

Resettlement and Benefit-Sharing Approaches of Nam Ou River Development Project in Laos

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1. Introduction

- Main tributary of the Mekong River
- 475 km long
- Catchment area 26,000 km²



1. Introduction

- 7 hydropower projects by cascades
- Developed by PowerChina
- Investment: 2.8 Billion USD
- 1.272 GW installed capacity
- COD by Oct 1st, 2021 (5 months in advance)
- 12% of power demand of Laos (30% in dry season)



2. Relevant Research about Resettlement Benefit-Sharing

(1) Share What kind of Benefit?

- **Kong Lingqiang** established a financial benefit-sharing system:
 - 1) hydro-power taxes and fees
 - 2) resettlement development funds
 - 3) preferential electricity prices for affected people
 - 4) long-term compensation for affected people.

But social factors have been ignored, such as land redistribution, employment.



2. Relevant Research about Resettlement Benefit-Sharing

- **China's guild lines** says benefit-sharing approaches shall include:
 - 1) improving resettlement compensation and subsidies
 - 2) respecting local folkways, folk customs and religious cultures
 - 3) improving the quality of life in resettled villages and towns
 - 4) strengthening capacity building and employment opportunities

material, non-material, economic and social benefits shall be included.



2. Relevant Research about Resettlement Benefit-Sharing

(2) Who can share the benefit?

- **Guideline on Improving the Follow-Up Support Policy for Large- and Medium-sized Reservoir Resettlement** defines the target of support as **relocated people**;
- **Yang Wenjian, Duan Yuefang and Zhu Wenlong** say benefit sharing shall be made for **all kind of affected people** but not only relocated people. They proposed the methods of benefit sharing and the new method as **self-employment**.
- **This paper** holds that as stated in OP4.12 of the World Bank, *‘Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs’* and that **preventing or minimizing resettlement can increase the number of beneficiaries of the project, and effectively promote benefit sharing.**



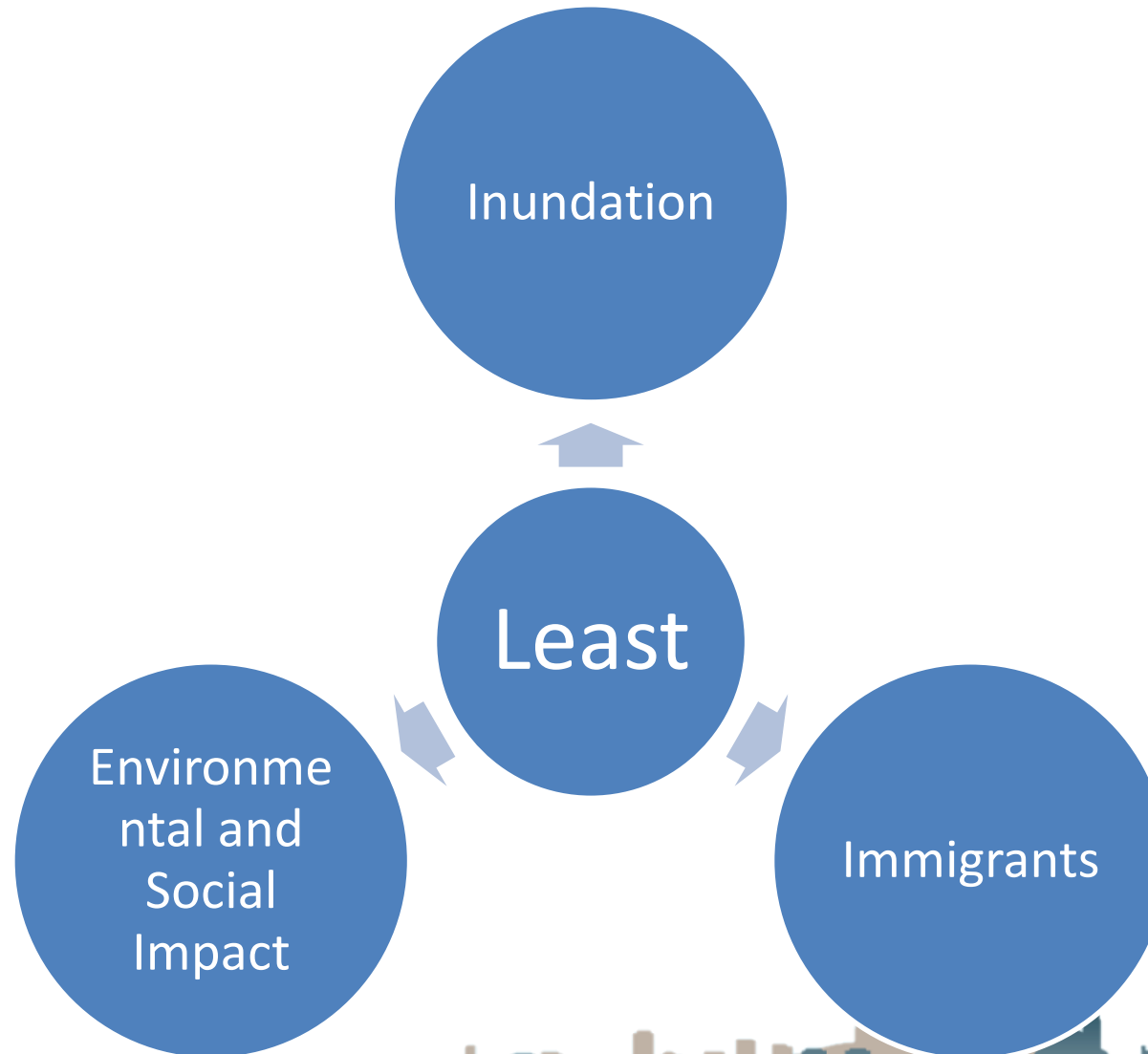
2. Relevant Research about Resettlement Benefit-Sharing

