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Use of Public Consultation in the Nam Theun 2 Hydroelectric Project

Introduction

The purpose of this note is to describe the public consultation program to date for the Nam Theun 2 (NT2)-hydroelectric project and share lessons learned regarding the process and methodologies that were used.

The Lao PDR is a large, sparsely populated country with rugged terrain, limited infrastructure, and a weak manufacturing base. Poverty is widespread with nearly 50 percent of the population living below the poverty line. The options available to provide substantial export earnings to help fuel long-term economic growth are limited to the export of natural resources—particularly hydroelectricity and tropical hardwoods.

The Government of Lao PDR (GoL) has requested financial support from the World Bank Group for the proposed NT2 project. The main features of the project are a 50 meter high dam on the Nam Theun river, a 450 km² impoundment reservoir, a 681 MW powerhouse, and transmission lines to connect NT2 to the Thai grid. The dearth of options for economic development, outstanding energy commitments to the Electricity Generating Authority of Thailand (EGAT), and magnitude of export income and government revenues that could be generated by the project make Nam Theun 2 a potentially important project in Lao PDR's development.

The project is expected to generate sizable revenues (about \$33 million p.a. in

1996 dollars over a period of 30 years),^{1/} but would also have substantial social and environmental impacts, including the relocation of 4,500 people and the inundation of 450 km² of the Nakai Plateau, 30 percent of which is forested and home to several important species. Recognizing the existing concerns of the national and international community, the need for transparency in the development of this project and World Bank Group requirements, the GoL and the Nam Theun Electricity Company (NTEC) have implemented a comprehensive program of public consultation. This is the first time this process has been used in Lao PDR in a large private sector infrastructure project. Given that Lao PDR has a tradition of centralized decisionmaking, the implementation of this elaborate and complex public consultation program constituted a very constructive step by the GoL.

IDA's role in the public consultation process is to work in partnership with the public and private sectors and civil society to facilitate infrastructure development which is both socially and environmentally sustainable. Specifically:

- assisting the government—through technical assistance funded by UNDP and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)—to develop generic guidelines on public involvement to provide clarity for private sector investors and strengthening the government's capacity to monitor and review what the private sector commits to undertake;

1/ Economic Impact Study by Louis Berger International.

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- working with the private sector consortium, NTEC, to provide guidance on World Bank Group policy objectives and benchmarks by which compliance will be monitored; and
- strengthening civil society by creating opportunities for public consultation and seeking opportunities for partnership between governments, the private sector and NGOs.

Objectives

The objectives of public consultation in NT2 are to ensure that stakeholders are identified, key social and environmental impacts are established, and a process of stakeholder consultation and involvement in project design and implementation is put in place. The added transparency, resulting from the process of public consultation, is expected to help meet important social and environmental quality assurance objectives, which should reduce costs.

Strategy

Given the wide range of stakeholders, public consultation in NT2 has taken place at several levels: local, regional, national and international. With the international profile of this project, an unusually high

percentage of the budget was allocated to national/international consultation.

Local, regional and national consultations were carried out within two parallel study programs. The GoL program is designed to determine the feasibility and sustainability of the project and includes the:

- Analysis of Alternatives Study;
- Economic Impact Study; and
- Nakai Nam Theun Catchment Area Social and Environmental Action Plan.

NTEC is implementing the other program, which is designed to meet the social and environmental requirements of the GoL and financial institutions. This includes the:

- Environmental Assessment (EA) and Management Plan; and
- Resettlement Action Plan (RAP).

At the international level, an International Advisory Group was established. This was the first time that IDA has engaged five internationally recognized independent experts with the objective of consulting broadly to assess proactively how the Bank is handling environmental and social issues in the preparation of the project.

Box 1 Stakeholders in the Different Studies

	<u>Directly Affected</u>	<u>Indirectly Affected</u>
Studies Coordinated by GoL		
<i>Analysis of Alternatives</i>	Affected communities, government, provincial officials	NGOs, private companies, EGAT, international donors
<i>NNT Social and Environmental Action Plan</i>	Affected communities (paying attention to gender, ethnicity and age), provincial officials, government, BPKP, transboundary traders	Community development and environmental NGOs, news media, international donors, transboundary conservation areas, NTEC
<i>Economic Impact</i>	Affected communities, Lao PDR, government, Thailand, EGAT	NGOs, international donors
Studies Coordinated by NTEC		
<i>Environmental Assessment and Management Plan</i>	Communities (including downstream), community-based organizations, traditional authorities, government, BPKP	Community development and environmental NGOs, international donors, news media, transboundary conservation areas, NTEC
<i>Resettlement Action Plan</i>	Affected communities, host communities, representatives of local communities, government	Community development and environmental NGOs, international donors, news media, transboundary and environmental NGOs, NTEC

Methodologies

Local/Regional Levels

Independent experts indicate that communities in the areas most likely to be affected by the NT2 have been extensively informed and consulted during the development of this project, in compliance with directives 4.01, 4.20, and 4.30 of the World Bank Group. Good coverage of villages has been achieved to inform villagers about the project, its impacts on their lives, and the options that they may have for compensation or mitigation of negative impacts. Furthermore, original project design and compensation programs have been modified as a result of the consultation process.

