

Xayaburi dam Laos

Sectors: Hydroelectric Power Generation

● On record

This profile is no longer actively maintained, with the information now possibly out of date

Send [feedback](#) on this profile

By: BankTrack

Created before Nov 2016

Last update: **Oct 12 2016**

Contact:

[Ame Trandem](#), International Rivers

[Project website](#)

Sectors

Hydroelectric Power Generation

Location

About Xayaburi dam

Located in Northern Laos, the proposed Xayaburi Dam is the most advanced of eleven large hydropower dams planned for the Lower Mekong River. The US\$ 3.8 billion project is expected to generate 1,260 megawatts of electricity, around 95% of which will be exported to Thailand. According to the 1995 Mekong Agreement, a treaty on transboundary water cooperation, the governments of Cambodia, Laos, Thailand, and Vietnam must jointly approve the project before it can proceed.

The Mekong River is home to the world's largest inland fishery and hosts a treasure trove of biodiversity. The Xayaburi Dam would cause significant and irreversible damage to the river's ecosystems and the millions of people in the region who depend upon the river's rich resources for their livelihoods and food security. The large environmental and social risks of the dam and the need for further study have been documented in an ever-growing number of scientific studies produced by the Mekong River Commission (MRC) and other experts. Because of significant gaps in baseline data about the Mekong River's ecosystems and people, scientists warn that the regional governments are not in a position to make an informed decision on the dams at this point in time. These concerns were outlined in the findings of the MRC's 2010 Strategic Environmental Assessment, which recommends deferring all decisions over the Xayaburi Dam and other Mekong dams for a period of ten years.

Despite the concerns raised over the dam's considerable transboundary impacts and the significant opposition expressed to the project by the region's people, construction activities began in late 2010. Laos called these activities "preliminary work" for several years and even claimed at times that construction was delayed. On 7 November, 2012, Laos and Thailand held an official groundbreaking ceremony after claiming that Cambodia and Vietnam now support the project. At the MRC's Council meeting in January 2013, Cambodia, Vietnam, and the MRC's donor governments all continued to raise concerns about the project. According to the current construction schedule, the project's coffer dam will be completed by May 2013.

- [Xayaburi Dam: Timeline of events \(last updated April 2014\)](#)

What must happen

Given the Xayaburi Dam's scale of impact on the region and the fact that it could provoke further tension within the region, Thai banks should suspend their financing to the project. Any such financing is likely to carry significant and costly environmental, social and economic risks, subject the banks to intense public opposition for many years to come, while also jeopardizing the banks' reputation both at home and abroad. All construction on the Xayaburi Dam should immediately stop to respect the regional decision-making process at the MRC.

Issues

Human rights and social issues

Irreversible damage to the Mekong River's aquatic resources and fisheries is a direct threat to the livelihoods, culture and food security of millions of people who live along the river's banks. If built, the dam would forcibly resettle over 2,100 people, some of whom would be displaced for the fourth

time in 15 years. In addition, the dam will directly affect the lives of more than 202,000 people living near the dam through adverse impacts to their livelihoods, income and food security due to the loss of fisheries, agricultural land and riverbank gardens, an end to gold panning in the river, and increased difficulty in accessing products from the forest, such as wild banana flower and rattan.

Given Laos' poor record of enforcing environmental laws and meeting bare minimum social safeguards commitments, the communities who will be impacted are likely to follow in the footsteps of other impoverished dam affected communities in the country. Furthermore, as the full social and environmental costs associated with the dam have yet to be adequately examined by the dam developer, the true costs of the project have yet to be known and the social and environmental programs that will be needed to mitigate and compensate for the dam's impacts have yet to be calculated.

The project will forcibly displace 2,100 people and negatively affect an additional 202,000 people who have had no say in decisions about the project. As the project failed to adequately consult the people living near the dam site and the limited consultations that did occur were meaningless as key project information was not provided to participants, the dam has failed to meet minimum standards for consultation with directly-affected communities. Furthermore, consultation within the region has also failed to meet minimal standards as the project's Environmental Impact Assessment (EIA) report was only released to the public in mid-March 2011, weeks after public consultations on the dam were held in Thailand, Cambodia and Vietnam.

