the Nam Hai and Nam Hinboun, is expected to lead to even greater erosion along the riverbanks. Fisheries in the Hinboun River, which have already been severely impacted by the original Theun Hinboun Hydropower Project, are expected to be further decimated. Yet despite the fact that seven years of THPC's environmental and social mitigation activities have failed to address the devastating impacts of the existing Theun-Hinboun project, the RAP makes the optimistic assumption that the impacts from the new THXP can be managed and livelihoods restored. There is no justification for this assertion.

The increased flooding along the Hai and Hinboun will make life unbearable for many residents. There is in fact no certainty how many people in which villages downstream will be required to relocate as a result of the aggravated flooding, whether there is sufficient land available, and if not, where people will move.

The result of THXP will be even greater food insecurity amongst people who are already suffering as a result of the existing Theun-Hinboun project, making life unbearable for many Hai and Hinboun residents. Now, many young people in the downstream villages say they believe that the only sustainable future is one in which they migrate to nearby towns in order to earn cash incomes to raise their own family and support the older generation.

The World Commission on Dams found that women and ethnic minorities were disproportionately affected by dam projects. As women are often responsible for ensuring the sustainable livelihoods of their families, impacts on these livelihoods through destruction of fisheries, flooding of agricultural land and forests, and displacement often result in women bearing a disproportionate share of the costs. It is women who are often left with the burden of caring for their families, finding alternative land and water sources and alternative livelihoods when these are taken away through the development of destructive dam projects.

Environmental and climate impacts

The Theun-Hinboun Expansion Project mitigation plans underestimate the risks to fish stocks downstream of the project in the Theun-Kading River and the Hai and Hinboun rivers. Baseline studies of fisheries have never been done, and as displaced villagers are attesting, artificial fish ponds do not offer the kind of food security as wild fisheries catches once did.

At the site of the reservoir, a section of the surrounding forest area has been designated as a new national protected area. However, given the increased access to the area created by the construction process and road development, conservation of the forests remains in question.

Governance

Other applicable regulations

The Lao National Policy for Environmental and Social Sustainability of the Hydropower sector in Lao PDR, implemented by Science Technology and Environmental Agency, Laos Environment and Social Project.

Brief history

In 1998 the Theun-Hinboun Hydropower Project (the project preceding the Theun-Hinboun Expansion Project) started operation. This project, diverts water from the Theun-Kading River to the Hai and Hinboun Rivers, and has affected around 30,000 people living in more than 62 villages. Impacts have included decimation of fisheries, particularly downstream along the Hai and Hinboun Rivers and in the headpond area, increased flooding leading to massive rice paddy abandonment, inability to cultivate dry season riverbank gardens, and impairments to domestic water supply.

Fluctuating water levels and stronger flows have caused serious erosion along the Hai and Hinboun Rivers leading to loss of fertile agricultural land, riverbank gardens and vegetation. Flooding has become increasingly severe over the last nine years, a problem linked to water releases from the dam and increased sedimentation. Villagers have experienced repeated loss of wet season rice crops, leading to widespread paddy field abandonment, with no compensation paid to villagers.

The increased flooding has also caused water contamination and skin diseases; drinking water scarcity; death of livestock from drowning and disease; loss of fruit and other trees and plants; temporary food shortages and loss of income; and difficulties with access and mobility for many families. The fluctuating water levels in the Nam Hai would appear to have led to the deaths of several people over the past decade and a half.

The Mitigation and Compensation Program that was developed in 2001 to resolve the project's impacts has had limited concrete successes after six years of implementation. Ten years into project operation, communities are worse off than they were before project development.

Although the problems of the Theun-Hinboun Hydropower Project have up to date not been solved, in 2008 the Theun Hinboun Hydropower Company started the construction of the Theun-Hinboun Expansion Project, which is exacerbating the existing problems. Indeed, many of the social programs developed for displaced communities follow the same initial models of encouraging people to invest in small-scale agricultural production and artificial fish pond development on small plots of relatively infertile land. These livelihood projects are experimental, and cannot replace the food security provided by wild fisheries, wet season rice harvests, and forest foods.

Updates

Latest update

Jan 14 2013

The Theun Hinboun Power Company (THPC) [commenced operation](#) of the Expansion Project on 10th January, jeopardizing the livelihoods of tens of thousands of people. The project, consisting of a new dam on the Nam Ngouang River and the doubling of capacity at the existing Theun-Hinboun powerhouse, will double the amount of water being diverted into the Hai and Hinboun Rivers, causing extensive flooding and other impacts.

