


Like fish on land

The impacts of hydroelectric power projects on resettled communities in Uganda and Laos

**Both ENDS**
Connecting people for change



"To those at the great house it means nothing, this handful of earth, but to me it means how much!"¹

COLOPHON

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EXECUTIVE SUMMARY

In this paper, we look at four hydropower projects implemented in Laos (Nam Theun 2 and Nam Ou) and in Uganda (Bujagali and Karuma). In both countries, one project is funded by international public banks such as the World Bank or European Investment Bank in cooperation with corporate players (Bujagali and Nam Theun 2), and the other project is funded with Chinese state money (Karuma and Nam Ou).

We present the experiences of communities whose lives and livelihoods were directly affected by the construction of these hydropower dams and plants. Their narratives were partly collected first-hand during meetings and interviews in the countries, and partly through secondary sources.² The four cases provide a snapshot of the personal experiences of members of the displaced communities at a specific moment in time, and should be treated as such. They are not in-depth studies of the social impact of the four projects.

The narratives clearly show the negative impacts of the hydropower projects on people's livelihoods and wellbeing. All four cases reveal a deteriorated access to and control over the natural resources that people used to depend on for their living. To make space for the infrastructure developments, communities were moved from the fertile banks of a river to a remote location with poor soil quality and limited supply of water, with consequent effects on their food security. Resettlement thus led to impoverishment. The remoteness of their new villages makes people feel isolated and reduces access to employment and other economic opportunities. The stress and trauma associated with forced displacement are also a significant concern.³ All these effects taken together, have

caused resettled communities in Uganda to refer to their situation as living 'like fish on land'.

Based on the case material, we try to draw a few preliminary conclusions about the relationship between, on the one hand, the different funders and finance models (IFI/PPP versus Chinese state investments) and, on the other hand, the implementation of resettlement policies - in particular social and environmental safeguards - and the persisting impacts of the resettlement on communities after project completion.

While these conclusions need to be substantiated by further research, our case studies seem to indicate that the Chinese-funded projects have fewer mitigation measures in place, as they typically claim to follow host country rules.⁴ The IFIs do have policies in place to protect communities against potential spill-over damages of large-scale infrastructure projects. These safeguards policies require them to prepare resettlement plans to minimise the negative impact caused by displacement.

However, even where such policies are in place, large-scale infrastructure projects such as hydro-power dams and plants always have had, and continue to have, far-reaching impacts on local communities living near the project development area, and who, whether

forcibly or not, often have to leave their home area to be resettled elsewhere. Moreover, there is growing evidence that despite project mitigation measures, people are often worse off after project completion. Effects that are caused by displacement are often even aggravated in the period post-relocation, which means that people are exposed to long-term disadvantages caused by resettlement.⁵

In brief this means that, regardless of the finance source (IFI or Chinese banks), the efforts to restore people's livelihoods in the longer term primarily depend on the host governments. These governments, however, often lack the necessary programs and budgets.

We argue that there needs to be a serious rethink of the long-held, simplistic assumptions about the positive effects of infrastructure development on poverty alleviation. It seems that the displacement of communities is still accepted as the unavoidable 'collateral damage' of infrastructure projects. This reveals a highly unacceptable attitude towards poor communities in whose name development is proceeding.

1. INTRODUCTION

This paper presents four cases describing the resettlement effects of four large hydroelectric power projects on local communities in Laos and Uganda.

Resettlement effects vary per case, and may include the loss of physical and non-physical assets, including homes, communities, productive land, income earning assets and sources, subsistence, resources, cultural sites, social structures, networks and ties, cultural identity and mutual help mechanisms.⁶

This paper aims to explore whether the source of the finance used for the hydroelectric power projects – that is, Public Private Partnerships (PPP) between international financial institutions (IFIs) and corporate players, or Chinese state banks - influences this resettlement effect. We are interested to know whether there is a causal link between the financing source and finance model on the one hand, and the extent to which (the finance for) social and environment defences is secured and safeguard policies are implemented, on the other hand.

In two of the cases presented, the hydropower projects were financed by IFIs and corporate players, while the two other projects are funded by Chinese public banks.

In Uganda, the Bujagali dam project, which is financed by international public banks⁷ and corporate actors through a PPP, is compared with the Karuma hydropower project, which is financed by the Export-Import Bank of China (shorthand, ExIm Bank).

In Laos⁸, a comparison is made between the World Bank-funded hydropower project Nam Theun 2 and the Nam Ou hydroelectric project, which is financed by the China Development Bank.

Developments for the Bujagali dam in Uganda and the impoundment of Nam Theun 2 in Laos both started over ten years ago. Both megaprojects were part of the 'High Risk, High Reward' strategy (re)introduced by

¹ Pearl Buck, *The Good Earth*, 1931.

² Information for the section about Nam Theun 2 is extracted from the 2018 publication 'Dead in the Water', Shoemaker and Robichaud, 2018.

³ Routine and dissonant culture, Ted Downing and Carmen Garcia Downing, Santa F M. Cern.

⁴ In Uganda, the government cannot by law take possession of the affected land until it has paid the owner compensation and/or resettled them. The Constitution, Article 26(2) makes it clear that, "(b) the compulsory taking of possession or acquisition of property is made under a law which makes provision for-(i) prompt payment of fair and adequate compensation, prior to the taking possession or acquisition of property." However, reality is different for most infrastructural projects in Uganda.

⁵ Michael M. Cernea & Julie K. Maldonado (eds) 2018, *Challenging the prevailing paradigm of displacement and resettlement*. Routledge.

⁶ Asian Development Bank (ADB), 1998, *Handbook on resettlement. A guide to good practice*.

⁷ Among others by the World Bank, European Investment Bank (EIB), African Development Bank (AfDB) and the Dutch Development Bank (FMO).

⁸ Officially the Lao People's Democratic Republic (Lao PDR).



River Nam Ou in 2011
Photographer: Pieter Jansen

the World Bank in the early 2000s. In both projects, the private sector was involved in the financing of the dams through Public Private Partnerships under a build, own, operate and transfer (BOOT) model. Both were considered model hydropower projects at the time. The Bujagali power plant is owned by Bujagali Energy Limited (BEL), a consortium created by the US company Sithe Global Power and a division of the Aga Khan Fund for Economic Development.⁹ The French state-owned Electricité de France and the Electricity Generating Authority of Thailand own the majority of the shares of Nam Theun 2.

The two Chinese-funded projects are of a more recent date. The Nam Ou River Cascade Hydropower project

in Laos started around 2010 and is considered by its Chinese constructor PowerChina¹⁰ a key project in the implementation of China's Belt and Road initiative (BRI).¹¹ It features seven dams and power plants along the full stretch of the Nam Ou river. This project was also developed under a BOOT model. In Uganda, the Export-Import Bank of China funded the Karuma dam and power station, construction of which started in 2013. The project is co-owned, built and operated by the Chinese state-owned hydropower engineering and construction company SINOHYDRO.

To obtain first-hand evidence it was essential to have partner organisations in both countries. The section on the Bujagali Dam draws on the

outcome of a focus group discussion convened by Both ENDS and Friends with Environment in Development in Uganda on 17 November 2018.

Due to safety concerns, we cannot disclose the identity of the Laotian main informants for the situation concerning the Nam Ou resettlements (information obtained in October 2018). Information for the section about Nam Theun 2 is extracted from the 2018 publication *Dead in the Water*¹², which focuses on the social and environmental outcomes of the Nam Theun 2 dam project. Our Laotian informants strongly advised against conducting our own fact finding mission to the project area.

