

## 2.3 RESETTLEMENT BACKGROUND

### 2.3.1 INTERNATIONAL EXPERIENCE & EVOLVING RESETTLEMENT STANDARDS

#### (1) International Experience and Multilateral Agency Policies

##### Background

Until recently, development-induced displacement of population was considered a "sacrifice" some people have to make for the larger good. Resettlement programs in general were limited to statutory monetary compensation for land acquired for the project, and occasionally development of a resettlement site.<sup>52</sup> Involuntary resettlement has been, and often still is, approached as a salvage and welfare operation, rather than one pursuing development objectives. Especially in the 1960s and 1970s, resettlement was often dealt with "in a haphazardous, ad-hoc manner, as a low priority side-effect of major infrastructure works. The lack of clear objectives, consistent procedures and adequate resources for addressing resettlement resulted in serious adverse effects on the people displaced, on the host populations at relocation sites, and on the environment."<sup>53</sup>

Through its long experience with poorly planned involuntary resettlement, the World Bank concluded in the mid 1980s that:

By its nature displacement is always an extraordinary disruptive and painful process, economically and culturally: it dismantles production systems, it disorganizes entire human communities and it breaks up long established social networks. By destroying productive assets and disorganizing production systems, it creates a high risk of chronic impoverishment and pushes groups of people into a condition of transitory or permanent food insecurity. Resettlement also causes severe environmental effects and the loss of valuable natural resources. Research has found that forced resettlement also tends to be associated with increased stress (psychological and socio-cultural), and heightened morbidity and mortality rates.<sup>54</sup>

Again in 1994, in a review of World Bank experience with resettlement from 1986 to 1993, the Bank further elaborated on the above description of the effects of involuntary resettlement:

When people are displaced, production systems may be dismantled, kinship groups are scattered, and long-established residential settlements are disorganized. People's lives are affected in very painful ways. Many jobs and assets are lost. Health care tends to deteriorate. Links between producers and their customers often are severed, and local labor markets are disrupted. Informal social networks that are part of daily

<sup>52</sup> ADB. 1995. *Involuntary Resettlement: Paper for the Board of Directors*. August.

<sup>53</sup> Cernea, Michael M. 1988. *Involuntary Resettlement in Development Projects: Policy Guidelines in World Bank-Financed Projects*. World Bank: Washington, DC.

<sup>54</sup> Cernea, Michael M. 1988. *Involuntary Resettlement in Development Projects: Policy Guidelines in World Bank-Financed Projects*. World Bank: Washington, DC.

sustenance systems -- providing mutual help in child care, food security, revenue transfers, short-term credit, labor exchanges, and other basic sources of socio-economic support -- are dissolved. Local organizations and formal and informal associations disappear because of the dispersion of their members. Traditional community and authority systems can lose their leaders. Symbolic markers, such as ancestral shrines and graves, are abandoned, breaking links with the past and with peoples' cultural identity.<sup>55</sup>

### Evolution of International Policies

Because of the seriousness of involuntary resettlement impacts on those affected, especially for reservoir resettlement, and its poor experience with resettlement in its early years,<sup>56</sup> the World Bank became one of the first international development aid agencies to formulate a policy on involuntary resettlement. The policy was first issued as an internal Operational Manual Statement (OMS2.33) to staff in February 1980. Since then, it has been revised and reissued a number of times, most recently as an Operational Directive (OD4.30) in June 1990, and it remains one of the most comprehensive resettlement policy statements. It describes the World Bank's policy objectives on involuntary resettlement as well as measures the borrowers are expected to take in operations involving resettlement. It also gives specific information on the review procedures that World Bank staff should follow for projects involving resettlement components.<sup>57</sup>

Experiences of involuntary resettlement operations in World Bank-assisted projects between 1986 and 1993 were reviewed in 1993-1994.<sup>58</sup> The review showed that of the World Bank's 1,900 ongoing projects in 1993, 146 (or less than 8%) involved involuntary resettlement. These projects displaced nearly two million people. A large majority of these projects (over 60 percent) were in East Asia and South Asia, and they accounted for about 80% of the people to be resettled. A small number of projects in Brazil, PRC, India, and Indonesia accounted for the bulk of the people displaced. Significant increases in the number of projects supported by World Bank and involving resettlement are expected in Bangladesh, Indonesia, Pakistan and Viet Nam. Globally, about 100 projects with a preliminary estimate of 600,000 people to be resettled were proposed in the World Bank's 1994-1997 pipeline of projects.<sup>59</sup>

The review showed that good resettlement can prevent impoverishment of affected persons and can even reduce their poverty by building sustainable livelihoods. However, inadequate resettlement induces local resistance to the project, increases political tensions, causes significant project delays, and postpones the flow of project benefits; and the benefits lost as a result of such avoidable delays may sometimes far exceed the additional cost of good resettlement. The World Bank's resettlement operations portfolio improved significantly during the period although resettlement operations and outcomes in a number of projects were not meeting the standards

<sup>55</sup> World Bank. 1994. *Resettlement and Development: The Bankwide Review of Projects Involving Involuntary Resettlement, 1986-1993*. Washington, DC. April 8. pp. 1/3-1/4.

<sup>56</sup> Including the experience with Nam Ngum 1 in the 1970s, when 3,200 people were inundated in Laos with no prior resettlement plan. Nam Theun 2 Electricity Consortium (NTEC). 1998. *Nam Theun 2 Hydroelectric Project Resettlement Action Plan*. Vientiane: NTEC. July. Appendix B, p. B-1.

<sup>57</sup> ADB. 1995.

<sup>58</sup> World Bank. 1994. *Resettlement and Development*.

<sup>59</sup> ADB. 1995.

defined by the World Bank's policy.<sup>60</sup>

Based on the World Bank's experience over the past 10-14 years, a number of major common factors that contribute to the success of resettlement were identified. These are:

- (i) political commitment of borrowers in the form of laws, policies, and resource allocations,
- (ii) close adherence to established guidelines and procedures in implementation,
- (iii) sound social analysis, reliable demographic assessments, and appropriate technical expertise in planning for development-oriented resettlement,
- (iv) reliable cost estimates and provision of required financing, with resettlement activities phased in tune with civil works construction,
- (v) effective executing agencies that are responsive to local development needs, opportunities and constraints, and
- (vi) people's participation in setting resettlement objectives, identifying reestablishment solutions, and implementing them.<sup>61</sup>

In recent years, a number of multilateral and bilateral agencies have prepared and adopted resettlement policies and/or guidelines that are similar to those of the World Bank. Thus, the Inter-American Development Bank adopted a set of resettlement guidelines in 1990. In 1991, the development ministers of all 17 members of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) approved the adoption of uniform resettlement guidelines by their countries' aid agencies.<sup>62</sup> The Overseas Development Administration in the United Kingdom has adopted guidelines that are essentially the same as those of the World Bank. The Overseas Economic Cooperation Fund of Japan (OECF) issued checklists on involuntary resettlement based on OD4.30. Japan International Cooperation Agency was preparing its own technical guidelines for resettlement with World Bank advice. Although a number of agencies have prepared and adopted resettlement policies, guidelines, data on their experiences are not readily available.<sup>63</sup>

ADB has also realized that the formal adoption and implementation of a resettlement policy is necessary to promote consistent improvements in Bank assistance to its borrowers in this sensitive area. In recent years, the World Bank's operational directive (OD4.30) has been used by some ADB staff as a guide to address resettlement issues in selected projects, as a response to the President's instructions.<sup>64</sup> The goal of the ADB Policy approved in November 1995, is to provide a mechanism for avoiding or minimizing involuntary resettlement in projects financed by the ADB. In cases where displacement is unavoidable, the Policy requires that affected people are to be

<sup>60</sup> ADB. 1995.

