

Don Sahong Hydropower Project Laos

Sectors: Hydroelectric Power Generation

● On record

This profile is no longer actively maintained, with the information now possibly out of date

Send [feedback](#) on this profile

By: BankTrack

Created before Nov 2016

Last update: **Nov 1 2016**

Contact:

[Johan Frijns](#), BankTrack

[Project website](#)

Sector	Hydroelectric Power Generation
Location	
Website	http://dshpp.com/

About Don Sahong Hydropower Project

The 25-metre-high Don Sahong Hydropower Project is currently being constructed in the Mekong river in southern Laos. Less than two kilometres from the Cambodian border, the area named Siphandone (Four Thousand Islands) is known for its aquatic biodiversity. At this part of the Mekong, the water drops 20 metres through a variety of small canals, seasonally creating river islands. The Government of Laos has in the past considered proposing the site as [Ramsar-listed Wetland](#), as the area downstream just across the Cambodian border is recognized as.

The run-of-the-river dam, with a planned maximum capacity of 256 megawatts, has serious environmental and social impacts. The main channel passable year-round by migrating fish will be blocked, which severely threatens downstream fisheries. Therefore, the project is feared to harm millions of residents of the Mekong River Basin in Laos, Cambodia, Thailand and Vietnam. Furthermore, the project perils the last remaining population of the endangered Irrawaddy Dolphins.

The project is [estimated](#) to cost USD 500 million and is expected to be completed in the second half of 2019.

What must happen

Dam construction should stop as soon as possible. If negative impact for the fish populations cannot be ruled out and regional governments cannot reach agreement within the MRC, the project should be cancelled. Banks and investors should abstain from financing this project.

Impacts

Social and human rights impacts

As the Don Sahong dam will block the main channel passable year-round by migrating fish, the downstream fish population is feared to be threatened. Local communities near the dam site and downstream in Cambodia highly depend on both subsistence and commercial fishing. The project hereby undermines food security throughout the Mekong River Basin. No transboundary impact assessments have been conducted.

Additionally, Mega First Corporation Berhad failed to properly inform affected people. Local communities are reported to have received misleading information, while communities downstream in Cambodia have not received any information from the project's developer.

The Don Sahong dam is expected to significantly reduce the amount of migratory fish moving between Laos, Cambodia, Thailand and Vietnam. This forms a huge threat to the food security of millions of people living both up- and downstream of the dam project. The human rights of millions are under pressure, such as the right to life and the right to food. Local residents are already [found](#) to be malnourished, and fish is their most important source of protein.

In October 2014, a national and international coalition of NGO's, including International Rivers, filed a [complaint](#) with the Human Rights Commission of Malaysia (SUHAKAM), urging the commission to ensure Malaysian company Mega First complies with international human rights standards. Among these are the right to life and livelihood and the obligation to inform affected communities. After initially accepting the complaint, SUHAKAM unfortunately [concluded](#) it lacked the mandate for foreign investment projects of Malaysian companies. However, SUHAKAM did recommend Mega First to respect the human rights of people affected by the companies projects.

In February 2016, the United Nations Human Rights Council [notified](#) the governments of Laos and Malaysia, as well as the Malaysian company Mega First, of their concerns on alleged human rights violations regarding the Don Sahong dam project. The Council [found](#) "[the] right to an adequate standard of living, including the rights to food and adequate housing, the right to the highest standard of physical and mental health, cultural rights and the rights to information and participation appear to be at particular risk, as do the rights of indigenous peoples living in the area". The Council also noted the lack of regional/international cooperation through the MRC and the lack of proper information being shared with local residents by both the government and the company. Non of the summoned parties have yet responded.

The area expected to be affected by the Don Sahong dam is inhabited by many indigenous people and ethnic minorities. Among them are the Kuy (Kuoy) in Cambodia. As is typical for many indigenous peoples, the Kuy have a strong cultural and traditional relationship with their land and the Mekong river, which is central for their livelihood. Indigenous people are protected by international law, such as ILO Convention 169. Free, prior and informed consent is required for any project to be developed on indigenous territory. Non of the indigenous people about to be affected by the dam has been consulted.

Environmental and climate impacts

The Hou Sahong Channel, in which the Don Sahong dam will be built, is a vital corridor for migrating fish. Over a 100 species are reported to migrate through this channel, of which some are known to travel as far as Vietnam. Blocking the channel threatens migration, feeding and breeding patterns of a huge number of fish and therefore the unique aquatic biodiversity.

Also, the dam [threatens](#) the highly endangered Irrawaddy dophin, of which only 85 remain in the Mekong River. A core habitat of these dolphins is located just one kilometre downstream of the dam site. Construction may disturb the dolphins and the dam's impact on fish migration may subduct their only food source. The Don Sahong dam therefore increases the risk of the species' extinction.

Governance

Applicable norms and standards

1995 Mekong Agreement

International Hydropower Association

International Labour Organization Convention 169

United Nations Declaration on the Rights of Indigenous Peoples

Brief history

In March 2006, the government of Laos agreed on feasibility studies and an Environmental Impact Assessment (EIA) to be conducted by Mega First Corporation Berhad (MFCB), a Malaysian engineering and investment company. These studies were finalised in December 2007, followed by the Project Development Agreement being signed between Mega First and the Lao Government.

Not before September 30th 2013, the government of Laos notified member countries of the Mekong River Commission (MRC) of its plan for the Don Sahong dam. Under the MRC agreements, member countries are required to consult each other to prevent possible adverse transboundary impacts. After widespread concern from neighbouring countries, the government of Laos submitted the project for prior consultation. Within the MRC, agreement could not be [reached](#). The government of Cambodia since then reiterated concerns and called for further studies to be carried out. To date, there still is no agreement between the governments of Laos, Cambodia, Thailand and Vietnam on the construction of the Don Sahong Dam.

Since the first plans of the dam project appeared, there has been widespread protest from local communities and NGO's. In October 2014, a coalition of national and international NGO's [filed](#) a complaint to the Malaysian Human Rights Commission SUHAKAM. After initial action, SUHAKAM concluded they lacked the mandate to continue investigations.

On 15th September 2015, the dam's concession was granted to Don Sahong Power Company (DSPC), a subsidiary of MFBC, by the government of Laos. The concession is valid for 25 years from the commercial operation date onwards. On 15th October 2015, Sinohydro was contracted to develop and construct the Don Sahong dam, for a period of 50 months. The company started constructions in December 2015. Local activists [report](#) the channel is now blocked and people have already been displaced.

Timeline

Related companies

AECOM United States

Contracted by MFCB to conduct the feasibility study and other consulting services.

Don Sahong Power Company (DSPC) Virgin Islands, British

Project developer, owner of the concession.

Electricité du Laos Laos

Signed a Power Purchase Agreement with DSPC in October 2015.

Fishtek Consulting United Kingdom

Contracted to study, design and improve the dam's fish passages.

Mega First Corporation Berhad (MFCB) Malaysia

Formed a joint venture in 2008 with IJM Corporation, which sold its part to MFCB in 2010. Since then it owns Don Sahong Power Company for 80%.

Pöyry Energy Oy Finland

Hired by MFCB in 2012 to review the complete Don Sahong dam design.

Sinohydro China

Contracted in 2015 as the project's constructor.

SMEC Australia

SMEC New Zealand is contracted by MFCB for a range of engineering and consulting services.