	UGANDA	LAOS
	Bujagali	Nam Theun 2
Investors	World Bank, EIB, AfDB, FMO	World Bank, EIB, ADB, several bilateral aid and export credit agencies, and commercial banks.
Constructor / owner (BOOT)	Bujagali Energy Ltd	NTPC, which is owned by a consortium comprising Electricite de France (40%), EGCO of Thailand (35%), and the Government of Laos (25%).
	Karuma	Nam Ou
Investors	ExIm Bank of China	China Development Bank
Constructors / co-owners (BOOT)	SINOHYDRO	PowerChina

2. FINANCE MODELS: WHO SHOULDERS THE RISKS?

For decades, the World Bank and other IFIs were the primary providers of finance for large-scale infrastructural projects in developing countries. However, their role has gradually changed. While governments from poor countries in the past always turned to IFIs for investment finance, they now increasingly rely on the international capital and financial markets. The role of the World Bank and other IFIs is more and more to mobilise private finance and leverage the private sector to invest in infrastructure projects. More recently, China has also started to play a prominent role in the financing of infrastructure projects such as roads and hydropower plants in developing countries. Many developing countries are increasingly interested in what China has to offer. Governments may choose 'less complicated' Chinese investment over financing by the IFIs, because Chinese money generally comes with fewer conditionalities and with what seems – but may not be in practice – a cheaper finance model.¹³

POLITICAL MOTIVATIONS OF THE FUNDERS

For decades, the World Bank and other IFIs pledged large sums of money into building large-scale infrastructure. The political motivation behind this endeavour was to facilitate the trade of products, natural resources and energy through functional infrastructure and to enable the big corporates (from the US and allied countries) to earn a profit. The infrastructure projects were also meant to benefit the development process in poor countries.

However, in the 1980s and early 1990s, grassroots protests against the building of large dams financed by IFIs increased. Well-known is the protest movement against the Sardar Sarovar Dam on the Narmada river in India, which resulted in significant construction delays, cost overruns and a critical reception from the international press. In response to this, the World Bank promoted environmental and social policy reforms and initiated a stakeholder meeting on large dams, from which the World

Commission on Dams (WCD) emerged in 1998.¹⁴

At the World Bank, however, a process to promote private sector had already started at that time, mostly by an accelerated spending through its private sector arm, the International Finance Corporation (IFC).¹⁵ The IFC leverages capital on international markets for financing businesses in developing countries, starting from the position that a strong private sector is indispensable to ending extreme poverty. The lending culture at the IFC dictates a high pressure to lend and push projects forward quickly to please its clients. The growing role of the IFC has had repercussions for the implementation of World Bank social and environmental protections.¹⁶

Despite warnings by the WCD on the negative effects of dams on both local communities and the environment, the World Bank felt driven by its own dictate to re-engage with what it called 'High Risk, High Reward' projects in the water and energy sectors. It chose to expose itself to the risks, as had been

⁹ The composition of shareholders in BEL has since changed.

¹⁰ SINOHYDRO and other Chinese state companies are subsidiaries of PowerChina.

¹¹ Power Construction Corporation of China, 2016.

¹² Glen Hunt, Marika Samuelson & Satomi Higashi, 2018, Chapter 5 Broken pillars: the failure of the Nakai plateau livelihood resettlement program. In: Bruce Shoemaker & William Robichaud (eds) Dead in the water. Global lessons from the World Bank's model hydropower project in Laos. University of Wisconsin Press.

¹³ However, Chinese alternatives are not necessarily more feasible. An Oxford University study found that actual infrastructure construction costs in China are on average 30.6% higher than estimated costs, which it assesses as a level consistent with global trends.

<http://www.ox.ac.uk/news/2016-09-12-chinas-infrastructure-investments-threaten-its-economic-growth>

¹⁴ The WCD reviewed the development effectiveness of dams, and concluded that while "dams have made an important and significant contribution to human development," in "too many cases an unacceptable and often unnecessary price has been paid to secure those benefits, especially in social and environmental terms, by people displaced, by communities downstream, by taxpayers and by the natural environment." The new framework for decision-making on dams presented by the WCD in 2000 was based on recognizing the rights and assessing the risks of all interested parties.

¹⁵ Bruce Rich, 2013, *Foreclosing the future*, The World Bank and the politics of environmental destruction, Island Press.

identified by the WCD, in the hope for high rewards.

The increased funding by Chinese state banks for infrastructural projects abroad is also politically motivated. This is certainly the case with the Nam Ou River Cascade project in Laos, which is realised as part of the Chinese government's Belt and Road Initiative (BRI). The BRI is often referred to as a 21st century silk road, made up of a "belt" of overland corridors and a maritime "road" of shipping lanes. From South-East Asia to Eastern Europe and Africa, the initiative includes 71 countries that account for half the world's population and a quarter of global GDP. Domestically, the political motivations are related to the infrastructure overcapacity in China (with many ambitious projects not delivering) and the need to prevent massive lay-offs in state-owned enterprises. Internationally, the BRI is meant to allow China to expand supply chains beyond its usual areas of influence, and also to achieve parity with the US in economic terms.

FINANCE MODEL: PPPS

It was in the early 2000s that the World Bank and other IFIs resumed investments in what they call 'High Risk, High Reward' infrastructure projects. Around the same time, the World Bank started to engage corporate players in Public Private Partnerships (PPPs) for the investments in such mega-projects. The Nam Theun 2 project in Laos and Bujagali dam in Uganda can be considered pilot projects for this new approach. Public Private Partnerships have since become a much-used way to mobilise private finance for infrastructure development.



Women of Awoo Village in Karuma trying to remove some of the building materials from their huts as they are being evicted. *Photographer unknown.*

The IFIs that engage in PPPs argue that the advantage of this financing model is that income-earning commercial ventures replace the need for government means of funding for expensive infrastructure projects, which might otherwise require raising taxes or increasing government borrowing by developing countries.¹⁷

PPPs, like any relationship, are complicated though. Private sector participation in the funding of

infrastructure projects not necessarily relaxes budget constraints. Contrary to the conviction of many economists that PPPs are more efficient, the cost of financing and transaction costs are often higher than for traditional public procurement.¹⁸

Furthermore, private sector parties are not necessarily eager to engage in PPPs either. After twenty years of practice with PPPs in developing countries, there is not much evidence



for the economic feasibility and profitability of large infrastructure projects. Most private sector actors therefore prefer to leave it to the government to develop large infrastructure works in the first place.¹⁹

An additional complication has arisen with the increasing Chinese funding for infrastructure. In Chinese PPPs, the definition of 'private' is no longer so clear cut. Instead, there seems to be a conflation between state and private

identity, when Chinese state-owned companies can make a 'credible' appearance as the private party under a PPP. This is the case, for example, with the role of the state-owned company SINOHYDRO/PowerChina in the Nam Ou hydropower project. But this issue is not restricted to Chinese investment. Earlier, Thai and French state-owned power companies had also been involved in the PPP for the construction of Nam Theun 2.

PPPs, in other words, appear to be evolving into ambiguous arrangements. Meanwhile, there is no convincing evidence that such schemes really reduce costs and risks.²⁰

WHO SHOULDERS THE RISKS?

We are interested in the question to what extent social and environment defenses are secured and safeguard policies implemented in the different types of finance models. It seems plausible that the type of finance model will influence the efforts taken at the project level to safeguard the lives and livelihoods of vulnerable communities against harm caused by the large-scale investments.

It is a widely-held conviction among (neoliberal) economists that risks, including environmental and social risks, are rarely explicitly addressed in the traditionally constructed public works. They assume that private sector involvement results in a more adequate assessment of risks, and that commercial banks operate more leniently (fewer regulations, fewer rules) than state institutions do, to address these risks. However, evidence shows that social and environmental defenses are not necessarily best served by market forces pursuing private interests.

