

A Statement on the tragic collapse of a dam in Laos, from People's Initiative for Development Alternatives (PIDA)

ODA as not only support, but responsible cooperation!

- Many were killed and left homeless and more casualties are expected as hundreds are still missing after the collapse of Saddle Dam D, a part of the Xe-Pian Xe-Namnoy Project in southeastern Laos on 23 July. The project involves SK Engineering & Construction (SK E&C), Korea Western Power (KOWEPO), the Thai power company Ratchaburi Electricity Generating Holding (RATCH) and Lao Holding State Enterprise (LHSE). This project was partially funded by a concessional loan (EDCF) that the Korean government offered to the project through the Export-Import Bank of Korea with the aim of promoting economic development and welfare of developing countries. However, the project resulted in severe loss of life and property instead.
- The history of the Xe-Pian Xe-Namnoy Hydropower Project in Laos dates back to the past decade. In the case of Xe-Namnoy Dam, thousands of residents near the site were forced to move to other villages without compensation in the earlier construction process initiated by Korea's Donga Construction in the late 1990s. The residents who made fishery as a lifelong business had to live a harsher life as coffee farm workers in the area where they were relocated. However, after the construction was cancelled due to the economic crisis in Korea in the late 90s, more than 90% of the residents could return to their hometowns.
- The Xe-Pian Xe-Namnoy Project was resumed in 2006. In 2011, the project was reborn as the first public-private partnership (PPP) project in which the Lao government, the Korean government and private companies jointly participated. The total cost of the project exceeds 1 trillion won, and it is a large scale hydroelectric power generation project to build three power generation dams in the main Mekong River, including Houay Makchan Dam, Xe Pian Dam, and Xe-Namnoy Dam and five saddle dams in the tributaries. South Korea's SK E & C, Korea Western Power, Laotian government and Thailand's RATCH invest 30% of the total cost of the project and supply a total of 410MW of electricity to Thailand (90%) and Laos (10%). The South Korean government provided the Laotian government with a concessional loan of US\$ 80.8 million through the Economic Development Cooperation Fund (EDCF) run by the Korea Export-Import Bank.

- Over the past several years, Korean and international civil society organizations, including Mekong Watch and International Rivers, have continued to raise their concerns about the negative impacts on the environment and local communities including possible local environmental degradation and forced relocation of residents. The Asian Development Bank (ADB), which had been reviewing the project in the beginning, eventually refused it because of an inadequate environmental impact assessment and withdrew its investment. The Energy and Climate Policy Institute (ECPI) in Korea also conducted a field survey on the development of the Mekong dam and warned that Dam projects would destroy natural environment and minority communities, make residents suffer from the constant threat of uncompensated relocation, reduce biodiversity and thereby have a negative impact on the social and natural environment in the surrounding areas. In Korea, MP Kim Hyun-mi (currently Minister of Land, Transport and Maritime Affairs) pointed out problems related to the inadequate environmental impact assessment of the project and the possibility of forced migration in the parliamentary inspection of the EDCF by the Committee of Strategy and Finance on 30th October 2013.
- It is known that SK E & C dispatched an emergency taskforce to the site and an emergency meeting of related ministries was called for by Prime Minister Lee Nak-yeon for rescue, reconstruction and countermeasures on 24th July. We asked how the EDCF plans to respond to the incident and if the EDCF has a follow-up plan for the collapse of Saddle Dam D. The EDCF responded that they were monitoring the incident. However, the Fund did not have any specific discussion about the incident so far, nor did they participate in the emergency meeting called for by the Prime Minister. Since its inception, the Korea Export-Import Bank has made it clear that once a loan agreed it is the aid-receiving governments and contractors of the projects who are responsible for the implementation of projects and, for the Bank, it is vital that loans are paid back to Korea. However, the Xe-Pian Xe-Namnoy Hydropower Project is a project agreed between governments and funded by the taxpayer and the Korean government as a responsible party in the project has to take responsible actions to implement appropriate measures rather than keep avoiding accountability.
- If the dam were completed in February of next year as planned, Korea Western Power would have the right to operate the power plant for 27 years from 2019 to 2046, and along with SK E & C, will expect additional dividend income from electricity sales in addition to

revenues generated through construction, operation and maintenance. However, the priority of international development cooperation is to contribute to the improvement of the quality of life of the people in developing countries rather than the pursuit of profit for corporations. Therefore, one should not forget that the most important party in the implementation of official development assistance (ODA) projects is the people in developing countries. Aid agencies must have a devoted sense of responsibility for the pain of residents who have suffered from or lost their lives due to development projects and listen to the voice of the residents who have been excluded from project preparation processes. It should be remembered that the value of the lives of the people in developing countries is never lighter than that of Koreans. As a society still suffering from the unforgettable memory of the tragic Sewol incident (2014), we do hope that Korea deeply sympathizes with the suffering of the Laotian people and responds maturely and responsibly.

- PIDA urges the Korean government and construction companies to sincerely apologize to the people of Laos, investigate the incident thoroughly and do their best to assist rescue and recovery effort in Laos. Development should never again be imposed upon the many for the benefit of the few. The disaster in Laos is a warning that official development assistance (ODA) funded by taxpayers' money can be turned into brutal capital that destroys the lives and homes of the people in developing countries. In order for such a tragic incident not to be repeated, we urge the Korean government to re-examine existing safeguard measures including environmental impact assessment and compliance mechanisms.

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