<sup>61</sup> ADB. 1995.

<sup>62</sup> OECD, Development Assistance Committee, *Guidelines for Aid Agencies on Involuntary Displacement and Resettlement in Development Projects*, OECD/GD(91)201, Paris, 1991.

<sup>63</sup> World Bank, "Status Report: Remedial Action Planning for Involuntary Resettlement," SecM94-1 091, Washington, D.C., 4 November 1994, and "Final Report: Regional Remedial Action Planning for Involuntary Resettlement," SECM95-475, Washington, D.C., May 1995.

<sup>64</sup> Asian Development Bank, "Staff Instructions on Certain Policy/Administrative Issues - Involuntary Resettlement," 15 February 1994.

identified, consulted, compensated for lost assets and livelihoods and assisted in relocating and in re-establishing their well being.

The ADB is in the process of completing a Review of National Resettlement Policies and Experience with Involuntary Resettlement Projects (Ta No. 5781-Reg) in seven (7) countries of Asia (Bangladesh, Indonesia, Nepal, Pakistan, Philippines, the People's Republic of China, and Vietnam). Its results, which were to be finalized in August 1999, should be out soon. In the meanwhile, the ADB has published a *Handbook on Resettlement*, which illustrates 'good practice' and includes an appendix with its policy on involuntary resettlement.<sup>65</sup>

### **Current International Practice**

While hydroelectric power projects deliver major benefits, their construction and operation involves certain activities that can have adverse environmental impacts which are identified through an Environmental Impact Assessment (EIA), along with proposed mitigation measures. The World Bank's OP4.01 *Environmental Assessment* (January 1999), along with BP, and GP4.01, have recently replaced the earlier Operational Directives. They mandate public information and consultation.

Resettlement as an issue is normally identified as part of the Environmental Impact Assessment, which includes a Social Impact Assessment (SIA) component, which likewise leads to a Social Action Plan (SAP) and if necessary, a separate Resettlement Action Plan (RAP) and Indigenous Peoples Development Plan (IPDP). Both of these can be seen as components of the SAP. The Social Impact Assessment normally covers, but is not be limited to, an assessment of project impacts relating to:

- (i) The socio-economic status of communities residing in the project affected area;
- (ii) Land use and land tenure in the project affected area, including the barrage site, reservoir, power station, access road, transmission and distribution network, and associated supporting infrastructure, as applicable;
- (iii) The human settlements in the project affected area;
- (iv) The livelihoods of persons affected by land acquisition and by the economic impact of the sub-project on the surrounding area;
- (v) Mitigation measures to be employed to minimize losses and compensate, resettle and rehabilitate affected communities and restore livelihoods;
- (vi) The adverse social effects of a large influx of labor and induced, unplanned development on local communities, particularly on women and ethnic minorities;
- (vii) The positive benefits which would accrue to local communities from the proposed development; and
- (viii) The possible role of the local community participating in, and contributing to project sustainability

Three (3) major social issues will recur for all hydroelectric projects, and because of their importance in World Bank ODs require special care for projects in compliance with World Bank or international standards. These are:

- (i) Involuntary Resettlement;
- (ii) Protection of Marginalized and Vulnerable Groups; and
- (iii) Public Consultation

Some infrastructure projects may affect marginalized and vulnerable groups such as: economically and socially disadvantaged groups; the elderly, women and children; physically handicapped; and indigenous people. Social mitigation strategies have to take such groups into consideration and prepare plans for their participation. Additional concern has been for ethnic minorities or tribal groups outside the mainstream society of borrower countries, that they are not penalized by development.

Further, the best conceived projects could fail if preparation and implementation does not involve the concerned stakeholders, including affected people and beneficiaries. A whole range of social issues can be effectively addressed if a transparent and participatory process is followed through the entire project cycle. For each project, a combination of methods may be used, based on the specific project situation.

The World Bank's Operational Directives OD4.30 and OD4.20 describe the Bank's policies with regard to involuntary resettlement and to indigenous peoples affected by projects financed by the Bank. The salient points from these ODs are:

- (i) **World Bank OD4.30 (Involuntary Resettlement):** This directive explains the Bank policies and procedures on involuntary resettlement and the conditions that borrowers are expected to meet in operations involving resettlement. The overall objective of the Bank policy is to ensure that the population displaced by a project also benefits from the project and that the standards of living are improved, or at a minimum, maintained. It emphasizes the development approach in planning and implementation of resettlement action plans, with the participation of the affected groups.
- (ii) **World Bank OD4.20 (Indigenous Peoples):** This directive describes the Bank policies and procedures for projects affecting indigenous peoples – social groups with a social and cultural identity that is distinct from the dominant society. The objective of the policy is to ensure that development programs are socially and culturally compatible; that they take place with the informed participation of these groups; and that indigenous people do not suffer from adverse impacts. For a project that affects indigenous peoples, an Indigenous Peoples Development Plan (IPDP) is required. This is to be prepared in consultation with such groups.

The World Bank is in the process of replacing its Operational Directives (ODs) with a new set of Operational Policies (OPs), Bank Procedures (BPs) and Good Practices (GPs). *Operational Policies* (OPs) will be short, focused statements of policy that follow from the Bank's Articles of Agreement, the General Conditions, and policies approved by the Board. OPs will establish the parameters for the conduct of operations; they will also describe the circumstances under which exceptions to policy are admissible and spell out who authorizes exceptions. *Bank Procedures* (BPs) will

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<sup>65</sup> Asian Development Bank. 1998. *Handbook on Resettlement: A Guide to Good Practice*. Manila.

spell out the procedures and documentation required to ensure Bankwide consistency and quality in carrying out the policies set out in the OPs. Annexes to the BPs will contain outlines of required documents; sample related memoranda, letters, and telexes; and brief descriptions of related procedures. *Good Practices* (GPs) will contain advice and guidance on policy implementation -- for example, the history of the issue, the sectoral context, analytical framework, best practice examples.<sup>66</sup>