¹⁶ NGOs have stated that:

"Replacement of World Bank Safeguards with a model based on IFC Performance Standards leads to a reduction of the Bank's direct and mandatory role in oversight, along with a shift to-wards a greater reliance on client self-assessment and self-reporting and the client's environmental and social risk management systems. A shift to client a self-assessment regime, such as that of the IFC, will lead to less accountability, less compliance and poorer safeguards results". Only much later in 2014, after the killings of people in the Dinant case in Honduras, the IFC admitted that lessons could be learned and oversight improve. See also CAO Audit of a Sample of IFC Investments in Third-Party Financial Intermediaries.

¹⁷ The IFIs thus suggest that, budget-wise, the glass is half full in terms of the effectiveness of PPPs. Are PPPs really that promising, or is it more realistic to say the glass is half empty? The International Monetary Fund (IMF) in one of its publications states that: "many countries choose for PPPs, but this is to circumvent budget constraints or to prevent exposure to excessive fiscal risks." Brochure on PPP Fiscal Risk Assessment Model, IMF 2014.

¹⁸ María José Romero, 2018, The fiscal costs of PPPs in the spotlight. Eurodad blog: <https://investmentpolicyhub.unctad.org/Blog/Index/60>

¹⁹ private-sector finance may be hard to mobilise because of the perceived levels of risk and uncertainty. To learn more about infrastructure investment and risk allocation read: Megaprojects and risk, Blent Flyvbjerg and others, Cambridge, 2003.

²⁰ see for example the report of the European Court of Auditors about EU co-financed Public Private Partnerships (PPPs) in the period 2000-2014: <https://www.eca.europa.eu/en/Pages/NewsItem.aspx?nid=9700>

In the case that a company receives funding from the IFC, the lender in theory must be accountable for robust checks on the projects financed.²¹ In practice, however, PPPs often prove to be a mechanism of risk transfer from the private sector to the government of the country where the project is developed. Host governments have ended up shouldering the responsibility for mitigating the various environmental and social harms that emerge from the infrastructure projects.²² The reason lies in the financing model. Hydropower projects such as Bujagali, Nam Theun 2 and Nam Ou all follow the BOOT principle. This means that private sector developers ‘partner’ with the recipient state in financing, constructing and operating the dams and power plants for an agreed period of time. This often means that for the duration of the contract, the government becomes the buyer rather than the provider of a service (electricity generation). The private sector is interested primarily in relatively short-term returns and will therefore do what it is paid to do for the duration of the contract and no more than that.²³

The accountability of a government to its people, however, does not end at project completion. Therefore, in the cases where issues of compensation and livelihood restoration persist after resettlement, the required funding and budget often depend on the government. Unfortunately, in most cases there is no active government programme to assist the resettled communities post-relocation. As a result, social and environmental risks are externalised onto the affected communities, in exactly the same way as used to happen in traditionally constructed public infrastructure works.

In a similar vein, it can be expected that when a hydropower dam is developed by a state-owned company and the finance is secured through state guarantees, as the case in the Chinese-funded projects, there is less incentive to supervise on project performance and less financial discipline from the project developer site.

MITIGATION MEASURES FOR RESETTLEMENT RISKS

How do the different financiers and financing models address the mitigation of social and environmental risks that are often associated with the resettlement of communities living in project development areas?

In general, budgets for social and environmental defences, including for resettlement, are often buried deep inside the annexes of project appraisal reports. These budgets moreover show typical weaknesses: cost categories are seldom broken down and reconstruction expenditures are not distinctively itemised or based on cost-indicators. The most serious flaw of resettlement budgets is the disconnect between economic livelihood restoration, a requirement in safeguards policies, and the budgetary means to achieve this objective. Basic input-output projections usually are lacking, and budgets also remain silent on related costs.²⁴

THE WORLD BANK

The World Bank resettlement policy in place at the time that Bujagali and Nam Theun 2 were developed, stated as its main objective: “where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits.”

Where necessary to achieve the objectives of the policy, the resettlement plan included measures to ensure that displaced persons are offered “support after displacement, for a transition period, based on a reasonable estimate of the time likely to be needed to restore their livelihood and standards of living and provided with development assistance in addition to compensation measures such as land preparation, credit facilities, training or job opportunities.”²⁶

The World Bank Operational Policy required a task team in operation “to assess significant risks, including risk of impoverishment, from inadequate implementation of the resettlement instrument”.²⁷ More so it demanded for a borrower’s commitment to, and capacity for, undertaking successful resettlement.²⁸

Even though the World Bank made serious efforts to ensure that its operational and safeguard policies were strictly adhered to and implemented during the development of the Bujagali and Nam Theun 2 hydropower projects, the cases below will show that the results of efforts proved disappointing.

CHINA

The Chinese government also recognises that there are potential downsides to large-scale infrastructure development. Chinese state-owned banks claim that they follow a host country’s regulation when it comes to addressing the risks associated with the projects they finance. Chinese state banks in general rarely disclose their policies. Sporadically, information can be found on the internet.

For example, the Export-Import Bank of China in a 2007 guidance states that it is at the Bank’s discretion to

determine 'the sufficiency' of a host country's risk mitigation policies. When these are considered insufficient, Chinese or international regulations may be applied.

Environmental laws and regulations, as well as Environmental Impact Assessments (EIA) do exist in China, and there are also certain policies that govern Chinese investors, such as the Green Credit directive, that apply to domestic and overseas activities of Chinese banks. Activities within China that result in resettlement are bound to at least four laws: 1) Regulation on the Implementation of the Land Administration Law of the Peoples Republic of China (2014 Revision), 2) Guidance on improving the system of compensation and resettlement for land acquisition ([2004] No.238), 3)

Bylaws in provinces, and 4) Special law for Regulations on Land Requisition Compensation and Resettlement for Large and Medium-sized Water Conservancy and Hydropower Projects. Article 8 of the latter law requires the project's legal person to prepare a plan outline for the resettlement of displaced persons. This plan shall include location, a survey of the migrants' living standards, projections of living standards after resettlement, and policies on follow-up support to the displaced among others.

However, just like in the case of IFI-funded projects, there seems to be no active Chinese government programme for assisting the resettled communities post-relocation. Or perhaps we should say "not yet", because several documents have

21 Korinna Horta, 2018, Reform gone wrong, in: Development and Cooperation (D+C), 11/2018.

22 Carl Middleton, 2016, Private Dams, Public Interest in mainland Southeast Asia: Hydropower Governance in a Beyond-Aid Political Economy, conference paper. <http://www.cds-chula.org/publications/2017/8/17/conference-paper-private-dams-public-interest-in-mainland-southeast-asia>

23 Ibid, 2016.

24 Michael Cernea & Hari Mohan Mathur (eds) 2008, Can compensation prevent impoverishment? Oxford University Press.

25 Policy objectives, para 2 (b), OP 4.12-involuntary resettlement, World Bank, April 2013.

26 Required measures, para 6 (c), ibid, April 2013.

27 Bank Procedures 4.12 - Involuntary Resettlement, para 10 (d), World Bank, December 2001.

28 Operational Policy 4.12, para 18, April 2013.

The property of a household of Awoo village, stored outside after its forced eviction for Karuma dam. *Photographer unknown.*



been published in the last couple of years that hint at such programmes. In late 2015, the National Energy Administration issued the document 'Energy Development and Construction in Poverty-stricken Areas to Promote Poverty Alleviation'. The paper recommends exploring and establishing a mechanism for sharing the benefits of hydropower. It states that if hydropower development in poor areas occupies 'collective' land, efforts must be made to compensate the local residents by giving them 'collective' equity.

