



# Laos: Pursuing accountability for deadly dam collapse

**Xe-Pian Xe-Namnoy hydropower dam**

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Overview

Our Actions

Background

Further Reading

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# Overview Laos: Pursuing accountability for deadly dam collapse

When a devastating collapse of a hydropower dam in southern Laos unleashed a wall of water, it left 49 people dead and 22 missing. The collapse displaced thousands of people, flooding homes and villages. Over 7,000 people in 19 villages in Attapeu province experienced losses and long-term damage to houses, property, and farmlands. The floodwaters extended far downstream and across the border into Cambodia, affecting an estimated 15,000 people, damaging farms and destroying livestock and property.

As evidence emerged that the Korean engineering company that built the dam may have cut corners, impacted communities and their civil society allies started to demand answers regarding the causes of the disaster and the liability of the project's developers and investors.

## CASE FILE

<b>CASE FILE</b>	
<b>Location:</b>	Laos, Champasak Province (and also impacting the Attapeu Province)
<b>Project:</b>	Xe Pian-Xe Namnoy
<b>Companies:</b>	Xe Pian-Xe Namnoy Power Company Ltd, which is a joint venture of SK Engineering & Construction, Ratchaburi Electricity Generating Holding, Korea Western Electric Power Co. and Lao Holding State Enterprise
<b>Key concerns:</b>	<ul style="list-style-type: none"> <li>· Homelessness &amp; displacement</li> <li>· Destruction of property, crops, livestock and farms</li> <li>· Loss of livelihoods</li> <li>· Poor humanitarian conditions at temporary resettlement camps</li> <li>· Ongoing dam safety concerns</li> <li>· Lack of transparency and accountability</li> </ul>

<p><b>Community goals</b></p> <p><b>Laos: Pursuing accountability for deadly dam collapse</b></p> <p><b>Xe-Pian Xe-Namnoy hydropower dam</b></p>	<p>Restitution for loss of life, land, housing, property and livelihoods</p> <p>Guarantees of dam safety</p>
<p><b>Overview</b></p> <p><b>Key Investors, financiers and insurers:</b></p>	<p><b>Our Actions</b></p> <p><b>Background</b></p> <p><b>Further Reading</b></p> <p>Equity investors include SK Engineering &amp; Construction, Ratchaburi Electricity Generating Holding (RATCH), Korea Western Electric Power Co. and Lao Holding State Enterprise. Debt financiers include Krung Thai Bank, Ayudhya Bank (a controlled subsidiary of Mitsubishi UFJ Financial Group), Thanachart Bank, and the Export-Import Bank of Thailand. Other prominent backers of the project include Electricity Generating Authority of Thailand (EGAT), the Export-Import Bank of Korea and the Korean Economic Development Cooperation Fund. The project was insured by AIG, Korean Re and Samsung Fire &amp; Marine, which was arranged by AON Thailand. The International Finance Corporation is also now linked to the project through its 2021 loan to RATCH.</p>
<p><b>Our partners:</b></p>	<p>International Rivers, Mekong Watch, GongGam Human Rights Law Foundation, PeaceMomo, Korean Civil Society Task Force on Xe Pian, Project Sevana</p>

The devastating collapse on July 23, 2018 of saddle dam D of the Xe Pian-Xe Namnoy hydropower project in southern Laos unleashed millions of cubic meters of water – enough to submerge an area the size of Manhattan with 28 feet of water.

The sudden flood, carrying tons of mud and debris, inundated entire villages and engulfed thousands of people downstream – the flood waters even damaged the homes and property of thousands more across the border in Cambodia. Nearly 5,000 Lao villagers made homeless by the disaster continue to live hand to mouth in camps, their futures uncertain.

A growing body of evidence suggests that the dam’s lead developer and builder, the Korean firm SK Engineering & Construction, may have caused the collapse by cutting corners in order to maximize profits. But survivors of the disaster are yet to receive any compensation for their lost villages, homes, land and property.