Over time, although resettlement has been the focus of a wide international debate, "engaging and polarizing governments and non-government organizations, public opinion groups, parliamentarians, development agencies, and the media," the World Bank and other international lending agencies have taken the stance that it is clearly unrealistic to reject all resettlement. Developing nations cannot forego the benefits of major infrastructure investments that also entail unavoidable population relocation.<sup>67</sup>

An internationally recognized set of resettlement principles and objectives, based on experience in many countries and common to most of the policies so far developed has evolved that might be summarized as follows:

- (i) Involuntary displacement will be avoided or minimized wherever possible by exploring all viable alternative project design and location,
- (ii) Project affected people will be compensated and resettled so as to improve their living standards or at least to maintain their pre project level living standards,
- (iii) Land acquisition and resettlement will be planned and implemented in such a way as to cause least possible amount of social, cultural and economic disruption,
- (iv) Project affected persons will be (i) compensated for their losses at full, replacement cost (either in cash or in replacement house/land) prior to relocation, (ii) assisted in the transfer of residence and during the transition period at the relocation site and (iii) assisted in their efforts to improve their living standards at the new location,
- (v) Special measures will be incorporated in the resettlement plan to protect socially and economically vulnerable groups such as indigenous peoples, women headed families children and aged people without support structures and people living in extreme poverty,
- (vi) All persons residing cultivating or making a living within the areas acquired for project prior to a formally recognized cut off date will be considered as a project affected person and will be entitled to resettlement. Lack of legal titles to the land a person is cultivating or to the place residence will not be a bar to resettlement entitlements,
- (vii) The previous level of community services and resources will be maintained or improved after resettlement,
- (viii) A project affected person will not be dispossessed of his/her property nor displaced from his/her place of residence or employment without payment of full, compensation and/ or without making arrangements for relocation and

<sup>66</sup> As OPs, BPs, and GPs are approved, they will be available on the Internet at the World Bank's "Operational Manual" webpage, at: <http://www.worldbank.org/html/opr/opmanual/contents.html>

<sup>67</sup> World Bank. 1994. p. 1/5.

rehabilitation,

- (ix) The entire cost of resettlement program will be considered as an integral part of the project cost and accordingly will be budgeted in annual and overall implementation plans of the project,
- (x) The resettlement programs will be planned and implemented with the consent and agreement of the affected people and would encourage their active participation, and
- (xi) There will be effective mechanisms for hearing and resolving grievances during the implementation of resettlement programs.

## (2) CURRENT INTERNATIONAL TRENDS & THE WORLD COMMISSION ON DAMS

There is a growing consensus that international standards for involuntary resettlement, and for addressing the environmental and social impacts of large dams more generally, be agreed to and made a condition for nations and developers seeing international financial support for these projects.

The need for such a consensus has grown out of the mounting controversy, particularly in the last two decades, about the role of large dams in development. As development priorities changed and experience accumulated with the construction and operation of large dams around the world, various groups argued that expected economic benefits were not being produced and that major environmental, economic and social costs were not being taken into account. In the 1980s, proposals for large dams began to be fundamentally questioned by locally affected interests and global coalitions of environmental and human rights groups, as for instance in the case of the Sardar Sarovar Dam in India.<sup>68</sup> In the 1990s this resulted in a succession of calls for a moratorium on World Bank funding and reparations for those affected by the construction of large dams. The World Bank's own review of Large Dams confirmed the need to reach an international consensus.<sup>69</sup>

International criticism of the impacts of large dams and funding agency defensiveness regarding their development reached a critical juncture in April 1997 with a Workshop on Large Dams in Gland, Switzerland under the sponsorship of the IUCN and World Bank. Both opponents and proponents of large dams attended this Workshop in an effort to reach consensus about how they should be developed.<sup>70</sup> For two days some thirty-seven stakeholders from around the world explored whether they could work together in seeking resolution of the highly controversial issues associated with large dams. They represented:

- (i) *Engineering Companies and Developers* with long histories in hydro development: Lahmeyer, Electricité de France, Acres International LTD,

<sup>68</sup> For instance, McCully, Patrick. 1996. *Silenced Rivers: The Ecology and Politics of Large Dams*. London: Zed Books, Ltd. Goldsmith, E. and N. Hilyard, eds. 1984. *The Social and Environmental Impacts of Large Dams*. Wadebridge, Cornwall, UK: Wadebridge Ecological Centre.

<sup>69</sup> Leibenthal, A., et al. 1996. "The World Bank's Experience with Large Dams: A Preliminary Review of Impacts." Washington: Operations Evaluation Department, The World Bank.

<sup>70</sup> IUCN and World Bank, 1997, *Large Dams: Learning from the Past, Looking at the Future*, Workshop Proceedings, Gland, Switzerland, April 11-12.

Electrowatt Engineering LTD, Nam Theun 2 Electricity Consortium (NTEC, Lao PDR), Harza Engineering Company, ABB (global energy firm),

- (ii) *NGOs, Institutes and Consultant Firms*, many of them highly vocal critics of large dams, others well experiences with them: International Rivers Network (Berkeley, California, USA), Narmada Bachao Andolan (India), The Berne Declaration (Switzerland), Movimento dos Atingidos pro Barragens (MAB of Brazil), Friends of the Earth (Paraguay), Tata Energy Research Institute (New Delhi), Natural Environment Research Council (UK), Alliance for Energy (Nepal), Tropica Environmental Consultants LTD (Dakar, Senegal), Institute for Resources and Environment (University of BC, Vancouver, Canada), Intermediate Technology Group (UK), Institute of Development Anthropology (California Institute of Technology, USA), SUNGI Development Foundation (Pakistan);
- (iii) *Governments*: Volta River Authority (Ghana), Joint Permanent Technical Commission (Lesotho and South Africa), Ministry of Water Resources (PRC); and
- (iv) *International Funding and other Agencies*: International Monetary Corporation (IMF), World Bank, and IUCN. International Commission on Irrigation and Drainage, and International Commission on Large Dams.

As a result of the Workshop, a World Commission on Dams, an independent and international commission, was established in May 1998. Its objectives are to undertake a two-year global review of the development effectiveness of large dams and to develop internationally acceptable criteria and guidelines for future decision-making on dams. The WDC is at present carrying out case studies and will make recommendations for an international policy on dams and to develop an accreditation mechanism for their international funding. Developers or countries that in the future ignore the international consensus as expressed by the WCD may risk their eligibility for international financing of these projects. The WCD work program, overview and history is on the Internet at <http://www.dams.org/>.

The overarching goals of the Commission, chaired by Professor Kader Asmal, Minister of Water Affairs and Forestry of the Republic of South Africa,<sup>71</sup> are to:

- (i) Review the development effectiveness of dams and assess alternatives for water resources and energy development, and
- (ii) Develop internationally accepted standards, guidelines and criteria for decision-making in the planning, design, construction, monitoring operation and decommissioning of dams. These goals have been elaborated in a set of six objectives laid out at Gland, accepted by all the stakeholders, and which will be addressed by the work of the Commission:
  - To assess the experience with existing, new and proposed large dam

<sup>71</sup> The independent Commission is composed of a chair and 8 members as well as the head of secretariat. A "consultative group" composed of 50 stakeholder representatives including the participants to the Gland Workshop has also been established. The Commission is conducting studies, reviews, consultations on methodological, technical and policy issues of relevance to its mandate.



projects so as to improve (existing) practices and social and environmental conditions.