In 2016, the Chinese State Council issued the 'Pilot Program for Poverty Alleviation Reform. About the Benefits of Hydropower and Mineral Resources Development Assets in Poverty-stricken Areas'. It suggests that bonuses obtained from electric power sales should be used to compensate people for land expropriation due to hydropower development. To enable

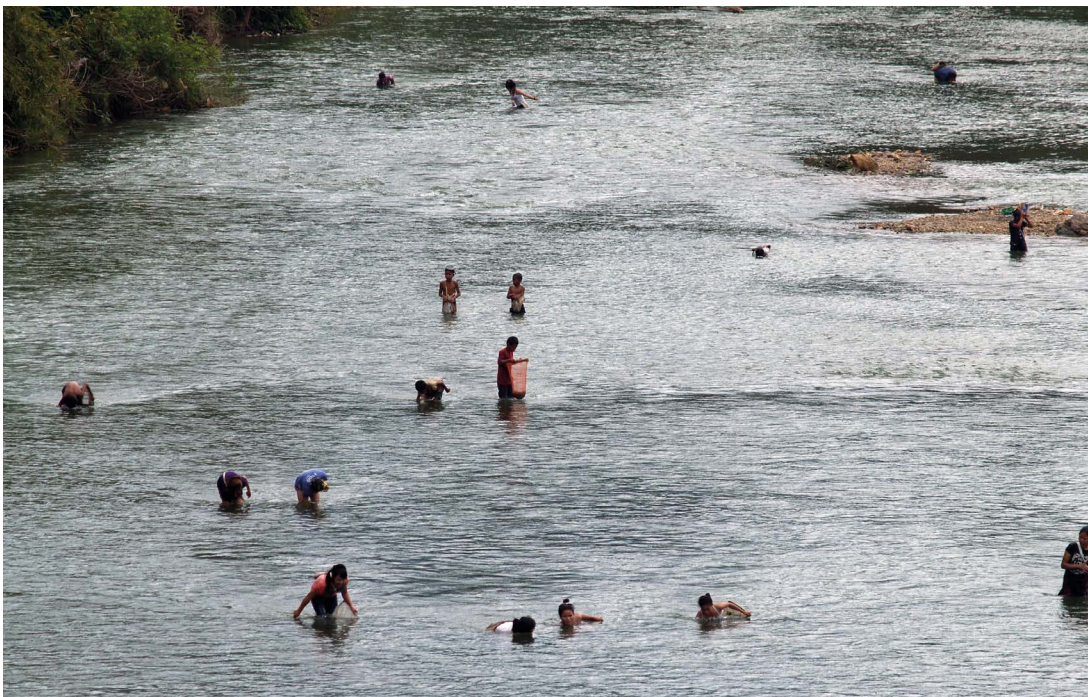
the poor a share in the benefits of resource development, hydropower development should be directly linked to poverty alleviation. The document proposed to select 20 hydropower or mineral projects as pilot projects in 2016-2019, focusing on the scope of equity assets, equity beneficiaries, equity, income distribution system and risk prevention and control.

In March 2018, the National Development and Reform Commission – a macroeconomic management agency under the Chinese State Council - issued the draft 'Opinions on Establishing and Perfecting the Benefit Sharing Mechanism for Hydropower Development'. The document, however, makes no mention of the idea developed in the previous two documents that displaced persons should share in the earnings from hydropower projects by obtaining collective equity. The final draft of the NDRC document is still being awaited.

Meanwhile it is no secret that Chinese laws are often written in an aspirational language - to what extent the rules and policies are implemented remains to be seen.

CASES

The following two chapters deal with the Bujagali and Karuma hydropower projects in Uganda, and the Nam Ou and Nam Theun 2 hydropower projects in Laos. The goal is to provide insights into the resettlement effects persisting in the communities after project completion. Whether or not the impoverishment of displaced communities after project completion is being addressed, is the litmus test for how seriously poverty reduction and environmental sustainability were aimed at during the project development and funding process. The proof of the pudding is in the eating.



Due to projects such as the dams in the Nam Ou , communities lose control over the natural resources that they depend on for their living. This picture shows people collecting riverweed. Picture was taken before the start of the construction of a cascade of dams in the Nam Ou, Laos 2011.

Photographer: Pieter Jansen.

3. UGANDA

In this chapter, we look at two hydroelectric power projects implemented in Uganda. The first case is the Bujagali hydropower project, a PPP involving the World Bank and other IFIs²⁹ and owned by Bujagali Energy Limited, a consortium created by the US company Sithe Global Power and a division of the Aga Khan Fund for Economic Development. The second case is the Karuma hydroelectric power station funded by the Export-Import Bank of China.

Information for the discussion about the post-resettlement impact of Bujagali Dam was obtained during a focus group discussion with members of the resettled Naminya community organised by Both ENDS and Friends with Environment in Development in Uganda on 17 November 2018. The meeting was attended by 24 participants, 15 women and 9 men.

Information for the section on Karuma comes from an interview with William Ogik, one of the elderly persons affected by the Karuma dam construction, conducted by Both ENDS and Friends with Environment in Development on 20 November 2018. Both the group discussion and the interview provide a snapshot of people's personal experiences at one specific moment post-resettlement.

A. THE BUJAGALI HYDROPOWER DAM

"Approximately 8.700 people (about 1288 households) were affected by the construction of the Bujagali dam in the Nile either indirectly or directly. The dam is developed by Bujagali Electric, which is a consortium created by the US company Sithe and a division of the Aga Khan fund. The people who previously stayed around the Bujagali area were promised by the government of Uganda and the dam developers that the dam would come with benefits. There were promises of provisions of jobs to the population, affordable electricity, clean running water, schools for the children, modern health centres and good roads running through the community."³⁰

INTRODUCTION

In 2014, the project owner Bujagali Electric Ltd. issued a Project Completion Report. It concluded that the project had been implemented as planned and largely achieved the intended objective of restoring and improving the livelihoods of project-affected people. All lenders continued launching supervision missions for four

years after the plant was commissioned and the project was closed on 1st August 2012.

The World Bank's Implementation Completion and Results Report (ICR) of September 2018 stated that project stakeholders comprise a broad group, from private sponsors, lenders and consumers, to local affected people. Consultation workshops for local

stakeholders were held at the early stages of the project, focusing on social and environmental issues. No workshop was convened at the point of project completion.³¹ Safeguards compliance was rated 'satisfactory' throughout the implementation period. It was downgraded in 2016 because of some unresolved issues, namely delays in issuing land titles, and in the electrification of the households that had been resettled.³²

LIKE FISH ON LAND

The run-of-the-river Bujagali Dam³³ was built on the river Nile close to its source, thousands of miles from the spot where Moses once was floating ashore in a basket, to be found by a pharaoh's daughter. Construction of the dam began in 2007 and was completed in 2012.

Before the dam was built, the fishermen caught plenty of fish with their hooks and basket traps in the

strong currents that are swirling up at Bujagali Falls. They used to catch at least seven different species, enough to feed their households and to sell surpluses to the local markets. The community that was previously situated on the river bank has been 'resettled' to a spot half-way on the slope of a hill that lays land inward, an estimated seven miles from the river. The fishermen cannot return to their former fishing grounds and say that they 'feel like fish on land'. No licenses have been issued to them for fishing close to the dam and the waters are fenced off denying them access.

Since being resettled, people have poorer diets. They have started breeding fish as an alternative for the wild fish they used to catch. Ponds have been dug at the new location, but they are expensive in maintenance and operating them requires a certain level of expertise. One of the women showed her limbs covered with white dots and scars. She suffers from a skin disease that she developed after standing for prolonged periods in the ponds' stagnant water.

WOMEN'S RIGHTS

Lukiya was one of the few community members who had no reservations to express her thoughts at the group meeting. She explained that while the men were mostly involved in fishing, before they were resettled the women used to produce food, enough to feed their families and sell the surplus. They were also growing coffee, mainly to sell as a cash crop.