Survivors of the disaster wanted answers about who was responsible and how they could pursue accountability, justice and redress.

Regardless of the scope of the Korean firm’s apparent negligence, it did not develop and finance the billion-dollar project alone. Three other firms joined in a private-sector consortium to invest in the project. All have enabled the project to varying degrees, and all will profit from it—in some cases for years to come.

As such, they bear responsibility for the damages that the collapsed dam has caused to thousands of people in Laos and Cambodia and we're determined to help the communities

## Xe Pian-Xe Namnoy hydropower dam

Inclusive Development International followed the money behind the Xe Pian-Xe Namnoy

**Overview**   **Our Actions**   **Background**   **Further Reading**

project to determine who must be held accountable for the disaster and for ensuring that the victims receive redress. Our investigations revealed that the dam's developers had taken out \$50 million in liability insurance, which should be paid promptly to the victims.

The project developers have denied the findings from the Lao government-commissioned independent expert report that pointed to construction problems as prompting the collapse, but have been unable to offer any other evidence-based explanation. The project's current operations, and lack of information about structural changes or material reinforcements, also raise concerns about the safety of the structure and the threat of another failure.

In a significant step forward, the insurers have reportedly paid the Lao government the \$50 million in liability insurance, but scant information is publicly available about how this payout is being distributed to victims. Along with our local and coalition partners, we'll continue to demand accountability from the responsible States, developers, financiers and insurers and a full and effective remedy for the victims.

***"I ran outside and found the water already rushing over my door. My wife and daughter had not yet returned from the rice fields. I took refuge on a nearby roof, sick with worry. When the rescue team took us... finally I spotted my daughter sitting alone, crying. I ran to hug her and we both cried together. I couldn't find my wife. I grabbed my daughter's hand and we walked to another camp, where we finally found my wife. It was a miracle. From the moment the flood hit, I thought we would all die. I don't know who will take responsibility for this loss of life, and I don't know what's next for my family and the others. If we settle down again in the same village, we will live with the fear of not knowing when this might happen again."***

Take Action  
(<https://xpxnaccountability.net/take-action/>)

# Laos: Pursuing accountability for deadly dam collapse

## Xe-Pian Xe-Namnoy hydropower dam

[Overview](#)[Our Actions](#)[Background](#)[Further Reading](#)

## Our Actions

**Inclusive Development International mapped the investment chain behind Xe Pian-Xe Namnoy to identify the various stakeholders that enabled and profited from the \$1.02 billion project that caused this terrible disaster.**

Our findings were published on the one year anniversary of the disaster in a joint report with International Rivers: Reckless Endangerment: Assessing Responsibility for the Xe Pian-Xe Namnoy Dam Collapse ([https://www.inclusivedevelopment.net/wp-content/uploads/2019/07/reckless\\_endangerment\\_final\\_for\\_web.pdf](https://www.inclusivedevelopment.net/wp-content/uploads/2019/07/reckless_endangerment_final_for_web.pdf)).

We've used our findings to continue public advocacy calling on the responsible parties to establish a dedicated fund and an accessible claims process through which affected people can receive compensation payments.

We also partnered with International Rivers to create a campaign website

<https://www.inclusivedevelopment.net/cases/laos-xe-pian-xe-namnoy-dam-collapse/>

(<http://www.xpxnaccountability.net/>) to help mobilize members of the public from around the world to communicate directly with the entities responsible for the disaster and urge them to meet their human rights responsibilities to the victims.

Now that the insurers have paid the Lao government \$50 million in liability insurance, we are maintaining the pressure to make sure the funds fairly reach the impacted communities.

**Join us in taking action (<https://xpxnaccountability.net>) against the companies and institutions behind the Xe-Pian Xe-Namnoy project to establish an accessible compensation fund so that all affected people in Laos and Cambodia can receive reparations for the harm they have suffered.**

Subscribe to our mailing list (<https://inclusivedevelopment.net/join-us/>) to stay up to date with this and other cases.