- To develop decision-making criteria and policy and regulatory frameworks for assessing alternatives for energy and water resources development.
- To evaluate the development effectiveness of large dams.
- To develop and promote internationally acceptable standards for the planning, assessment, design, construction, operation and monitoring of large dam projects and, if the dams are built, ensure affected peoples are better off.
- To identify the implications for institutional, policy and financial arrangements so that benefits, costs and risks are equitably shared at the global, national and local levels.
- To recommend interim modifications-where necessary-of existing policies and guidelines, and promote "best practices".

### (3) CHINESE AND THAI EXPERIENCE

While Involuntary resettlement is not new to the Lao people, what is relatively new is the need for people to relocate in order to make way for development of projects considered to be in the national interest, such as hydroelectric schemes. In developing a Resettlement Action Plan (RAP) for the Nam Theun 2 Hydroelectric Project (NT2), the Nam Theun 2 Electricity Consortium (NTEC) was asked by the World Bank to develop a Project resettlement policy and was in addition asked by GOL to assist in preparing a draft national policy.<sup>72</sup>

In carrying out this mandate, NTEC reviewed policies and experiences of regional countries such as China and Thailand, which have faced and are facing the same challenge. This review included visits by Lao officials to these countries. Laos' own experience was of course also relevant and was also reviewed.

The NTEC findings of relevance to hydropower resettlement based on the experience from the three countries was summarized in their RAP:<sup>73</sup>

- (i) Successful resettlement does not occur easily and is made more difficult if land is scarce,
- (ii) Commitment to national and/or Project-specific resettlement policies is important,
- (iii) Detailed feasibility and implementation planning is critical,
- (iv) The capacity of the organizations implementing the resettlement is critical,
- (v) The involvement of the affected people in the planning and implementation of resettlement is important, and
- (vi) Post relocation support for a number of years is essential.

<sup>72</sup> NTEC 1998, RAP, p. 5-1

<sup>73</sup> NTEC, 1998, RAP, 5-1

These findings were address in a Draft National Resettlement Policy prepared by NTEC for the Lao PDR.

The World Bank has reviewed case studies in both China and Thailand. The latest review was published in June 1998 and covered six countries, besides China and Thailand, also India, Togo, Indonesia, and Brazil. Among the lessons and recommendations of this review was that Chinese officials have been the only ones to fully internalize the concept of resettlement as a development opportunity "rather than a burdensome obligation."<sup>74</sup>

Bizer, Ragsdale and Chang have further elaborated this in a paper presented at the WaterPower97 Conference in Atlanta, Georgia that found the major characteristics of the resettlement planning process in China include:<sup>75</sup>

- (i) Incorporation of Commensurate Planning Throughout Project Planning,
- (ii) Development of Adequate Compensation Packages for Affected Communities,
- (iii) Close Coordination between Planners and The Affected Persons, and
- (iv) Continuing Support of the Resettlement Program Throughout The Life Of The Project, Including Beyond Construction.

The 1998 World Bank found in the case study of the Pak Mun Hydroelectric Project in Thailand that EGAT had greatly decreased resettlement from around 20,000 to about 1,500 through "one of the most successful examples of the first principle of the Bank's resettlement policy, minimizing involuntary resettlement." This was done entirely by EGAT before any pressure by resettlers, NGOs or the World Bank. The review notes that, although Thailand does not have a resettlement policy *per se*, EGAT, considered one of the better agencies at resettlement throughout the world, formulated its own resettlement guidelines in the mid-1970s, before the World Bank policy. In the case of the Pak Mun, EGAT actually committed to exceed the World Bank resettlement policy, to *improve the living standards* of the affected households through a wide range of options and to implement resettlement with their participation.<sup>76</sup>

## 2.3.2 Infrastructure Projects and Resettlement in the Lao PDR

### (1) General

The GOL has long pursued a policy of encouraging highland farmers to reduce shifting cultivation and to move to valleys, near rivers and roads to improve the economic security of poor highland people. The resettlement needs of major projects assisted by foreign investors a second type of resettlement that is very much involuntary and requires financing by the companies involved. However, they both types of resettlement share one common factor, which is that resettlement of any kind in the Lao PDR lacks regulation at the policy level. Therefore, planning, quality monitoring

<sup>74</sup>World Bank. 1998. p. 8.

<sup>75</sup> Bizer, John R., Tod A. Ragsdale & Y.C.E. Chang. 1997. "Planning Processes of Resettlement in China: Two Case Studies in Sichuan and Hebei Provinces," WaterPower 97 Conference, Atlanta, Georgia.

<sup>76</sup> World Bank. 1998. *Recent Experience with Involuntary Resettlement: Thailand - Pak Mun*. Washington, DC: Operations Evaluation Department. June 2. pp. 8, 22.

and follow up is implemented on a case by case basis, with no legal framework to enforce good practice, or punish those who conduct resettlement in an unsatisfactory fashion.<sup>77</sup>

Involuntary relocation for infrastructure projects, compared to GOL encouraged resettlement of highlanders to the lowlands, is restricted in time and area. Involuntary resettlement programs are also bound to be more numerous in future as work on new plants begins. Such resettlement is involuntary in that for those affected, it is a case of absolute necessity. They have no choice but to accept it. On other hand, developers who in the Lao PDR are generally foreigners initiate it, and therefore in a very real sense an international responsibility is involved. The World Bank and Asian Development Bank when they are involved ask that preliminary social impact studies be included in the project feasibility study so as to plan how to relocate villagers under good conditions, or how to properly compensate them.<sup>78</sup>

For highland to lowland resettlement, many government agencies are involved as well as many foreign aid agencies and NGOs. No one organization is entrusted with the work, which is carried out on a case by case basis. For infrastructure projects, on the other hand, involuntary resettlement implementation is carried out by the organization involved, or subcontracted out to specialized agencies and private companies. Unfortunately, in the case of infrastructure developments in the Lao PDR, there is as yet no national standardized mechanism to ensure that eviction and resettlement impacts are incorporated into the full costs of the Project early enough to avert the worst social and economic consequences that might arise.<sup>79</sup>

Currently the GOL has Memorandum of Understandings (MOU) on some 23 hydropower dams. Many of these require evacuating the flooded area, some impact on the watershed area too. Yet for these projects, which come under the purview of the Hydropower Office (HPO), each project development company has its own policy towards resettlement, HPO having no set standards for reference. Thus there are no guidelines set except those formulated between the Government and the Developer, and these are based on the surreys that the Developer presents in the Feasibility Study submitted by Developer. The procedure of IPP projects is shown in Figure 2.8.