After being resettled, many men who lost their fishing opportunities had to search for jobs outside the community, leaving all family responsibilities to the women. Men who did not leave the resettlement area are not very productive and spend their time at home being and feeling redundant. Women need to spend more time and energy on tilling the land (see below). Also, they have to walk longer distances to collect firewood and to fetch water.

Close to the top of the hill is a sugar cane plantation owned by the Indian company Mehta. The white plumes

on green stalks, standing in military formations, appear to be waving at you. It is there that many women go for seasonal work to make up for their men's income losses. At the group discussion, women shared their painful experiences of being harassed and raped on their way to the sugar cane factory through the plantation. The women feel less secure than before their resettlement.

LAND

The World Bank policy stipulates that preference should be given to land-based resettlement strategies for displaced persons whose livelihoods are land-based. Moreover, those that are being resettled should be offered replacement land for which the combination of productive potential, locational advantages, and other factors is at least equivalent to the advantages of the land that was taken from them.

The World Bank policy furthermore requires that displaced persons are provided with support after

Bujagali falls (2012) - photo-still from Both ENDS video.



resettlement for a transition period based on a reasonable estimate of the time they will need to restore their livelihoods and standards of living.

The land that the women encountered on arrival at their new location halfway up the hill was very different from the land they had had to leave behind. It was bare and prone to erosion, there was no forest and no running water. The quality of the soil on the floodplain had been far better than the soils on the hill, where maize needs fertiliser and crops like yams and amaranth are more difficult to grow. According to village elder Francis, the food production in the new location is just enough to sustain families for two months each season, or four months annually. The larger part of the year, families are forced to buy food on the market.

COMPENSATION

Naminya is the name of the new settlement. It consists of fifty identical houses surrounded by lush greenery on the edge of a sugarcane plantation. On arrival, the promised land was an empty plain, except for some housing constructions for contract labourers which seemed to have been vacated in a rush.

People affected by the construction of Bujagali Dam were given a choice between land or cash as a compensation for the land they had to leave behind. Some people preferred to receive money to purchase a plot themselves, at a location where conditions are better than in the project resettlement area. Some people, who initially decided to stay in Naminya community, found it hard to live under the prevailing conditions and decided to sell their properties and moved. Seven of the fifty families have so far have left the resettlement site.

The amenities and goods received on arrival were initially welcomed by the villagers. Francis stated: "We were resettled, and it looked like some of our losses had been compensated: those who decided to move received cash, others were compensated with some cash, land and houses. People received as much land as they had before their move. A few who owned less than one acre, received up to one acre. Some of them received a land title, some have not received it yet 10+ years down the road. In addition, some vacant land with no entitlement attached to it was divided between the households. We were also compensated with a building to start a nursery school, a health centre, electricity, piped water and a water tank of 1500 litres, one borehole and two spring-wells, and latrines. Livelihood training was also given to women and methods of farming, fish breeding, bee-keeping and poultry. Some youth got vocational training in baking, hairdressing and construction."

Committees were set up to look after the management and maintenance of properties. A market was built along the main road to sell produce, but this failed due to its distance of several miles from the remote Naminya village.

Within a couple of years, however, people who had resettled to Naminya became frustrated with the compensation offered to them. Firstly, they felt falsely informed about their new homes. A participant in the group discussion explained: "The houses are better than the ones we owned before, but the resettlement plan had promised us even better quality ones. We were told that the houses would have running water inside, water toilets, glass windows and doors, but this is not the case. Also, the quality of the building materials that were used is poor." People express concern

³¹ Ibid, annex 6, World Bank 2018.

³² Implementation Completion and Results report, IDA guarantee No. B0130, World Bank, September 2018.

³³ A run-of-the-river hydroelectric dam is a type of hydroelectric generation plant whereby little or no water storage is provided. This is considered ideal for streams or rivers that can sustain a minimum flow or those regulated by a lake or reservoir upstream.

about the firmness of ceilings, door and window posts that are made of soft wood, the absence of glass windows, the outside latrines they received instead of the promised in-house toilets. Moreover, they complain that contractors don't show up for necessary repairs.

Another concern was the size of the houses. All fifty houses have the exact same size, regardless of the number of household members. The houses are an estimated 50 square meters large. Most families consist of more than eight family members. In cases where children start a new family, they will need to continue living with their parents. Due to lack of space and privacy, some older sons left their

families. Some girls were encouraged to get married at a young age to avoid inconveniences in the small houses.

Connection to the electricity grid was established, as well as access to piped water, however, the people are charged with user fees. Many can no longer pay the bills and have been cut off from the electricity provision. Only 4 households of the 24 households that were represented at the group meeting, still had access to electricity from the grid. The others were cut off due to their inability to pay the tariffs.

The settlers also expressed their disappointment about the absence of a budget and qualified staff for the nursery school. An international

CSO supported their efforts to build ten class rooms, however the primary school is in a distant village of the host community. It was reported that an estimated 124 children in the community are no longer attending school because their parents cannot afford the school fees.

With irony in their voices, the people resettled to Naminya these days call their village Muyenga, a nickname given to the village by project developers at the time insinuating the resettlers were going to be rich. Muyenga is the name of a hill in Uganda's capital city Kampala where the most affluent Ugandans and expats live.



The Bujagali Falls before construction of the dam. *Photographer unknown.*

THE HOST COMMUNITY

The unpaved road of poorly compacted earth that leads to Naminya is full of gullies. Rain turns the red clay into a slippery bottom of a stream.

One of the participants commented: "An ambulance that needs to make it here in case of an emergency will most likely not make it on time to save the patient. The villagers remembered that in the resettlement plan mention was made of a budget allocated to road repair. However, so far there have not been any visible road repair works conducted. So, the community wonders where this money went.

The resettled community has no representative in the host municipality's local council. They say that decisions that concern them are made without their knowledge and participation.

"On our arrival, a communal forestry project was initiated and trees were planted. The trees, however, have been cut down for lumber under the supervision of the local council leader in connivance with some of the men within their own community who hold close ties with the local administration. Participants in the group meeting also mention that unknown people have attempted to encroach on their land by removing the mark stones and replacing them with their own.

There obviously is a certain level of distrust between the host community and the new settlers, but it is not always easy to objectively establish the grounds for these controversies.

B. KARUMA HYDROELECTRIC POWER PROJECT

Uganda is among the top investment destinations for China in sub-Saharan Africa. Statistics from the Uganda Investment Authority show that China is Uganda's largest source of foreign direct investment and the biggest infrastructure development partner.³⁴ The Karuma hydro-power dam and power station is financed by the Export-Import Bank of China. The Chinese state-owned firm SINOHYDRO is building the dam and will co-own and operate it. When completed, it will be the largest power-generating installation in the country.

INTRODUCTION

On 20 November 2018, Both ENDS and Friends with Environment in Development conducted an interview with William Ogik, one of the elderly persons affected by the Karuma dam construction. The following is his account.

William Ogik: "I visited Bujagali and the affected community and saw what pain they are going through. Their situation in Naminya is gloomy and people's hopes for a better life are dashed. They realise now that it was a raw deal. I prayed and hoped the same would never happen to us in Karuma. Little did I know that we were up for an even worse situation.

Work on the Karuma dam started after Bujagali. One would think that the developers and the government authorities responsible had learnt and would borrow a leaf from the controversies that ensued at Bujagali so that they could do a better job at Karuma. But alas, the situation has turned out even worse at Karuma.

Unlike in Bujagali, in Karuma land evictions were forceful. Bulldozers brought down my house, my very profitable fruit trees and other trees and property before my own eyes and even before I was given anything

as compensation. After all was gone, I was forced to accept what they thought was enough – a mere paltry compensation."

