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Dear Sirs

As you may be aware, the AMRC has been documenting the initiatives of the Se San communities in Cambodia who are seeking to address the serious impacts of poorly planned hydropower developments. In 1993, Vietnam began building the Yali Falls Dam 80 kilometres upstream of the point at which the Se San River enters Cambodia. Studies of Yali Falls had been supported through the predecessor of the Mekong River Commission and the Swiss company Electrowatt had carried out an EIA, but none of these studies considered downstream impacts in Cambodia. The dam was commissioned in 2000. As a result of the construction and operation of the dam, approximately 50,000 people from 90 indigenous communities along the Se San River in two provinces of north-eastern Cambodia have been impacted severely by flooding - at least 32 lives were lost - and the dramatically altered hydrological regime continues to affect fisheries and many other aspects of livelihood, such as river bank agriculture.

We attach for your information a draft paper presently under review for publication in a special issue of Asia-Pacific Viewpoint on environmental conflict and management that outlines the history of the case and the ineffective official interventions that have taken place to date. The matter remains unresolved today. AusAID and Treasury provide support to institutions that have contributed to this situation, and we request that you bring this case to the attention of both the Asian Development Bank and the World Bank as a matter of the utmost urgency.

Whilst the ADB has pulled out of its involvement in funding a second dam on the Se San River, the Se San 3 hydropower dam, and the World Bank is not involved directly with dam building in the Se San watershed, both the ADB and World Bank have over the last decade provided support for reforms in the Vietnamese power sector through the Ministry of Industry, Vietnam, and its state owned power

utility, Electricity of Vietnam (eg. refer to ADB TAR:VIE 31040 Improvement of the Power Sector Regulatory Framework; ADB TAR:VIE 34343 Road Map for Power Sector Reform; World Bank Project ID P045628, Transmission, Distribution, and Disaster Reconstruction Project).

In Vietnam, the World Bank is directly involved in Se San developments through the funding of transmission lines connecting centers of power demand in Vietnam with the hydropower dams in the Se San watershed which have not yet been assessed for their impacts in Cambodia (eg. refer to World Bank Project ID VNPA45628, Vietnam-Transmission and Distribution Development Project).

Both the World Bank and the ADB view the cascade of up to 6 Se San dams as potential power sources integrated into a GMS Regional Power Grid, a flagship project of the ADB's Greater Mekong Subregion economic cooperation program. To this end, they have assisted regional governments through various studies (eg. refer to World Bank Sector Report 19067, Power trade strategy for the Greater Mekong Sub-region), technical assistance projects (eg. refer to ADB PPTA: CAM34390-01 Power Distribution and Greater Mekong Subregion Transmission Project) and transmission line projects (eg. refer to ADB LOAN: CAM 34390-01 Greater Mekong Subregion Power Transmission Project).

In this context, the ADB and the World Bank should be accountable for the considerable assistance, guidance and strategic advice provided to the governments of Vietnam and Cambodia in the construction and establishment of a fast regionalising power generating and distribution system, and the manner in which these developments are unfolding. Contrary to the rhetoric of institutionalising best practice in the power sectors of the GMS countries, what we have observed in the case of Se San hydropower development is sub-standard practice and processes of project development. Despite over a decade of hydropower planning and development in the Se San watershed, partly with the assistance of the ADB (eg. refer to RETA 5697, Se Kong-Se San and Nam Theun River Basins Hydropower Development Study), the Se San communities in Cambodia have yet to be consulted on these developments. Yet the construction of new dams such as the Se San 3 is proceeding apace. A senior indigenous member of the Se San Protection Network which represents the 90 indigenous communities living along the Se San River in Cambodia stated recently, "I want to meet these people [dam developers, planners and funders], I have been angry for so long. The villagers have been angry for so long. Do you understand that the people along the river have worth, or do you think they are of no value?" (personal email communications)

The failure to apply international best practice in the case of the Se San reflects poorly on the reforms that the ADB and World Bank are supporting in the power sectors of Vietnam and Cambodia. Since international best practice is not being applied in the case of the Se San we must question the sorts of standards and practice that are being applied elsewhere. The present situation where the Se San 3 project is proceeding without having completed an EIA in Cambodia is a clear breach of international best practice. Furthermore, the failure to effectively address the Se San communities' concerns must bring into disrepute the power sector reform program that the ADB and World Bank is presiding over.

We do not believe that the recent response from the World Bank's East Asia and Pacific Region Office stating that "a number of detailed bilateral discussions had already been held between the Governments of Cambodia and Vietnam to resolve these issues" (refer to attached letter from the World Bank to IRN) is adequate. The letter further states that "integrity and social responsibility is, and will remain, of vital concern to the Bank". These values are not evident in the development of hydropower in the Se San. As our attached paper makes clear, nothing that effectively addresses community concerns has

come out of these initiatives. A more pro-active stance to resolve the situation is required from the ADB and World Bank, in cooperation with the governments of Vietnam and Cambodia.

We request that AusAID and Treasury raise the issue of the Se San with the ADB and World Bank Executive Directors for Australia, the ADB's Mekong Division through AusAID's high level consultation meetings with the ADB, and with the World Bank's East Asia and Pacific Region Office. We urge all concerned parties to address the concerns and requests for assistance that have been articulated by the Se San communities as a matter of the utmost urgency.

We also request that prior studies on the Se San 3 hydropower project that were funded by the ADB, specifically a 6 Volume set of documents supported under Vietnam TA: 3222-VIE, Phase II Final Report – Environmental, Social and Technical Analysis, be publicly released so that the Se San communities may be made aware of developments that will affect their personal safety and livelihood security. To date these documents have been classified as confidential. We do not see any valid reason why such documents should be classified as confidential. To do so is again a breach of international best practice in corporate governance. If they are to remain confidential, clear reasons need to be provided as to why they remain confidential.

Yours sincerely

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cc. Se San Protection Network, Ratanakiri Province, Cambodia