The Feasibility Study must incorporate three reports: the Technical Presentation; the Economic Analysis; and the Environmental Impact Assessment (EIA) covering resettlement matters. The Feasibility Study is distributed to the concerned government agencies, who are invited to negotiate and the Ministry of Finance (MOF). After their review, each is invited to negotiate with the developer for changes or inclusions in proposal. This may be a short or protracted process, depending on each specific case, the interests of the parties, the funders, and international opinion, if incurred.<sup>80</sup>

<sup>77</sup> Goudineau, Yves, ed. 1997. p. 181.

<sup>78</sup> Goudineau, Yves, ed. 1997. p. 14.

<sup>79</sup> Goudineau, Yves, ed. 1997. p. 137.

<sup>80</sup> Goudineau, 1997. p. 137.

GUIDELINES  
FOR RESETTLEMENT AT PROJECT APPLICATION  
STAGE  
IF THEY EXISTED

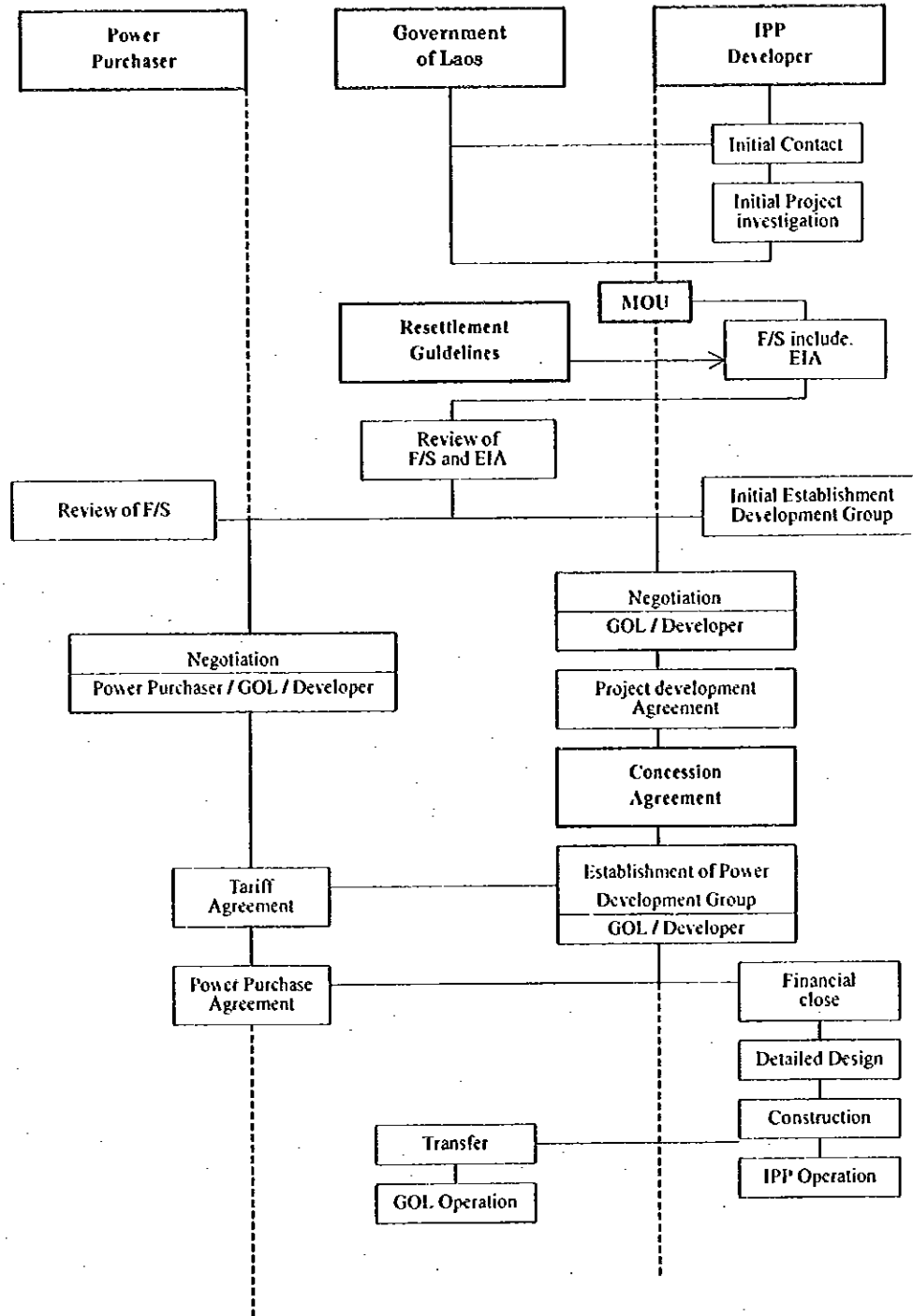


Figure 2.8. Organization Chart of Principal GOL Agencies involved in IPP Projects

The review and negotiation stages are the points when the Government can best influence priorities for resettlement (and other issues). The Government agencies themselves are constrained in their ability to judge whether a project related resettlement plan is adequate or not, not just from a technical or manpower point of view. Also there are time limitations to project development, and a review of resettlement schemes takes time and money. As it is, without strong guidelines and rigorous review criteria for resettlement plans, the Government is very much at the mercy of the developer's professional good will to incorporate equitable compensation schemes into their projects.<sup>81</sup> Resettlement, nevertheless, remains the responsibility of the Project Developer and each project chooses different options. There are currently two approaches applied:

- (i) The methodology of direct compensation, giving evacuation victims money and letting them decide for themselves what they should do with it; and,
- (ii) The option requiring that the Developer finds the land and conducts formal resettlement. In this case, the Developer has the responsibility to ensure that the new area for the resettlers is suitable, providing tangible services such as roads, schools and health facilities, as well as adequate income to replace that lost through acquisition of productive assets.

While the first option may appear the simplest solution from the Developer's point of view, it contradicts World Bank and Asian Development Bank policies on involuntary resettlement and is against international best practice. If international guarantees for accreditation and funding are sought, they are almost certain to fail unless the Developer takes a more proactive role in restoring the livelihood of the resettled communities.

If option two is chosen, it is the responsibility of Project Development Group to provide the implementation budget for the Resettlement Program as agreed between the Government and the Developer. The Developer must define its strategy for resettlement with the Provincial authorities, assigning certain particulars of the program to suitable technical agencies within the Province, such as the Departments of Agriculture and Forestry.<sup>82</sup>

The figure below indicates where the Developer could adopt Government guidelines for resettlement, *if they existed*.<sup>83</sup>

## (2) Lao Experience with Resettlement

The following are examples of resettlement experience associated with hydroelectric projects in the Lao PDR and reviewed by NTEC as part of its RAP formulation for the Nam Theun 2 Hydropower Project.<sup>84</sup>

### Completed Nam Ngum 1 HEPP

For the Nam Ngum 1 Project, no resettlement plan was formulated prior to the building

<sup>81</sup> Goudineau, 1997. p. 137.