## Background

Spanning parts of Champasak and Attapeu provinces in southern Laos, the 410-megawatt Xe

# Laos: Pursuing accountability for deadly dam collapse

Pian-Xe Namnoy hydropower project is a massive trans-basin water diversion complex under construction on the Xe Pian and Xe Namnoy watersheds in the Xekong River basin.

## Xe-Pian Xe-Namnoy hydropower dam

The project consists of three main dams and a large storage reservoir on the Xe Namnoy

River enclosed by five auxiliary (or “saddle”) dams, which are used to reinforce the boundaries of the reservoir. The reservoir is 73 meters high and 1,600 meters long, with capacity to store

1,043 million cubic meters of water. The project also includes underground tunnels and waterways, including a 16-kilometer tunnel to discharge water into the transboundary Xekong River, which flows from Laos into Cambodia.

When saddle dam D collapsed in July 2018, work on the Xe Pian-Xe Namnoy project was approximately 90% complete. The dam company and local authorities had information that cracks were forming in the dam days before it collapsed, yet they failed to act in time.

Despite ongoing safety concerns and lack of accountability for the devastation wrought by the collapse, construction resumed a short time later. The project is now operational.

Xe Pian-Xe Namnoy was developed under a build, operate and transfer (BOT) model. This means that a private-sector consortium oversaw the construction of the dam and is operating it for 27 years before transferring ownership to the Lao government. During the period that they control the dam, the consortium members will collect revenue and generate profit from it. Most hydropower projects built in Laos are developed under the BOT model.

The \$1.02 billion project is being funded through a combination of debt and equity financing. A 20-year, \$714 million syndicated loan from four Thai banks is covering 70% of the cost of the project’s construction. The remaining 30%, or roughly \$306 million, is being provided by the project’s four developers, each of which has taken an equity stake in a Laos-registered joint venture. That joint venture, Xe Pian-Xe Namnoy Power Company Ltd., is building and will operate the dam.

The four consortium members that hold equity stakes in the project are:

- **SK Engineering & Construction**, with a 26% stake, is a subsidiary of the large multinational Korean conglomerate SK Group. The consortium members selected SK Engineering & Construction to be the project’s engineering, procurement and construction (EPC) contractor, which means it is in charge of designing and building the dam, for which it will receive a substantial fee.
- **Korea Western Electric Power Co.**, with a 25% stake, is a subsidiary of Korea’s publicly listed national electricity utility, Korea Electric Power Corporation. The consortium

# Laos: Pursuing accountability for deadly dam collapse

## Xe-Pian Xe-Namnoy hydropower dam

- Ratchaburi Electricity Generating Holding Public Company (RATCH)**, with a 25% stake, is a publicly traded Thai corporation. RATCH is the project's construction supervisor, making it responsible for oversight of SK Engineering & Construction's EPC work.
- Lao Holding State Enterprise**, with a 24% stake, is fully owned by the Lao government. The company operates as a holding company through which the Lao government buys equity stakes in privately developed infrastructure projects. Lao State Holding Enterprise also acts as the dam's administrative supervisor.

A syndicate of four Thai banks has provided 70% of the cost of the dam through debt financing. On November 28, 2013, these banks provided a 20-year loan (<http://www.ratch.co.th/en/news/company-news/318/ratch-starts-construction-of-xe-pian-xe-namnoy-hydro-project-after-success-of-thb-22134-billion-project-finance-expecting-electricity-distribution-to-thailand-in-2018>) worth approximately \$714 million. These banks are collecting interest on the loan until it is paid down in 2033. The lending syndicate is composed of Krung Thai Bank, Ayudhya Bank and Thanachart Bank, three commercial banks from Thailand; and the Export-Import Bank of Thailand, the government's export credit agency. Ayudhya Bank's parent company, with a 76.55% stake, is the prominent Japanese financial institution Mitsubishi UFJ Financial Group.

