

# Theun-Hinboun dam expansion Laos

**Sectors:** Hydroelectric Power Generation

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**By:** BankTrack

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### Contact:

[Aviva Imhof](#), International Rivers, United States

[Tania Lee](#), International Rivers

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[Project website](#)

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## Sectors

Hydroelectric Power Generation

## Location

## About Theun-Hinboun dam expansion

The US\$585.5 million Theun-Hinboun Expansion Project involves a 65-meter high storage dam on the Nam Gnouang River and a doubling of capacity at the existing Theun-Hinboun hydropower plant, resulting in a doubling of the amount of water diverted into the Hai and Hinboun Rivers. Over 7500 people have been displaced to make way for this project. In addition, the dam is now affecting the livelihoods of tens of thousands more people living downstream. Due to increased flooding and fluctuations of the Hinboun River, thousands of villagers are being moved away from the river with minimal support from the company over the duration of 2013-2017. Social programs to adequately support the restoration of these villagers' livelihoods remain unclear, particularly in terms of food security and economic well-being. All have seen a decimation of the fish stocks they once relied upon, as well as losses incurred for crops once grown near the riverbanks, including vegetables and paddy rice. There are no clear plans publicly available outlining the schedules for villages to be moved or providing information about how people will be able to grow sufficient food for their families at the new sites.

The original investment by the Theun Hinboun Hydropower Company to build the Theun Hinboun Hydropower Project, which was completed in 1998, resulted in serious impacts on the lives and livelihoods of around 30,000 people living downstream and upstream of the project who have lost fish, rice fields, vegetables and access to clean drinking water as a result of the dam.

## Latest developments

### Latest update

Jan 14 2013

### Latest update

Dec 14 2009

## What must happen

The Theun-Hinboun Power Company is moving forward in the implementation of 'relocating' villagers away from the river bank with limited public disclosure of the process, and no independent monitoring system in place. Despite promises in the Concession Agreement to set up a panel of experts to monitor a wide range of environmental and social implications of the THXP, and provide specific recommendations for remedial action as needed, the company has delayed the development of such a panel and failed to make any information about progress on this process public.

The international banks financing this project, including KBC, ANZ and BNP Paribas, should work with the Company to bring the Theun-Hinboun

policies, including in relation to independent monitoring. An independent Panel of Experts with the freedom to look into social and environmental issues related to the project will be key to bringing a level of transparency to the situation of affected communities and ecosystems, while holding the company accountable to proactively address concerns of affected villagers.

## Impacts

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### Social and human rights impacts

The Theun-Hinboun Expansion Project is leading to the displacement of over 7,500 mostly ethnic minority people and negatively affecting another 48,441 people living downstream, on project construction lands and in host villages. The extra erosion, sedimentation and aggravated flooding from additional flows in the Hai and Hinboun Rivers is exacerbating the problems faced by villagers downstream who have relied on subsistence farming and gathering forest foods.

#### Failure to Provide Adequate Livelihood Support for Displaced People

A fundamental problem with the THXP is the lack of adequate and productive replacement land for the displaced villagers. People from villages that have been inundated have been moved into host communities where land and resources are already scarce. The consequent increase in the population in the host villages is already leading to fierce competition over natural resources, and social tensions. A second, but equally significant, problem is the inadequacy of the livelihood restoration measures currently being implemented, which consist of unproven, under-funded experiments in small scale market-oriented farming, livestock raising and artificial fish ponds.

#### Devastating Downstream Impacts

Theun Hinboun Expansion Project's impacts on the Nam Hai and the Nam Hinboun are severe as the project doubles water releases into these recipient rivers. The project significantly increases the frequency and duration of flooding along the Nam Hai and Nam Hinboun, is expected to lead to even greater erosion along the riverbanks. Fisheries in the Hinboun River, which have already been severely impacted by the original Theun Hinboun Hydropower Project, are expected to be further decimated. Yet despite the fact that seven years of THPC's environmental and social mitigation activities have failed to address the devastating impacts of the existing Theun-Hinboun project, the RAP makes the optimistic assumption that the impacts from the new THXP can be managed and livelihoods restored. There is no justification for this assertion.