Environmental issues

The Xayaburi Dam brings with it many environmental issues. In short, the dam will cause irreversible and permanent damage to the river's habitat and ecosystem, which in turn will impact the local communities. The Mekong River Commission's 2010 Strategic Environmental Assessment on Mekong mainstream dams warns of a future of grave ecological destruction should the cascade of dams be built.

Some key findings of the strategic environmental assessment include:

- The cascade of lower Mekong mainstream dams would turn 55% of the Mekong River into a series of reservoirs.
- The dams would block important fish migration routes, resulting in significant fishery losses of between 700,000 to 1.4 million tonnes, estimated to be worth between US\$476 million and US\$956 million.
- Fisheries are the main source of protein in the region, but Cambodia and Laos would be the hardest hit, as little to no alternatives exist. Livestock production would be unable to compensate for the loss.
- By inundating agricultural land and blocking vital sediment and nutrient flows, the dams would reduce agricultural productivity by more than \$25 million/year.
- As a biodiversity hotspot, the dams would lead to permanent losses of species of global importance. Some areas of the Mekong would see losses of up to half the recorded species, along with the extinction of flagship species such as the Giant Mekong Catfish and Irrawaddy dolphin.
- The dams would contribute to growing inequality in the region, as region's poor would suffer the greatest impacts.
- Many of the risks associated with the dams cannot be mitigated and would represent losses of economic, social and environmental assets
- Recommendations include a 10-year deferment of all plans for dams on the Mekong mainstream, the full translation and systematic distribution of the SEA report, further studies to be undertaken, and that the mainstream never be used as a test case.
- As the EIA's scope only considered a ten kilometre radius below the dam site, the report failed to provide adequate consideration of the transboundary impacts of the project. Furthermore, as the report's baseline information and data was found to be insufficient, many of the dam's environmental and social impacts have yet to be fully identified and many of the dam developer's proposed mitigation measures remain unproven and inadequate.

Governance

Applicable norms and standards

1995 Mekong Agreement

International Hydropower Association

World Bank Safeguard Policies

World Commission on Dams

Other applicable regulations

Applicable Bank Policies:

Each Thai commercial bank involved in the Xayaburi Dam has a Corporate Governance Policy, which is guided by the Stock Exchange of Thailand. This

policy requires their compliance with host country laws, while also recognizing the legal rights of other stakeholders, including the community the company operates in, the government, and society ([read more](#)). In addition, these banks have also made commitments to Corporate Social Responsibility, which requires them to comply with and report on their CSR activities. Some of these commitments include:

- **Kasikorn Bank:** "The Bank shall pursue activities for public interests, society and the environment, with fair treatments to all stakeholders" and that "The Bank should promote environmental preservation activities." *Corporate Social Responsibility Policy*
- **Siam Commercial Bank:** "To conduct the bank's business with responsibility towards the society and with sensitivity when dealing with issues which are related to public interest; and to regularly support and participate in activities that are beneficial to community and the society" and "To abide by environmental laws and regulations, implement effective safety and environmental management measures to prevent negative impacts on local communities." *Corporate Code of Conduct and Value Statement*
- **Bangkok Bank:** "The Bank supports measures and good practices for protecting and conserving the environment." *Code of Conduct and Business Ethics Principles*
- **Krung Thai Bank:** "The Bank must have its Social and Environmental Awareness, which is a part resulting from fair treatment to stakeholders in order to reduce or eliminate any negative impacts on the society and the environment as a result of the Bank's business operation." *Seven Principles of Good Corporate Governance*

Other:

- National laws of Lao PDR and Thailand should apply.
- Furthermore, as Thailand and Laos are both signatories of the 1995 Mekong Agreement, they are required to undergo a regional-decision making process for all proposed Mekong mainstream development projects called the "Procedures for Notification, Prior Consultation and Agreement" (PNPCA), facilitated by the Mekong River Commission. This process requires the signatories to undergo a consultation process in which the impacts of the proposed project are discussed and evaluated before reaching a joint decision, in order to ensure the sustainable development, management and conservation of the Mekong River.

Updates

Latest update

Apr 9 2014

The Government of Laos reported that construction on the Xayaburi Dam is 30% complete. A formal OECD Guidelines complaint was filed against Austrian company Andritz AG for their involvement in the Xayaburi Dam, which violates international standards on ethical corporate conduct.