The Korean government has enabled and profited from the project through entities it controls and the Thai government is also an important backer and beneficiary of the project.

The Asian Development Bank (ADB) played an important, behind-the-scenes role in getting Xe Pian-Xe Namnoy off the ground, according to a public document written by people closely involved in financing the project.

The International Finance Corporation is also now linked to the the project through a \$150 million loan made in 2021 to RATCH, the project's construction supervisor, to develop hydropower projects in Southeast Asia.

## The Situation of the Survivors



# Laos: Pursuing accountability for deadly dam collapse

Two years after the collapse, approximately 5,000 displaced people from six of the hardest-hit villages were still living in dilapidated temporary camps. Today, daily earnings from prefabricated metal structures. These houses lack appropriate areas for cooking, eating and sleeping. They are crowded, have limited ventilation and are built in close proximity, offering families little privacy. People report that the houses are unbearably hot during the day, especially during the hot season. People also report a shortage of water in the resettlement areas—with some having to buy their own drinking water.

Under provisions of Laos' national Law on Resettlement and Vocation, the displaced people are required to remain in the camps until designated resettlement sites have been fully developed with housing and infrastructure. The Lao authorities have stated that it will be 4-5 years until permanent replacement homes are provided in the new resettlement sites.

While there have been no reported cases of serious illness, available information indicates that water shortages are chronic in the displacement camps, causing persistent sanitation challenges. Community members also report heightened social tensions within and between households, fueled by the difficult conditions, stress, and uncertainty in their capacity to sustain economic and social well-being in the years ahead.

Livelihoods and food security remain a challenge. After a long delay, some families have received assistance to clear damaged farmland of mud and debris, so that it is cultivable. Authorities have announced replacement land allotments for families residing in the temporary camps, but clearing and cultivation of these allotments is not yet permitted. Affected families therefore remain largely reliant on subsistence allowances paid by authorities or donor-provided humanitarian relief. Payment of the allowances, consisting of \$28 (250,000 Laotian kip) and 20 kg of rice per person each month, has been inconsistent, with families not receiving them every month, and reporting uncertainty over when to expect them. Community members have also reported that the allowance is inadequate for survival and that the rice supplied is often substandard, better suited as livestock feed.

Community members have not been included in meaningful consultations or planning processes to develop the new housing structures and villages. It is not clear whether the new homes, infrastructure and land allotments will be adequate to enable the Lao and ethnic minority / Indigenous peoples affected by the project to live dignified and self-reliant lives. Communities and development agencies have raised questions about whether the available water sources and land will be sufficient to meet people's needs. Meanwhile, the track record of the project operator, Xe Pian-Xe Namnoy Power Company (PNPC), and its shareholders,

remains tarnished by the record of the project's initial resettlement site on the Bolaven Plateau, where people have consistently faced difficulties such as hunger, water insecurity, lack of sufficient housing and electricity, and land impoverishment.

# Laos: Pursuing accountability for deadly dam collapse

On April 10, 2020, the Xe Pian-Xe Namnoy Power Company announced that it had reached a deal with authorities in Southern Laos to compensate victims of the disaster. The total compensation and rehabilitation costs would amount to more than 828 billion kip (US\$92 million), with 57% going toward compensation of the victims and 43% for public infrastructure. However, at the end of 2021 there was no evidence that the victims had received this compensation and only 157 of the 700 replacement homes had been completed.