The increased flooding along the Hai and Hinboun will make life unbearable for many residents. There is in fact no certainty how many people in which villages downstream will be required to relocate as a result of the aggravated flooding, whether there is sufficient land available, and if not, where people will move.

The result of THXP will be even greater food insecurity amongst people who are already suffering as a result of the existing Theun-Hinboun project, making life unbearable for many Hai and Hinboun residents. Now, many young people in the downstream villages say they believe that the only sustainable future is one in which they migrate to nearby towns in order to earn cash incomes to raise their own family and support the older generation.

The World Commission on Dams found that women and ethnic minorities were disproportionately affected by dam projects. As women are often responsible for ensuring the sustainable livelihoods of their families, impacts on these livelihoods through destruction of fisheries, flooding of agricultural land and forests, and displacement often result in women bearing a disproportionate share of the costs. It is women who are often left with the burden of caring for their families, finding alternative land and water sources and alternative livelihoods when these are taken away through the development of destructive dam projects.

### Environmental and climate impacts

The Theun-Hinboun Expansion Project mitigation plans underestimate the risks to fish stocks downstream of the project in the Theun-Kading River and the Hai and Hinboun rivers. Baseline studies of fisheries have never been done, and as displaced villagers are attesting, artificial fish ponds do not offer the kind of food security as wild fisheries catches once did.

At the site of the reservoir, a section of the surrounding forest area has been designated as a new national protected area. However, given the increased access to the area created by the construction process and road development, conservation of the forests remains in question.

## Governance

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### Other applicable regulations

The Lao National Policy for Environmental and Social Sustainability of the Hydropower sector in Lao PDR, implemented by Science Technology and Environmental Agency, Laos Environment and Social Project.

## Updates

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## Latest update

Jan 14 2013

The Theun Hinboun Power Company (THPC) [commenced operation](#) of the Expansion Project on 10th January, jeopardizing the livelihoods of tens of thousands of people. The project, consisting of a new dam on the Nam Ngouang River and the doubling of capacity at the existing Theun-Hinboun powerhouse, will double the amount of water being diverted into the Hai and Hinboun Rivers, causing extensive flooding and other impacts.

The Theun-Hinboun Expansion Project will exacerbate the effects of the first dam and force many people living downstream along the Hai and Hinboun Rivers to move to new relocation sites away from the river. For many villagers, this will make living off the land increasingly impossible. Already several villages have been relocated to new sites downstream and interviews with these villagers reveal that people are worried about how they will grow rice and feed their families in the future. Land shortages abound and many villagers have been given poor quality land that cannot sustain rice cultivation. Thousands more people are expected to be relocated in the coming five years due to project-induced flooding. According to Lao laws, these villagers have the legal right to know when and where they will be moved. However, there are no clear plans publicly available outlining these details or providing information about how people will be able to grow sufficient food for their families at the new sites.

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## Latest update

Dec 14 2009

Financial close was achieved on October 10, 2008 after which construction started. The filling of the reservoir is planned to start in 2011, the Commercial Operation Date (COD) for the Nam Ngouang power plant is set for 2012. In 2009 the first villages around the reservoir area were moved to new resettlement sites.

In May 2009 BankTrack and International Rivers conducted a fieldtrip to the region. The results of this report are summarised in the report '[Expanding failure](#)' and indicate that the Theun Hinboun Expansion Project is not in compliance with the Equator Principles and Lao national law.

On November 12, 2009, the Theun Hinboun Power Company (THPC) signed new loan commitments valued at US\$112,5 million with 3 Development Finance Institutions, proparco of France, FMO of the Netherlands, and DEG of Germany (together the DFIs). The loans will fund the Theun Hinboun Expansion Project, joining into the existing US\$600 million finance plan approved in October 2008.

On December 7, 2009, the Theun-Hinboun Power Company (THPC) started diverting the Nam Ngouang River to block the waterway for the construction of the dam. The diversion will direct water through a tunnel before it re-connects about 300 metres further on in Thasala village. The diversion is part of construction work and marks a new stage in the project.

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## Financiers

[Click here to read the press release of the Exim Bank of Thailand October 8th, 2008.](#)

[Click here for more information about the financial structure of the project.](#)

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## Related companies

Cavico Vietnam

GMS Power Thailand

Norplan Norway

PB Power United States

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