<sup>82</sup> Goudineau, 1997. p. 137.

<sup>83</sup> Goudineau, 1997. p. 138.

<sup>84</sup> NTEC 1998, RAP. *Annex B: "Relevant Resettlement Experiences"*

of the dam, the powerhouse and the transmission line, which were completed in 1972 (Phase 1). The Nam Ngum Development Fund Agreement (1966) specified that the Government would be responsible for the resettlement of the estimated 3,200 people living in the area to be inundated. But the disturbed political situation impeded resettlement planning. About 800 people moved upstream of the reservoir. The remainder settled near the dam site to take advantage of employment opportunities during construction and to qualify for government support programs for displaced persons.

According to a 1974 Mekong Committee survey of 556 households of resettlers from Nam Ngum Project, over 70% of the respondents claimed that their income was worse than the income they had before their evacuation. One resettler put it this way:

*"In the flooded villages, there was plenty of good land, an abundance of rice, fish and game. There were fruit trees, and one raised buffalo and pigs for sale. One had plenty of cash to spend, and the houses were more comfortable and bigger. Nobody had to work for wages, and farmers could retire at an early stage. The opposite of all this is true at present. One aspect of the present life that compares favorably, however, are better communications, i.e., roads and other infrastructure facilities." (Mekong Committee 1974)*

For 50% of the people, having no land or not enough land constituted the greatest need or problem; 26% responded that the land needs to be cleared, 14% that the people are poor and 9% indicated that there is not enough water.

The survey on Nam Ngum resettlers also points out that there was confusion about the rights of the people to land. Some people believed that after clearing their land in the resettlement site, they would only receive the usufruct right to the land, without the right to sell.

Other people knew about the 5-year period during which they would have to farm the land (according to resettlement regulations), after which they would have full ownership right to the land, but had learned about this only in the resettlement site. In general, people were reported to have felt very negative about this regulation and distrusted the possible implications. One other reason why people were not interested in land they could not call their own, even if they could after 5 years, was the extra risk of growing perennial crops, such as banana, coconut and so on, essentially on land belonging to others.

#### **Completed Xeset HEPP**

For this completed 45 MW, 10-m high weir project, there was no resettlement required. Villages located nearby the weir are said to be slated for free electrification, but no details on this were in the NTEC RAP review.

#### **Completed Theun-Hinboun HEPP**

The 210 MW Theun-Hinboun station opened on April 4, 1998 and was the first BOOT (Build, Own, Operate and Transfer) dam to come into operation in the Lao PDR. It is a run-of-river type dam requiring no resettlement. US\$50,000 was earmarked for

compensation for loss of paddy land and other material losses.

A February 1997 visit to Theun-Hinboun revealed that the village most affected by the construction of the tailrace canal was B.Nam Sanam. Compensation so far then given by Electricite du Laos (EDL) had been to six families who lost their rice. They received cash compensation in 1997 of between Kip400,000 to 700,000 depending on family size and the size of the plots lost. EDL cleared an area on the other side of the village to give them the equivalent amount of paddy. An independent consultant who visited the area briefly in March 1998 claims that the issue was yet to be settled successfully. Villagers also stated that electricity would be provided and that the villagers themselves would have to pay 30% of the installation cost.

In addition, a new school was built in 1997 and villagers had access to a doctor at the project site. Villagers also asked the Theun-Hinboun Power Company to place some of the project soil beside their village so they could relocate some of their dwellings in the future if they so desired. This was due to fear of rising water levels. The villagers also benefited from employment on the construction sites, so much so that many traditional activities including paddy cultivation were reduced due to wages earned.

The consultant (Shoemaker) also claimed that many fishermen upstream and downstream of the dam had experienced a significant decline in catches and that villagers along the rivers had lost their vegetable gardens. These claims were refuted after an investigation by the ADB.

#### **Completed Houay Ho HEPP**

This 150MW, 77m high dam project involved the resettlement of approximately 24 villages, with a total of 4,200 people. To each family being resettled GOL provided land for housing, a house 36m<sup>2</sup> and agricultural land 1ha. Land was to be cleared prior to resettlement. As far as water supply was concerned, a well was to be drilled for each five houses. There was also to be a school and a medical dispensary for each 100 families. Rice and clothing for two (2) years were also provided. The ownership of the Project is Daewoo (Korea) 60%, Loxley (Thailand) 20% and EDL 20%. This resettlement was reported carried out in August 1999 at a cost of US\$2 million, with an additional \$330,000 for transmission line compensation. The international NGO World Vision in 1995 contributed \$102,000 towards the resettlement costs of 448 families of 12 villages for the Houay Ho.

#### **Planned Xe Plan - Xe Namnoy HEPP**

This 385 MW project is a multi-basin diversion. Reservoir creation would require the resettlement of 6 villages, supporting approximately 820 people. The EIA has presented various options for resettlement, both internal and external to the affected sub-basins. Certainly the most favorable alternative is for resettlement of villages within the Xe Nam Noi catchment, most commonly less than 3km from current village sites. Consultation has been undertaken with villages in determining these preferred sites, and given the isolation of the affected population and their resistance to co-settlement with other minority groups, this option is certainly preferable. Resettlement is reported to have already begun, not only from the reservoir area but also from the watershed area, presumably the latter as part of the Lao PDR's rural development

strategy of resettling minority peoples to the lowlands. The resettlement has been in conjunction with the Houay Ho HEPP.

### **Planned Nam Ngum 2 HEPP**

This 465MW, 181m high dam project would involve the relocation of 850 households, or 5,500 persons living in 21 villages. NTEC could find no corresponding Resettlement Action Plan publicly available.

### **Planned Nam Ngum 3 HEPP**

This 440MW, 220m high dam project would involve the relocation of one village, B.Longcheng, with 86 households and 515 persons.

### **Planned Nam Theun 3 HEPP**

In the case of Nam Theun 3, a 237MW 115m high dam, 12 villages, with a total of approximately 1,200 people would have to be moved.

### **Planned Xe Kaman 1 HEPP**

The Xe Kaman 1 project would involve the resettlement of 9 villages with 154 families and 812 persons. Recent review by the International Rivers Network (IRN) indicates that resettlement of populations from the Xe Kaman 1 reservoir area has commenced under the authority of the provincial government, as proposed. IRN reports that minority group (*Alak, Taliang* and *Yae* of the Lao Theung) resettlers are experiencing severe hardship due to lack of basic requirements such as cultivation land, water and access to resources in assisting in development of new lands. Chazée has named the *Yae* in particular as among those minority groups that "face important ethno-linguistic loss and even extinction and should be considered by the government for urgent research and preservation programs."<sup>85</sup>

A very serious issue is that no assistance has been given on clearing land which is located on the old Ho Chi Minh Trail and is believed strewn with UXO. "Despite a nationwide program to identify and remove UXO from areas such as this, no assistance is being given, forcing those resettled to risk their lives as they clear land for their houses and gardens. All that has been provided to the relocaters are some roofing materials."<sup>86</sup>

### **Completed Nam Leuk HEPP**

This 60MW project requires no involuntary resettlement, though EDL has agreed to assist the small village of B.Nam Leuk to relocate out of the PKK NBCA in which the project is located.