(3) How to share the benefit?

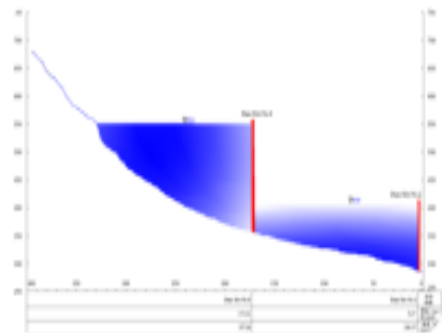
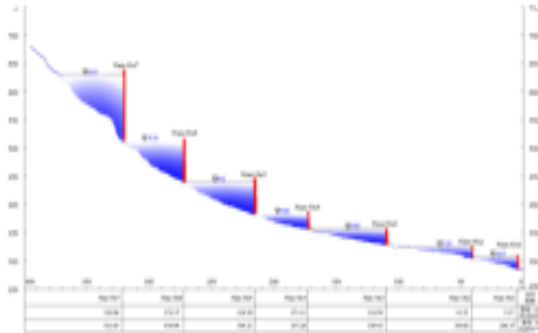
- As pointed out by Yu Qingnian and Chen Xiaoqing, the imperfect dispersion of benefits is an obstacle to benefit sharing. **Public participation plays a decisive role in the acquisition of benefits sharing.** Public participation not only helps affected people accurately express their interest in benefits but also is the premise of benefit-sharing—citizens, the government and the market all influence project development and share the benefits.



2. Relevant Research about Resettlement Benefit-Sharing



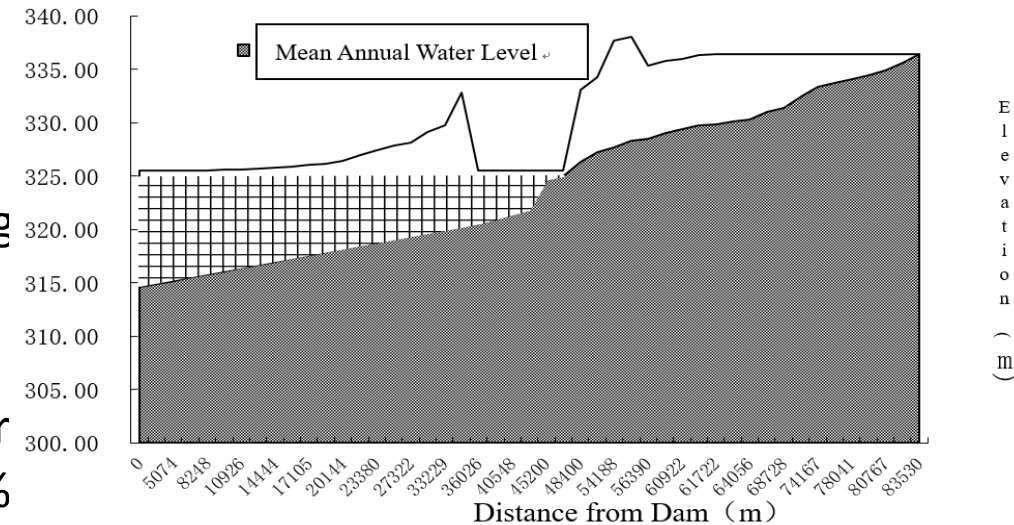
3. Technical Solution

Item	Unit		
		R.W. Beck's Plan	Chinese Companies' Plan
Villages affected	Nr.	236	61
Population affected	Person	57,000	11,570
Counties affected	Nr.	6	0
Resettlement cost	USD 1,000	427,500	144,500