In order to conduct meaningful local consultation it is essential that information is provided in such a way that it is understandable to all stakeholders, including women and other vulnerable groups, and to ensure that all stakeholders are heard. The methodologies applied in NT2 to achieve those objectives include the use of:

- culturally, gender and generationally diverse teams of Lao people with training in public consultation methods to carry out the consultation;
- local groups such as the Lao Women's Union to aid in information dissemination;
- oral, written and visual information to reach all groups; and
- participatory rural appraisal techniques, such as solicitation of verbal information through semi-structured household interviews and focus groups and map drawing.

However, in some cases village meeting strategies were used inappropriately, allowing more powerful village members to dominate the consultation. Local consultation in some villages benefited from having smaller meetings in which more homogeneous groups gathered (for example, women or youth) to discuss issues. In other cases there was inadequate translating and interpreting, resulting in inadequate comprehension of the messages being delivered. Furthermore, many of the field teams carrying out the consultation were

composed mostly of male Lao officials, which did not represent the target population and sometimes prevented a process of meaningful consultation.

The majority of the target population is illiterate, so the use of visual materials was essential. Some of the materials used included aerial maps, cross sections and schematics, which were often little understood by the villagers. This reinforces the need for adequate and meaningful communication tools. A strategy of testing materials and of checking comprehension among local people is essential to ensure that communities understand the reality of the project so that methods can be fine tuned or changed if necessary. Finally, the importance of a strategic plan guiding the consultation process and oversight by senior social scientists should not be underestimated.

National Level

One of the landmark activities in the NT2 public consultation program has been to hold a series of national workshops. Three workshops have been held to date for the studies coordinated by the GoL and two each for the environmental assessment and the resettlement action plan. Each workshop has used external facilitation. There were logistical problems in the initial workshops due to the inexperience of the GoL in organizing and managing events of this nature. For example, invitations to the workshops were not sent four weeks in advance as recommended. The lack of sufficient lead time meant that some NGOs and other interested groups were unable to attend. In some cases TORs or other relevant information were not sent early enough, which limited the ability of participants to develop their ideas and comments.

To improve the level of discussion and to achieve more objective debate about specific issues, breakout groups were established and helped to make discussion more focused and dynamic. The workshops were extremely useful in bringing together a broad cross-section of stakeholders, who provided valuable feedback to NTEC and the GoL by scrutinizing most aspects of the project.

The third workshop was well run and the GoL's capacity to undertake consultations has been strengthened to the extent that it can now play a leadership role in this area in the region.

International Level

The International Advisory Group was convened and visited Lao PDR, where it met with a wide range of directly and indirectly affected stakeholders. The Group produced a report which noted that establishing such an International Advisory Group presented an opportunity to consult broadly on whether the Bank Group should proceed with NT2 and that the World Bank has taken an innovative step in co-convening with IUCN, the World Commission on Dams. The Group's unedited report was released to the public within 30 days.

Value Added of Public Consultation

There have been several observable

benefits of undertaking a comprehensive program of public consultation. In addition to the lessons outlined in Box 2, public consultation:

- provides an excellent planning tool, enhancing the quality assurance process by changing project design to accommodate stakeholder concerns;
- allows a closer examination of the costs of the project, with the possibility of reducing costs in part because of the transparency of the process;
- sets a precedent for requirement of carefully planned, costed and funded resettlement plans for future projects;
- workshops, as observed by GoL, have helped in delineating responsibilities between the public and private sectors;
- has encouraged other developers and donor agencies to consider incorporating this process into their projects.

Box 2 Early Lessons Learned

The complexity and novelty of the Nam Theun 2 project make it very difficult to avoid having some problems. However, overall the consultations to date have been considered positive by the GoL, the private developer, and members of the international community. Some of the lessons learned are:

Strategy:

- a strategic plan is needed;
- the participation process should begin early; where there are community structures for information dissemination, these should be used to facilitate the consultation process; and
- continued consultation is needed through the project development process.

Methodology:

- the process of consultation should address the need to clearly define the project area so that all potential impacts are included;
- clear information is needed for private sponsors about requirements and evaluation criteria for the participation process; and
- appropriate communication tools and strategies that are understandable to the target group help ensure a process of meaningful consultation.

Capacity building is essential especially:

- strengthening the sponsors' capacity to manage complex consultation processes and to build on what they or other entities in the area are already doing;
- proper management of national workshops and the creation of breakout groups within the workshops, to stimulate more in-depth discussion of certain issues;
- supervising the project sponsors to make sure that all consultations are occurring as desired, at the local level it is important that supervision is carried out by senior social scientists; and
- ensuring that social scientist expertise is available in consultations, not just in supervision.