Mekong Floods: The Dampening of the Wintery Suffering

Dec 27 2013

It is the middle of winter in the Mekong region, throughout December, floods have brought havoc to communities along the Mekong River. From the Chiang Saen District, Chiang Rai province in Northern Thailand downward, the water level in the Mekong has risen rapidly. The flooding was most intense along the Thailand-Lao border from the Golden Triangle toward Khong Chiam, Ubonratchathani. It is unprecedented to experience such flooding in the Mekong during wintertime. [\[Read More\]](#)

Science Takes a Backseat as Xayaburi Dam Continues

Dec 15 2013

On Saturday leaders from Cambodia, Thailand, Vietnam, Laos, Burma and Japan gathered in Tokyo for the Fifth Mekong-Japan Summit. The summit is part of a larger meeting between ASEAN countries to commemorate 40 years of friendly and cooperative ties between the nations. The summit also marks two years since [an agreement between the Mekong governments to conduct further study on the sustainable development and management of the Mekong River](#), including the impacts of dams on the Lower Mekong River's mainstream. The Mekong River is a vital life source for the region; however plans to build a series of 11 dams on the lower mainstream continue to put the future of the Mekong in jeopardy, as the significant risks of these projects have yet to be fully understood. [\[Read More\]](#)

Xayaburi developers say that dam is already 8% built, further indicating that construction began long before the November 2012 groundbreaking ceremony

Mar 25 2013

The construction of Mekong Xayaburi dam has been achieved by 8% since its groundbreaking took place late last year, an engineer of Xayaburi dam, Mr Prat Nantasen, said Tuesday. Presently, the navigation lock and spillway are being constructed and they are expected to be fully built by 2015. Other construction works, including the construction of power house and fish passage, have been set to be completed by 2019. [\[Read More\]](#)

Cambodia, Vietnam, and Donors Challenge Laos on Mekong Dams

Jan 18 2013

At yesterday's 19th Mekong River Commission (MRC) Council Meeting, heated debate occurred over Laos' construction of the Xayaburi Dam and plans to build a cascade of dams on the Lower Mekong River. According to participants at the meeting, MRC governments disagreed about the prior consultation procedures and how they had been applied in the case of the Xayaburi Dam. The Cambodian delegation asserted that Laos had misinterpreted the Mekong Agreement and that the prior consultation process had never been completed. Meanwhile, Vietnam requested that no further developments on the Mekong mainstream occur until the Mekong mainstream dams study agreed upon at last year's Council Meeting is completed. The official opening statements from Council members reveal that Cambodia and Vietnam have not changed their opposition to the Xayaburi Dam and other mainstream dams. [\[Read More\]](#)

Days After Xayaburi Gets Green Light, Pöyry Flaunts Project's Corruption

Nov 9 2012

On November 9, only four days after Laos announced the official start of construction on the Xayaburi Dam, Finnish company Pöyry announced that it has taken on a central role in the project. According to the company's press release, "Pöyry will support the Government of Lao and the project owner Xayaburi Power Company Limited during the 8-year implementation period by reviewing the design and supervising the construction of the project." [\[Read More\]](#)

Laos holds groundbreaking ceremony for the Xayaburi Dam

Nov 5 2012

In clear defiance of its neighbors and a regional agreement, the Lao government held a groundbreaking ceremony at the Xayaburi Dam site on the Mekong River on November 7th. Mr. Viraphonh Viravong, Laos' Deputy Minister of Energy and Mining, told a group of journalists yesterday, "It has been assessed, it has been discussed the last two years. We have addressed most of the concerns." After the ceremony, the project developers began construction on the coffer dam, which diverts the river while the permanent dam wall is built. The coffer dam is expected to be completed by May 2013. [\[Read More\]](#)

Thai villages file lawsuit to stop Xayaburi dam

Aug 7 2012

On August 7, Thai villages filed a lawsuit to stop the construction of the Xayaburi dam. While the dam is located in Laos, the majority of the electricity will be purchased by a Thai utility. The building of the dam will negatively affect the Thai population and their traditional way of living. [\[Read More\]](#)