### **(3) Current Developments in Lao Resettlement Experience**

Since the Nam Ngum 1 HEPP, only Houay Ho HEPP has involved significant

<sup>85</sup> Chazée, Laurent. 1999. *The Peoples of Laos: Rural and Ethnic Diversities*. Bangkok: White Lotus Press. p. 7.

<sup>86</sup> International Rivers Network. 1999. *Power Struggle: The Impacts of Hydro-Development in Laos*. Berkeley, CA: IRN. pp. 55-61



resettlement, some 4,200 persons, recently completed in August 1999. So far no project implemented in the Lao PDR, including the Houay Ho HEPP, has had a formal resettlement plan. The *Vientiane Times* cites Bounkeuth Khamphaphongphane, National Project Director for the Houay Ho Project on the resettlement in a recent article: "Prior to flooding the dam basin area, 4,000 people were relocated from the project area...all the families have since been given houses on 40m x 40m plots of land, as well as a school and a hand water pump."<sup>87</sup> IRN reports that resettlement for Houay Ho HEPP has gone ahead coordinated with that for Xe Pian-Xe Namnoi HEPP and that the international NGO World Vision in 1995 contributed \$102,000 towards the resettlement costs of 448 families of 12 villages for the Houay Ho HEPP. This would seem to verify that resettlement costs have been externalized from those borne by the project developer, a dangerous policy precedent in that it encourages an ad hoc approach to financing resettlement.<sup>88</sup>

The Houay Ho HEPP and Xe Pian-Xe Namnoi HEPP joint resettlement has received strong international criticism, viz., ".... Resettlement of mostly ethnic minority *Nya Heun* people from the reservoir and watershed areas has taken place under very poor conditions, and people are suffering from a severe lack of food, a shortage of arable land, and insufficient clean water. Project implementation has resulted in extensive logging without apparent benefit to either local citizens or the Lao people as a whole."<sup>89</sup> With no published resettlement plan or detailed information publicly available, it is difficult for GOL to defend itself against these assertions.

The Theun Hinboun HEPP, Xeset HEPP and Nam Leuk HEPP have required no resettlement. So resettlement experience to date is quite limited, but the Houay Ho HEPP as the only other completed project, following the Nam Ngum 1 HEPP with no formal resettlement plan, does not set a good precedence for establishing an internationally recognized 'track record' for implementing involuntary resettlement. Resettlement for other projects that have not progressed to construction stage, such as the Xe Pian-Xe Nammoi HEPP and the Xe Kaman 1 HEPP appear to have externalized the resettlement costs from those born by the developer for the project itself. They have also, it appears, tied the involuntary resettlement associated with the hydropower project to the 'voluntary' resettlement from the watershed area of highland minorities.

Of about 105 hydropower sites that could theoretically be developed in the Lao PDR,

<sup>87</sup> "Houay Ho Hydropower Project in Attopeu province successfully completed its final transmission tests July 25-31 in time for the planned export of 150 MW to Thailand in September this year. This is in accordance with a purchase agreement signed between the Electricity Generating Authority (EGAT) and the Houay Ho Hydropower Project (HHPC) on January 15, 1996...commercial export of electricity generated by the dam will begin on September 3, 1999...already completed the 161 km transmission line from Attopeu to the Thai border where it will connect with EGAT transmission grid at the Ubon Rachathani 2 substation...would provide the Lao PDR with a constant and dependable source of foreign exchange needed to stimulate economic growth in the southern part of Laos. 'The project will also provide job opportunities for local people...' The reservoir area of 37.5 sq. km is one tenth the size of the present Nam Ngum dam." *"Houay Ho Dam Ready to Export Electricity to Thailand: 150 MW Project a 30-year BOT Agreement," Vientiane Times*, August 6-9, 1999, pp. 1, 11. "Some 600 families of Attopeu province now have access to 24 hour electricity service, following the completion of the Houay Ho hydroelectricity facility on July 3. Prior to the electrification of the provincial capital Samakhixay last month, local residents had to be content with 3-4 hours of electricity generated by individual gas-run generators...new 38.8 km transmission line built in six months...the 600 families represent 5% of the country's total usage." *"Houay Ho Lifts 600 Attopeu Families out of Darkness," Vientiane Times*, August 10-12, 1999, pp. 1, 14.

<sup>88</sup> International Rivers Network. 1999. p. 44.

<sup>89</sup> International Rivers Network. 1999. pp. 43-46.

the HDSS has only considered 31 projects as potentially viable. Just less than half (15) of these have had developers' studies carried out and the other just over half (16) projects so far have no studies. From various sources, including developer's studies where available, or census and map data when not, the HDSS has determined the potential project affected persons for these 31 projects. These include those directly affected by reservoir inundation (to be resettled) and those otherwise directly affected by construction sites, transmissions lines, and access roads. Among these latter, some may be affected only by land acquisition and other may require resettlement, but it is impossible to estimate these proportions. Finally, there are estimates in the following table of those potentially affected downstream and upstream in the project catchment areas.

The total potential resettlement in the Lao PDR, assuming these 31 project as the realistic options, according to the draft and ongoing World Bank financed Hydropower Development Strategy Study is approximately 33,000. Transmission lines, access roads, or construction activities could affect some 14,000 persons. So a total of 47,000 might conceivably experience direct impacts from hydro development in the foreseeable future. Some 390,000 persons could be affected downstream and another 190,000 in the immediate catchments upstream.

The Nam San 2 HEPP with approximately 6,000 has the largest potential resettlement of projects that actually have any viability within the Lao PDR at the present time. However, so far no developer study has been done of this project. The same is true of the next largest resettlement, that of the Se Kong 4 HEPP, at 5,870. The Nam Ngum 2 HEPP, which has so far no identifiable Resettlement Action Plan, has the largest resettlement of projects, at 5,776, that have developer studies associated with them. The Nam Theun 2 HEPP, with approximately 4,500 to be resettled is the only project currently with a Resettlement Action Plan, the only such plan ever developed in the Lao PDR.

#### (4) LACK OF A NATIONAL RESETTLEMENT POLICY

The Lao PDR's experience with State encouraged 'voluntary' resettlement, as part of the country's rural development program based on FARDs (Focal Areas or 'Zones') or has been that certain problems are evident. These have been the same as those predicted for poorly managed 'involuntary' resettlement caused by hydropower projects, primarily increased morbidity and indebtedness due to the difficulties in the relocation process itself when unsupported with substantial Government aid.