BROKEN PROMISES AND INTIMIDATION

The Chinese constructors, accompanied by their Ugandan accomplices working with the government, had promised those affected by Karuma dam construction a health centre, a primary school in Awoo village, access roads, and land and housing. None of these promises have been honoured. Instead the dam developers chose to renovate a primary school at Karuma trading centre, which is difficult to access for



Karuma dam under construction.
Photographer: unknown.

children of the most severely affected village of Awoo.

Over 200 households of Awoo village were affected, some of them were evicted forcefully. One person named Okelo Alfred was forced out of his house after which it was set on fire. The houses of another elderly man and woman, Okelo Lodovic and Hellen Labeja, who had refused to leave, were barricaded with very heavy stones.

Like in Bujagali, those whose livelihoods depended on fishing have lost out as access to the river is now restricted. Part of the river banks are fenced off and guarded by the military. On occasions that fishermen are allowed to fish, they are forced to sell their catch to the Chinese constructors at a price that the Chinese demand, without freedom to bargain for a fair market price.

Given the intimidations that ranged from heavy militarisation of the area, blocking access to people's homes and fishing waters, verbal attacks by Ministry of Energy officials and some compromised local leaders, many of the affected household members fled the area. Many of them are now living destitute lives. Some are homeless while others settled elsewhere with the help of their relatives or other sympathisers.

PUSHING FOR JUSTICE

More than 60 households have been determined to fight for their rights, seeking fair compensation for their lost properties. Under Ugandan law, there are two categories of land acquisition: 1) the willing buyer willing seller, and 2) the compulsory acquisition. The district authorities of the area where a project is located determine the value of properties lost. A common problem is that affected people first accept the

meagre payments they are given and only later come to contest the value awarded to their lost properties. A better strategy would be not to accept any monies at all in the first place.

William Ogik appealed to the Chief Government Valuer about the monetary value given to properties lost, which in his view is much lower than the actual current value. He warned that unless it was reviewed, the injustice was likely to breed problems. According to William, the Ministry and their Chinese accomplices did not respond. That is why he went to court, which proposed that the parties try to reach a common understanding through mediation. A senior citizen and a former chief justice were chosen as the mediators, but the government frustrated the mediation process by

choosing not to turn up. Now the affected community members are requested to pay for the lost time of the mediator if they wish to receive a report of the events. They need this report to be able to reinstate the court procedures, however, they lack the money to pay for this.

C. COMPARING NOTES

The stories in this chapter give some first-hand insights into the different ways that resettlement was treated in the Bujagali and Karuma dam projects respectively.

The World Bank with the other IFIs and corporates involved in Bujagali elaborated plans for how resettlement and livelihood restoration ideally should be tackled. However, these



William Ogik, standing in what was his compound near one of the many fruit trees which were destroyed by the Karuma dam. *Photographer unknown.*

plans failed to reckon enough with the existing local situation and problems. The end result is that the people displaced by the dam and resettled to Naminya village suffer increased poverty after project completion.

In the case of Karuma dam, the intimidation of and attacks against people affected by the project is what most catches the eye. One wonders why the Ugandan government did not learn from the earlier experiences in handling displacement at Bujagali. Karuma is still under construction. However, given the way people were forcibly displaced prior to the project's start, there seems little reason to expect that any persisting livelihood problems of displaced communities after project completion will be addressed effectively, if at all.

34 Uganda Investment Authority,
Uganda 2017



Demolition of houses in Awoo village. *Photographer unknown.*

4. LAOS

In this chapter, we look at two hydroelectric power projects implemented in Laos, a landlocked country in South-East Asia on the Indochinese peninsula. The first project is the Nam Ou hydroelectric project financed by the China Development Bank. The identity of our main informants about the impact of the project on local communities cannot be disclosed for reasons of personal safety. The information was collected in October 2018.

The second project is the Nam Theun 2 hydropower station financed by the World Bank. The discussion on social and environmental impacts of this project draws on the 2018 publication *Dead in the Water*.³⁵ Our Laotian informants strongly advised against conducting our own fact finding mission to the project area.



One of the Nam Ou dams. *Photographer anonymous.*

A. THE NAM OU HYDROPOWER PROJECT

Chinese investments account for a third of all Foreign Direct Investment in Laos. The investments are concentrated in hydropower generation, transmission and trading of electricity, as well as in mining, agriculture and real estate.³⁶ The Nam Ou River Cascade Hydropower project has been lauded by its Chinese constructor, PowerChina, as a key project in the implementation of China's multibillion dollar Belt and Road Initiative³⁷. It features seven dams and power-houses along the stretch of the Nam Ou river.

INTRODUCTION

The 450-km long Nam Ou is one of the most important rivers in Laos. The river originates in China, from the mountain ridge on the border between China and Laos. It is the longest Mekong tributary in Laos. The Nam Ou watershed is home to diverse ethnic groups, such as the Khmu, Phounoy, Lao Seng, Akha, Hmong, Lolo, Lue and Tai Dam. The watershed spans nearly 25,000 square km and covers a large forest area. Ethnic minorities in the Mekong region are the most acutely affected by changes in this natural resource base. For many ethnic groups, the loss of access to natural resources is in effect a loss of culture, and the loss of culture often results in social dislocation, psychological trauma and increased health risks.³⁸

People living in the Nam Ou watershed rely on fishing, collecting non-timber products, upland cultivation and riverbank gardening for a living. The river has also attracted eco-tourism.

In recent years, seven hydropower dams were proposed to be built on the Nam Ou river in Northern Laos. The Chinese state-owned company SINOHYDRO signed an agreement with the Lao government to build, own and operate the project. Three of the Nam Ou river dams are now completed, four more are under construction.

The plan is to use the generated electricity domestically, as well as for export to Thailand and China. Feasibility studies and Environmental Impact Assessments (EIA) have been conducted³⁹, however, the findings have so far not been disclosed to either people living locally or the general public. Experiences from people affected by the project are narrated below.

FOOD

People in the Nam Ou watershed used to earn an income from selling fish, river weed and wild vegetables, and surpluses of rice when available. The food that people collected was mainly from the river - such as fish, frogs, shrimp, freshwater oyster, river weed - and from the forest nearby, where they found fern, herbs and other kinds of wild vegetable. In their home gardens, people used to grow vegetables, while they also bred some chicken and ducks, and some people owned some pigs and cows.

As a result of the hydro development, poor communities are denied access to the natural resources that they used to depend on for their livelihoods. The forests and rivers are in a state of rapid decline. However, people have not received any compensation for their losses of fishery and river weed even though those were the main sources of

nutrition that people along Ou River depended on harvesting.

After the building of dams, the river changed character and people's lives changed. Suvan (58 years old) and Vichai (56 years old): "We don't have the same income, we don't have food that we used to get from the river and from the forest. Our children, pregnant and lactating women are lacking proper nutrition, and elderly people are missing those foods as well. Our living circumstances have become more difficult."

Nai (60 years old): "Seven years ago we used to catch more different kinds of fish on the Ou River. Since the river downstream was blocked, we do not catch any fish but golden Asian carp and Nile Tilapia, and some other kinds of small fishes. The government released golden Asian carp and Nile Tilapia on Ou River in this area. I don't know why! Maybe they want the villagers to still have fish to eat, as we are no longer allowed to catch fish in the fish conservation area."

Say (67 years old): "There is nothing left on the Ou River, the river does not flow anymore, when rain comes it floods everywhere. We hardly find food to eat, but depend on markets and a different kind of food than what we were used to. Most of the fish on the markets comes from Luang Prabang and from Vientiane. But those fishes are not fresh or delicious. Most food these days is full of chemicals... the world these days is scary."