The Theun-Hinboun Expansion Project will exacerbate the effects of the first dam and force many people living downstream along the Hai and Hinboun Rivers to move to new relocation sites away from the river. For many villagers, this will make living off the land increasingly impossible. Already several villages have been relocated to new sites downstream and interviews with these villagers reveal that people are worried about how they will grow rice and feed their families in the future. Land shortages abound and many villagers have been given poor quality land that cannot sustain rice cultivation. Thousands more people are expected to be relocated in the coming five years due to project-induced flooding. According to Lao laws, these villagers have the legal right to know when and where they will be moved. However, there are no clear plans publicly available outlining these details or providing information about how people will be able to grow sufficient food for their families at the new sites.

Latest update

Dec 14 2009

Financial close was achieved on October 10, 2008 after which construction started. The filling of the reservoir is planned to start in 2011, the Commercial Operation Date (COD) for the Nam Gnouang power plant is set for 2012. In 2009 the first villages around the reservoir area were moved to new resettlement sites.

In May 2009 BankTrack and International Rivers conducted a fieldtrip to the region. The results of this report are summarised in the report '[Expanding failure](#)' and indicate that the Theun Hinboun Expansion Project is not in compliance with the Equator Principles and Lao national law.

On November 12, 2009, the Theun Hinboun Power Company (THPC) signed new loan commitments valued at US\$112,5 million with 3 Development Finance Institutions, parparco of France, FMO of the Netherlands, and DEG of Germany (together the DFIs). The loans will fund the Theun Hinboun Expansion Project, joining into the existing US\$600 million finance plan approved in October 2008.

On December 7, 2009, the Theun-Hinboun Power Company (THPC) started diverting the Nam Ngouang River to block the waterway for the construction of the dam. The diversion will direct water through a tunnel before it re-connects about 300 metres further on in Thasala village. The diversion is part of construction work and marks a new stage in the project.

Financiers

Banks

[ANZ](#) Australia [profile](#)

[Details](#) ▼

Debt – project finance

October 2008

Participation in \$187,5 million syndicated loan arranged by Exim Bank of Thailand
source: press release Exim Bank of Thailand October 8th, 2008

[BNP Paribas](#) France [profile](#)

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Debt – project finance

October 2008

Participation in \$187,5 million syndicated loan arranged by Exim Bank of Thailand
source: press release Exim Bank of Thailand October 8th, 2008

[Bank of Ayudhya](#)

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Debt – project finance	October 2008
Participation in 13,940 million baht syndicated loan arranged by Exim Bank of Thailand <i>source: press release Exim Bank of Thailand October 8th, 2008</i>	
KBC Belgium profile Details ▼	
Debt – project finance	October 2008
Participation in \$187,5 million syndicated loan arranged by Exim Bank of Thailand <i>source: press release Exim Bank of Thailand October 8th, 2008</i>	
Kasikorn Bank Thailand profile Details ▼	
Debt – project finance	October 2008
Participation in 13,940 million baht syndicated loan arranged by Exim Bank of Thailand <i>source: press release Exim Bank of Thailand October 8th, 2008</i>	
Siam City Bank Details ▼	
Debt – project finance	October 2008
Participation in 13,940 million baht syndicated loan arranged by Exim Bank of Thailand <i>source: press release Exim Bank of Thailand October 8th, 2008</i>	
Thanachart Bank Details ▼	
Debt – project finance	October 2008
Participation in 13,940 million baht syndicated loan arranged by Exim Bank of Thailand <i>source: press release Exim Bank of Thailand October 8th, 2008</i>	

Export credit agencies

Thai Exim Bank Details ▼	
Debt – project finance	USD 100 million
Loan of 100 million USD, provided in 2008. <i>source: PR office Thai Exim Bank, October 8th, 2008</i>	

National development banks

DEG Details ▼	
Debt – project finance	USD 112.5 million
taking part in a US\$ 112,5 million loan <i>source: link</i>	
FMO Netherlands profile Details ▼	
Uncategorised	
PROPARCO Details ▼	
Debt – project finance	USD 112.5 million
taking part in a US\$ 112,5 million loan <i>source: link</i>	

[Click here to read the press release of the Exim Bank of Thailand October 8th, 2008.](#)

[Click here for more information about the financial structure of the project.](#)

Related companies