4. Assessment of Resettlement Impact: Basis of Benefit Sharing

- Identification of The Affected Objects
- Laos uses normal water level to define the inundation area of reservoir and the buffer zone of a reservoir (impact) regarding to public participation, and identify the affected people.
- The developer defines the inundation treatment scope according to the flood-control standards (i.e. the standard for cultivated land is $p=20\%$ and that for residential areas is $p=5\%$)
- A comparison revealed that the Lao does not consider the impacts of backwater floods that the Lao method resulted in a much smaller affected population than the developer's method. The white line is the inundation treatment boundary designated by the developer, and the grid represents the inundation treatment boundary designated by the Lao.



4. Assessment of Resettlement Impact: Basis of Benefit Sharing

- Impact Analysis
- Resettlement impacts were separately analyzed by content and degree.
- Impact content includes the objects affected by the resettlement process, such as income, land, food, housing, family properties, business opportunities, community and public facilities, religious and cultural facilities, etc.
- Impact degree relates the potential loss and the resources which can be expressed by a formula

$$d = L \div T \times 100\%, \quad (1)$$

d refers to the impact degree of resettlement;

L refers to the actual loss of communities or counties/districts due to resettlement;

T refers to the family resources of affected people, the overall resources of communities and the overall resources of counties/districts.

The material-object impact is identified and classified according to three levels: minor impact ($d < 20\%$), moderate impact ($20\% \leq d < 50\%$), and severe impact ($d \geq 50\%$).



4. Assessment of Resettlement Impact: Basis of Benefit Sharing

- Findings
 - Property losses are often greater than the calculated direct losses
 - The labor capacity of affected people differs before and after the project
 - Customary, traditional, and informal rights and interests are affected
 - Production and lives of women are changed by the project
 - Public facilities and services cannot meet the growing demand



5. Policies and Practices: Measures of Benefit Sharing

In 2018, Laos' GDP per capita increased to USD 2,568 (5 times more than its GDP per capita in 2005 of USD 511), but the economic structure of this increase indicated that the growths of GDP and GDP per capita were driven mainly by investment in power infrastructure.

(1) Taking the Concession Agreement (CA) Negotiation as An Opportunity to Stipulate the Interests of the Government and Affected People

(2) Adhering to the **Land for Land** Principle and Improving the Standard by Changing **Compensation to Sustainable Development**

In addition, Nam Ou Project proposed sustainable development measures, e.g., within 5 years of the recovery of land productivity, the developer provides development subsidy funds (f) to affected people.

$$f = t \times a \times p \times 5, \quad (2)$$

t : production of rice (tons/hectare per year);

a : area of cultivated land (hectares) lost by affected people;

p : actual market price of rice (USD/ton); and

5: land productivity recovery period of 5 years.



5. Policies and Practices: Measures of Benefit Sharing

- (3) Providing Appropriate Employment, Especially for Women, to improve Women's Status and Participation;
- (4) Strengthening Skills Training and Changing Single Crop Planting to Multi-industrial Development;
- (5) Focusing on Centralized Relocation and Resettlement to Improve Living Standards, Supported by Self-Resettlement to Respect the Will of the Displaced People;
- (6) Establishing a Reservoir Development Fund (RDF) to Protect the Environment and Benefit People;



6. Public Participation: Ways of Benefit Sharing

- Public participation is included in all parts of the Nam Ou River resettlement process and is the main way by which the Nam Ou River Project achieves benefit sharing.
 1. Information disclosure: Project information was released to residents that lived along the riverbank from the beginning, such as the NWL, possible flood status, resettlement targets, resettlement plan and measures.
 2. Needs and thoughts of affected people were collected to the greatest extent possible.
 3. Important resettlement decisions were made jointly by affected people, the developer and the government. Decisions involving relocation method, agricultural or diversified resettlement, centralized or self-resettlement—were made by the gov't with the developer and affected people.



7. Suggestions

- Technical Solution to minimizing resettlement and environment and social impacts
- Establish and improve the benefit sharing mechanism at the national level by legal framework
 - Compensation standard.
 - Clearly stipulate the rights and interests of affected people.
 - CA includes development funds, providing affected people with preferential electricity prices.
- Improve the ability of affected people to provide input through public participation
- Superior resettlement conditions reduce the enthusiasm of affected people for labor. Sustainable solution is essential.





Thank you!