In the resettlement site, they offered us a smaller house, 5 mango trees, 3 coconut trees, 2 jack-fruit trees, and 1 tamarind tree. However, these days we buy most of the food we eat daily, because we can no longer get it from the Ou River or the forest nearby our village. We don't have a



The resettlement site of one of the Nam Ou dams. In the background is the dam project location. Chinese characters in blue banners on the cliff. *Photographer unknown.*

riverbank garden anymore, and at the resettlement site we don't have good soil for planting vegetables or other sources of food. Moreover, our village is becoming smaller and smaller because of the landslide along the Ou River. We wonder how much will be left of our village in a few years from now!"

HOUSING

People affected by the building of the dams were offered a choice between receiving a house in the resettlement site, or cash. The houses in the resettlement site are standardised models in three different sizes. Family size determines which house people are assigned. One informant said he had worked very hard and saved for many years to finally build his two-storey apartment. "Because we are a family of only 3 persons, we were forced to move into a smaller house."

Viet (35 years old) has a different experience: "I am happy with the compensation, my old house was very small, it only had one room. We used to pack it during the day time and at night

time it became a big bed for my two kids and parents. In the resettlement site, my family will get a bigger house, we will also get compensation for the fruit trees that we had."

Kam (28 years old): "Some of the newly built houses at the resettlement site are already turning bad and are damaged, as the ants are eating the young timber that they used for construction. Many families complain about those new houses that the company built for them. All the houses look the same, one next to the other, and there is nothing surrounding the house. People who are living there are not satisfied."

Nang (32 years old): "The new house I will get is not as good as my old house. I don't like it at all, but I have to take it because otherwise I will not have a house for myself and for my two kids. My store is located inside my house, so they will not compensate for that, so I will have to try and reopen it at my new house."

35 Shoemaker and Robichaud (eds) *Dead in the water*. Chapter 5 Broken pillars: the failure of the Nakai plateau livelihood resettlement program, Glen Hunt, Marika Samuelson, Satomi Higashi, 2018.

36 OECD Investment Policy Review Laos, OECD, 2017.

37 China's Belt and Road Initiative (BRI) is often referred to as a 21st century silk road, made up of a "belt" of overland corridors and a maritime "road" of shipping lanes. From South-East Asia to Eastern Europe and Africa, Belt and Road includes 71 countries that account for half the world's population and a quarter of global GDP.

38 Hidden costs, Oxfam Australia, September 2007.

39 The Chinese budgeted 1.3 million for 7 EIAs, conducted by Earth Systems Lao. <https://asian-power.com/project/news/construction-laos-nam-ou-2-dam-may-start-soon>

CULTURAL UPHEAVAL

Most elderly people in the Nam Ou watershed have experienced cultural upheaval before. In the 1970s-1980s, upland minority groups were forcibly relocated to the lowlands and river valleys in a government effort to stop swidden agriculture (or, shifting cultivation). The loss of their traditional agricultural practices and relocation to a completely different area meant a loss of culture for many ethnic groups, who have a strong connection to nature and the land where they believe the spirits of their ancestors live.

After being resettled because of the hydropower project, many young people moved to the cities to look for jobs so they could take care of their parents. Many men moved to the cities to work as labourers. Elderly people and young children stayed behind. Informant: "That is the worst part of this new life because some old people feel lonely and sad in their empty houses, which used to be home to large families to cook for and eat together. Some old people pass away without seeing their loved ones."

GENDER-BASED VIOLENCE

Gender-based violence is an endemic problem, stemming from the influx of workers in large infrastructure projects. In all areas surrounding the hydropower dams (Nam Ou 1 to 7) sex workers are active and many of them are under-aged. The sexual services appear to be controlled by outsiders. Young girls were used to spend their time fishing, collecting riverweed, fern, herbs, fresh river oyster and selling these at community and city markets. Now that they can no longer engage in these activities, they are idle and the only job available to them is sex work.

B. THE NAM THEUN 2 HYDROPOWER PROJECT

The Nam Theun 2 hydropower project⁴⁰ entailed the construction of a hydroelectric dam located on the Nam Theun River in Central Laos. Commercial operation of the plant began in April 2010. Water is diverted from the Nam Theun, a tributary of the Mekong River, to the Xe Bang Fai River, enabling the generation of electricity through a 350m difference in elevation between the reservoir and the power station. The Nam Theun 2 is the largest hydroelectric project so far in Laos, and marked a return by the World Bank to funding large-scale infrastructure. The Nam Theun 2 is privately owned by the Nam Theun 2 Power Company (NTPC). Most shares of NTPC are owned by state-owned Electricité de France and the Electricity Generating Authority of Thailand (EGAT). 95% of the electricity generated is exported to Thailand.

INTRODUCTION

The Nam Theun 2 Hydropower Project has been promoted by the World Bank and other stakeholders as "a world's best practice" dam. Without the World Bank's loans and risk guarantees, the private sector consortium that owns the project would not have been able to raise the necessary commercial loans to build it.

Proponents of the dam claim that it is a 'poverty alleviation' project. However, how this has worked out in practice is not so straightforward. Serious concerns about the impact of the Nam Theun 2 on both upstream and downstream communities remain. For the construction of the Nam Theun 2, a total number of 6,200 indigenous peoples were forcibly resettled from the reservoir area on Nakai Plateau. The natural habitats of elephants and other wildlife, as well as wetlands habitats, were flooded. Downstream, 120,000 villagers were affected by increased water flows on the Xe Bang Fai River. The downstream impacts of the dam on the Xe Bang Fai River were only acknowledged

very late in the project's planning. The subsequent compensation and mitigation plan, drawn up in late 2008, was underfunded and is unlikely to be implemented in time.

RESTORING LIVELIHOODS

The concession agreement for the project, signed in 2005, obliged NTPC to restore the livelihoods of those moved from their traditional lands to make way for the dam and reservoir in order to "ensure that Resettlers have their income earning capacity enhanced and to materially improve Resettler livelihoods on a sustainable basis." The World Bank-funded Environmental and Social Project (ESP) plan proposed five livelihood pillars for resettlers: forestry, fisheries, agriculture, livestock and off-farm activities.⁴¹

In 2005, a Panel of Experts commissioned to assess the impact of Nam Theun 2 claimed that the resettlement plan was the most 'state of the art' plan that they had ever seen, and advised that the dam should be built. In early 2008, the same Panel



Game from the forest in Laos. *Photographer Pieter Jansen.*

noted that resettled villagers were beginning to experience a decline in their standard of living. In late 2015, the Panel determined that livelihoods had not been sustainably restored and that the implementation period should be extended.

There are many reasons why restoring the livelihoods of those resettled due to the project has proven more challenging than initially envisioned.

First, the idea was to organise resettled communities in an association to operate a logging enterprise within their allotted concession. They would log and process the wood and then sell the lumber to generate sustainable income. The plan failed because the association had no political support and government officials did not allow villagers to manage the forest. An additional problem was that officials appeared unwilling or unable to control timber poaching by outsiders. Villagers were angry about the lack of enforcement of regulations that were supposed to protect the timber set aside as a mainstay of their livelihood programme and incomes.

Second, the resettlement plan included the creation of a reservoir fisheries industry run by resettled villagers for the benefit of their own communities. Fisheries, at least in the previous years, fisheries seem to have been performing rather well. However, policies and regulations that are needed for sustaining the fisheries, such as ensuring water quality through pre-impoundment biomass clearance and guaranteeing exclusive fishing rights for resettled communities, have not been implemented. Moreover, there has been a deliberate introduction of intrusive exotic species.