Thailand Defies Neighbors on Contentious Xayaburi Dam

Feb 29 2012

On December 8, 2011, the governments of the Mekong River Commission-Cambodia, Laos, Thailand, and Vietnam met to decide whether to approve the Xayaburi Dam. At this meeting, they agreed to conduct further studies on the impacts of the Mekong Dams. Laos did not publicly agree to delay construction on the Xayaburi Dam while the studies are underway, although many observers believe that a delay has been agreed. The four governments are still designing the impact study. Meanwhile, preliminary construction on the Xayaburi Dam continues, EGAT's power purchase agreement remains in effect, and the Thai banks have not withdrawn financing. [\[Read More\]](#)

Financiers

Banks

[Bangkok Bank](#) Thailand [profile](#)

[Details](#) ▼

Debt – project finance

THB 80 billion

22 April 2010

combined syndicated loans of 80 billion baht - Along with five other Thai Banks, has indicated willingness to financially support project with combined syndicated loans of 80 billion baht.

[Export-Import Bank of Thailand](#)

[Details](#) ▼

Debt – project finance

THB 80 billion

22 April 2010

combined syndicated loans of 80 billion baht - Along with five other Thai Banks, has indicated willingness to financially support project with combined syndicated loans of 80 billion baht.

[Kasikorn Bank](#) Thailand [profile](#)

[Details](#) ▼

Debt – project finance	THB 80 billion	22 April 2010
combined syndicated loans of 80 billion baht - Along with five other Thai Banks, has indicated willingness to financially support project with combined syndicated loans of 80 billion baht.		
Krung Thai Bank Details ▼		
Debt – project finance	THB 80 billion	22 April 2010
combined syndicated loans of 80 billion baht - Along with five other Thai Banks, has indicated willingness to financially support project with combined syndicated loans of 80 billion baht		
Siam Commercial Bank Details ▼		
Debt – project finance	THB 80 billion	22 April 2010
Combined syndicated loans of 80 billion baht - Along with five other Thai Banks, has indicated willingness to financially support project with combined syndicated loans of 80 billion baht		
Tisco Bank Details ▼		
Debt – project finance	THB 80 billion	22 April 2010
combined syndicated loans of 80 billion baht - Along with five other Thai Banks, has indicated willingness to financially support project with combined syndicated loans of 80 billion baht.		

Despite their commitment to funding the project, the Thai media has reported some reservation amongst the four banks due to the public opposition the dam faces and concerns over the quality of its Environmental Impact Assessment report. Vasin Vanichvoranun, executive vice-president for corporate business at Kasikornbank, said that the bank was awaiting a clearer EIA report for the project because it had strict social and environmental guidelines for financial support. Krung Thai was also reported by the media to be waiting for the EIA report ([read more](#)).

Siam Commercial Bank's Deputy Managing Director Artit Nanwittaya said the Bank could not sign the loan agreement as scheduled with the other banks in April 2011 due to the strong opposition to the dam inside Thailand and regionally. He said "there are several groups opposing the project including Lao, Cambodian, Vietnamese, and Thai, mainly because of its environmental impacts. This makes a halt for the project. For the Bank to support this project financially, we need to consider laws and regulations. If it doesn't comply with the law, we would not sign the loan agreement." ([read more](#)).

Despite the reservations expressed amongst the Thai banks, Ch Karnchang was reported on May 2nd 2011 saying that the four banks remain committed to financing the dam and that they expected the loan agreements to be signed shortly ([read more](#)).

Related companies

Andritz Austria

supplier of electromechanical equipment, seven kaplan turbines. <http://www.andritz.com/hydro/hy-news/hy-news-detail.htm?id=23737>

Ch. Karnchang Public Company Limited (CK) Thailand

Colenco Power Engineering Ltd Switzerland

KGAL United Kingdom

KGAL has been awarded a contract to provide design services for the Xayaburi hydro power project in Lao PDR. The company will provide designs for all the Hydraulic Steel Structures on the state of the art, run-of-river plant which will have an installed capacity of 1285MW.

Natee Synergy Company Limited Thailand

P.T. Construction & Irrigation Company Limited Laos

Pöyry Energy AG Finland

Southeast Asia Energy Ltd (SEAN) Thailand

TEAM Consulting Engineering and Management Co. Ltd Thailand

Xayaburi Power Company Limited Laos