**Overview**   **Our Actions**   **Background**   **Further Reading**

## Further Reading

## News & Updates

# Laos: Pursuing accountability for deadly dam collapse

- How a Laos dam collapse exposes flaws in ESG investments — Thomson Reuters

## Overview

- UN calls for firms behind Lao dam collapse to pay as 7,000 survivors await compensation

## Our Actions

- <https://www.reuters.com/article/2020/05/un-calls-for-firms-behind-lao-dam-collapse-to-pay-as-7000-survivors-await-compensation/>
- Lao Dam Break Survivors Still Face Hardships in Temporary Shelters — Radio Free Asia — October 30, 2019 (<https://www.rfa.org/english/news/laos/survivors-10302019155311.html>)
- Human rights groups press re/insurers to help victims of Laos dam collapse — Reinsurance News — July 31, 2019 (<https://www.reinsurancene.ws/human-rights-groups-press-re-insurers-to-help-victims-of-laos-dam-collapse/>)
- Insurers called upon to help victims of Laos dam collapse — Insurance Business Asia — July 30, 2019 (<https://www.insurancebusinessmag.com/asia/news/breaking-news/insurers-called-upon-to-help-victims-of-laos-dam-collapse-173931.aspx>)
- One year from Laos dam collapse, insurers urged to help — Nikkei Asian Review — July 28, 2019 (<https://asia.nikkei.com/Business/Construction/One-year-from-Laos-dam-collapse-insurers-urged-to-help2>)
- Stop work on Lao Dam and Help Victims: Groups — Asia Times — July 24, 2019 (<https://www.asiatimes.com/2019/07/article/stop-work-on-lao-dam-and-help-victims-groups/>)
- Families Search for Recompense a Year After Deadly Laos Dam Collapse — Voice of America (VOA) — July 24, 2019 (<https://www.voanews.com/east-asia-pacific/families-search-recompense-year-after-deadly-laos-dam-collapse>)
- New Report Pleads for Accountability on First Anniversary of Laos Dam Collapse — Radio Free Asia — July 23, 2019 (<https://www.rfa.org/english/news/laos/laos-1-anniversary-pnpc-dam-report-07232019170400.html>)
- Dam disaster that ‘no one’ caused, one year on — The Nation Thailand — July 23, 2019 (<https://www.nationthailand.com/news/30373406>)

## Our Publications

- Reckless Endangerment ([https://www.inclusivedevelopment.net/wp-content/uploads/2020/05/reckless\\_endangerment\\_final\\_for\\_web.pdf](https://www.inclusivedevelopment.net/wp-content/uploads/2020/05/reckless_endangerment_final_for_web.pdf))

## Related Reading

- Reckless Endangerment: Demanding accountability for the Xe Pian-Xe Namnoy Dam

# Laos: Pursuing accountability for deadly dam collapse

(<http://www.xpxn-accountability.net>)

The Xe Pian-Xe Namnoy Dam Disaster: Situation update two years on — July 2020

## Xe-Pian-Xe-Namnoy hydropower dam

(<https://www.inclusivedevelopment.net/wp-content/uploads/2020/07/Fact-Sheet-XPXN-Dam-Collapse-2-Years-On.pdf>)

**Overview**   **Our Actions**   **Background**   **Further Reading**

- Visit to the Lao People's Democratic Republic – Report of the Special Rapporteur on extreme poverty and human rights — June 20, 2019 ([http://chr.gj.org/wp-content/uploads/2019/06/A\\_HRC\\_41\\_39\\_Add.2.pdf](http://chr.gj.org/wp-content/uploads/2019/06/A_HRC_41_39_Add.2.pdf))
- Lao dam disaster: UN rights experts call for justice two years on — April 29, 2020 (<http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25839&LangID=E>)

## Other Cases



(<https://www.inclusivedevelopment.net/cases/guinea-alcoa-rio-tinto-bauxite-mine/>)

(<https://www.inclusivedevelopment.net/cases/guinea-anglogold-ashanti-gold-mine/>)

**Guinea: Demanding a fair deal for communities from Alcoa-Rio Tinto bauxite mine**

**Guinea: Seeking redress for forced displacement from AngloGold Ashanti**

(<https://www.inclusivedevelopment.net/cases/guinea-alcoa-rio-tinto-bauxite-mine/>)

(<https://www.inclusivedevelopment.net/cases/guinea-anglogold-ashanti-gold-mine/>)