Third, before the creation of the dam and reservoir, nearly all households were engaged in some form of agricultural production. The resettlement plan meant to bring these predominantly subsistence farmers into a cash economy, encouraging them to sell at least some produce for the purchase of rice and other necessities. Each household was to receive 0.66 hectares of land. The land allocated to resettlers, however, was of poor quality, irrigation systems failed, and

40 Information for this part is extracted from Chapter 5 Broken pillars: the failure of the Nakai plateau livelihood resettlement program, Glen Hunt, Marika Samuelson, Satomi Higashi, 2018. In: Shoemaker and Robichaud (eds) *Dead in the water*.

41 The 'Broken pillars' chapter in *Dead in the Water* focuses on livelihood restoration, but this was not the only form of assistance provided to resettlers. The NTPC has built significant infrastructure (roads, clinics, new housing, and schools), and has also provided support for education and health care.

both resettlers and outsiders have encroached on village land. People switched to traditional shifting cultivation methods, which failed because they didn't have enough land to leave land fallow for as long as is necessary to make this agricultural method work.

Fourth, in the past buffalo played a vital role in village livelihoods, both as assets and as an indicator of social standing. Before the impoundment, Nakai communities allowed large herds of buffalo to graze along the flood plains of the Nam Theun river, where fertile soils provided a source for forage. The new resettlement zones did not have the carrying capacity for the large number of buffalo owned by resettlers.

Lastly, the project introduced vocational training as well as small capital support to villagers to allow them to establish small businesses. Despite the expansion of the off-farm economy, those engaging in it reported earning a small profit, taking a small loss, or breaking even. No-one reported substantial profit, and most described their income as "having enough to eat" and "having enough to survive" as most profits are used to purchase simple dietary staples, such as oil and chilies.

By December 2017, the Environmental and Social Program formally came to an end. In closing the ESP, the World Bank formally handed over responsibilities for managing the project's impacts to the Government

of Laos, the NTPC and a livelihoods project financed by the Agence Française de Développement (AFD). A few years earlier, a resettled villager had expressed her concerns about this hand-over: "I'm very worried about what will happen after the hand-over, and if they (the government) will continue to take care of us. Once the hand-over is done, we are allowed to sell our houses and lands, which I think many will do. There is not much for us here, no good soil to grow rice. But we cannot sell it now, so we must wait. Afterward, maybe people will move to the towns, but I think many will return to the forest. This place will be deserted."⁴² Whether she was right in her expectations about the impact of the hand-over is yet to be established.

C. COMPARING NOTES

Just like they did in the case of Bujagali dam in Uganda, the World Bank and other IFIs that financed Nam Theun 2 elaborated a plan for how resettlement and livelihood restoration ideally should be tackled. However, this blueprint failed to reckon enough with the existing political situation and problems caused by the misuse of power by (local) officials and the conflicting interests between different local groups and individuals. As a result, both upstream and downstream communities are heavily affected and the restoration of their livelihoods proves very challenging.

In the case of the Chinese-financed Nam Ou river dams, Environmental Impact Assessments (EIA) were conducted, however, the findings of these have so far not been disclosed. Stories from the ground are already raising serious concerns. People affected by the building of the dams were offered a choice between receiving a house in a resettlement site, or cash. The quality of the houses proves to be poor, while there is no indication that a livelihood restoration plan was ever drawn up. The practices

of the Chinese constructor of the dams complies neither with resettlement policies in place for IFIs, nor with the national Chinese policies for infrastructure development at home. The Nam Ou dams are still under construction. However, the ways in which environmental sustainability and social issues are being addressed during project development does not bode well for how impoverishment of displaced communities after project completion will be addressed.



Bujagali Dam in Uganda

5. CONCLUDING OBSERVATIONS

The personal testimonies in all four cases presented show that people's livelihoods, food security, environment and ecological resources and gender relations have deteriorated or been compromised by the resettlement process following the development of hydroelectric infrastructure. People's access to and control over the natural resources they used to depend on for their living has been diminished. There are many pitfalls in the ways compensation is arranged. There is difficult legal recourse.

Do the cases provide any preliminary conclusions about the differences in resettlement effects depending on whether the project was funded by IFIs in a PPP construction, or by Chinese state funds?

The Chinese lenders in Karuma and Nam Ou seemed to lack robust checks on the potential social and environmental impacts and risks of the projects they finance. They claim to follow host country rules and choose for a high level of control by over the building, owning and operating of the dams. The result of this attitude was that communities were forcibly displaced and people ended up impoverished.

Unlike the Chinese investors, the IFIs have policies in place to protect communities against potential spill-over damages of large-scale infrastructure projects. These safeguards policies require them to prepare resettlement plans to minimise the negative impact caused by displacement. In both the cases of Bujagali and Nam Theun 2, the World Bank and other IFIs did indeed elaborate a blueprint for how resettlement and livelihood restoration ideally should be tackled. However, these plans failed to reckon enough with the local context and conflicts as well as with the existing political situation and the misuse of power by officials. As a result, also in these

cases, the negative impacts on the communities – their livelihoods and environment – persist.⁴³

A second concluding observation is that differences between IFIs and Chinese state-owned banks may well grow even less pronounced when it comes to the longer term post-relocation impact. In the cases of Bujagali and Nam Theun 2, both IFI financed, we see that the impact of displacement is aggravated in the period post-relocation. In the end, regardless of the finance source, structural efforts to restore people's livelihoods, after project closing date, primarily depend on the host governments. In most cases, however, an active government programme to assist the resettled communities post-relocation is lacking. Indeed, the governments of Uganda and Laos have failed to address issues of compensation and economic livelihood restoration after resettlement.

More financial resources could quite easily be mobilised by allocating project benefits (i.e. income from electricity generation) to the improvement of the resettlers' livelihoods. However, the governments of Laos and Uganda prioritise the inflow of capital by creating an attractive investment climate with protections for the foreign investor, but with minimal protection for the environment and livelihoods of

⁴² Ibid, p. 106.

⁴³ World Bank safeguard policies are meant to ensure that projects financed by the Bank do not cause forced evictions. However, according to a report by the Bank itself, over the course of the previous decade alone millions of people have been forced from their land and homes as a consequence of the World Bank's investments. Moreover, the research shows that during all those years, the Bank never adequately monitored what happened to people after they had been evicted, let alone compensated them for their losses. Source: Involuntary Resettlement Portfolio Review Phase II: Resettlement Implementation, Social Development Department, 2014. Also: <http://www.icij.org/project/world-bank/124-countries969-projects-34m-displaced-key-numbers>.

communities directly affected by these investments.

A third observation and major concern that deserves urgent attention from financiers and the international community as a whole, is the fact that host governments increasingly protect investments through military and police force. In the case of Karuma dam in Uganda, this resulted in violent evictions. Differences between IFIs and Chinese state-owned banks may well grow even less pronounced when it comes to regulations concerning the use of security forces. The World Bank nowadays allows the “preventative” use of force by borrower security personnel and government armed forces in World Bank-supported projects.⁴⁴

LOCAL COMMUNITIES FIRST

Large-scale infrastructure such as hydropower dams and plants are typically developed in areas that are inhabited by communities that depend on a subsistence economy. Due to the projects, these communities lose control over the natural resources that they depend on for their living. Their interests are overruled by a powerful alliance of government officials, public and/or private investors.

For Both ENDS, the interests of local communities are always our point of departure. We therefore argue that there needs to be a serious rethink of the long-held, simplistic assumptions about the positive effects of infrastructure development on poverty alleviation. It seems that the displacement of communities is still accepted as the unavoidable ‘collateral damage’ of important infrastructure projects. This reveals a highly unacceptable attitude towards poor communities in whose name development is proceeding.

⁴⁴ Environmental and Social Standard 4, Community Health and Safety, World Bank 2018.

Forest in Laos. Photographer: Pieter Jansen





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