The morphology of Lao PDR is very favorable for hydropower development and the country is located strategically between Thailand, Vietnam and China, countries with large economies and an existing or potential need for energy imports. The estimated numbers of people facing involuntary resettlement in connection with proposed hydropower projects in the Lao PDR varies between zero (e.g. Xe Katam) and 9,300 (Nam Tha). Lao hydropower projects can be categorized according to the numbers to be resettled. About ten Lao projects would displace a thousand people or more; for six of these, the number is over 4,000.

At present the Lao PDR does not have a national policy or guidelines for involuntary resettlement associated with hydropower projects. There does exist, however, a draft

national policy prepared by the Nam Theun 2 HEPP that replicates many of the features of the Nam Theun 2 Project policy. It is based on World Bank (WB) and Asian Development Bank (ADB) policies as well as on internationally accepted best practices as are currently being codified by the World Commission on Dams.<sup>90</sup>

Yet despite the numbers of people who have been resettled through hydro development in the Lao PDR (perhaps around 7,500-8,000 to date) and those who could potentially be resettled if the country's higher priority projects were completed (maybe 10-20,000), the magnitude and cost of involuntary resettlement is relatively benign compared with that in many other countries and world-wide. The relatively low numbers of people to be resettled in the Lao PDR is a direct function of a very low national population density average of only 19 people/km<sup>2</sup> and total population compared with, for instance, its neighbors:

Table 2.3 Overall Population and Population Density of Lao PDR and its Neighbors

Country/Region	Population	Persons/Km <sup>2</sup>
Southern China (Yunnan)	200m	200 +
Vietnam	70m	200
China	1.2 billion	126
Thailand	68m	130
Cambodia	8m	80
Lao PDR	4.8m	19

According to the World Bank, "The displacement toll of the 300 large dams that, on average, enter into construction every year is estimated to be above 4 million people,"<sup>91</sup> with at least 40 million so relocated over the past ten years. The construction of dams and irrigation projects in China and India are responsible for the largest number on a country by country basis. In China, over 10 million people were relocated in connection with water development projects between 1960 and 1990, while estimates are that a still larger number – many of them of tribal origin – have been relocated in India over a forty-year period.<sup>92</sup>

The following table illustrates a useful ratio, the numbers of people resettled by a project to the megawatts produced. It provides some indication that the Lao PDR resettlement numbers in absolute terms and as a ratio of megawatts produced is relatively low in the world context.

Table 2.4 Ratio of Number of People Resettled to MW Produced in Hydroelectric Projects (International)<sup>93</sup>

Country	Project Name	Megawatts	Population	Ratio No/MW
Nepal	Arun III	402	775	2
Lao PDR	Nam Theun 2	899	4,500	5
China	Ertan	3,300	30,000	9
China	Longtan	4,200	73,000	17
Lao PDR	Nam Ngum	150	3,000	20
Turkey	Alaturk	2,400	55,000	23
Pakistan	Tarbela	3,478	96,000	28
Thailand	Khao Laem	300	10,800	36
India	Tehri	2,400	100,000	42

<sup>90</sup> Thayer Scudder, 1997. *Social Impacts of Large Dams*, in IUCN and World Bank, 1997, *Large Dams: Learning from the Past, Looking at the Future*, Workshop Proceedings, Gland, Switzerland, April 11-12, pp. 41-68.

<sup>91</sup> World Bank 1994. p. 1/3.

<sup>92</sup> Scudder 1998. p. 47.

<sup>93</sup> Goodland, Robert. "Environmental Sustainability in the Hydro Industry: Disaggregating the Debate," in IUCN and World Bank, 1997, *Large Dams: Learning from the Past, Looking at the Future*, Workshop Proceedings, Gland, Switzerland, April 11-12, pp.69-101.

Country	Project Name	Megawatts	Population	Ratio No/MW
Egypt	Aswan High	2,100	100,000	48
Nigeria	Kainji	760	50,000	66
China	Three Gorges	18,000	1,300,000	71
China	Hongjiadu	540	42,000	78
India	Narmada Sagar	1,000	80,500	81
Pakistan	Mangla	1,000	90,000	90
Ghana	Akosombo/Volta	833	80,000	96
China	Xiaolangdi	1,800	181,600	100
China	Dongjiang	500	51,500	103
Mozambique	Cabora Bassa	2,075	250,000	120
Burkina Faso	Kompienga	14	1,842	132
Thailand	Pak Mun	34	4,945	145
Sri Lanka	Victoria	210	45,000	214
Indonesia	Kedung Ombo	29	29,000	1,000

Table 2.5 Ratio of Number of People Resettled to Megawatts Produced (Laos)

Project Name	Megawatts	Population	Ratio No/MW
<b>DEVELOPER STUDIES EXIST</b>			
<i>Nam Theun 3</i>	-	1,220	-
<i>Nam Mang 3</i>	50	67	0
<i>Nam Ngum 3(w/o)</i>	422	0	0
<i>Nam Ngum 5</i>	97	0	0
<i>Xe Katam 1/2</i>	100	0	0
<i>Xe Set 2</i>	21	0	0
<i>Xe Set 3</i>	16	0	0
<i>Xe Pian Xe Nam Noi</i>	385	814	2
<i>Xe Kaman 1</i>	458	812	2
<i>Nam Mo</i>	105	251	2
<i>Nam Theun 2</i>	899	4,500	5
<i>Nam Ngiep</i>	318	1,623	5
<i>Nam Theun 1</i>	190	1,600	8
<i>Nam Ngum 2</i>	213	5,778	27
<b>NO DEVELOPER STUDIES EXIST</b>			
<i>Nam Ngum 4B</i>	56	0	0
<i>Nam Bak 2B</i>	114	0	0
<i>Nam Sane 3A</i>	30	0	0
<i>Nam Sane 3B</i>	38	0	0
<i>Xe Lanong 2</i>	21	0	0
<i>Xe Kaman 3</i>	72	0	0
<i>Houay Lamphan Nai</i>	77	0	0
<i>Nam Kong 1</i>	240	0	0
<i>Phaphaeng Falls</i>	31	0	0
<i>Se Kong 5</i>	236	980	4
<i>Nam Chian 1A</i>	60.5	320	5
<i>Se Kong 4</i>	437	5,870	12
<i>Nam Pot</i>	22	300	14
<i>Xe Pon</i>	73	1,468	20
<i>Nam Ngum 4A</i>	51	1,469	28
<i>Nam Sane 2</i>	58	6,190	106

The table below shows resettlement budgets by comparing per capita resettlement allocations with per capita GNP figures. It shows a high degree of variance in the capital investments allocated for resettlement. The Lao PDR's Nam Theun 2 HEPP (NT2) and China's Ertan HEPP for example provide resettlers with 13 times the resources/ income ratio that the Tana Plain project does in Madagascar. NT2 ranks at the top of projects presented. As a whole, China's investment ratios compare favorably with resettlement in the United States, Canada, or France.

NT2 has developed its resettlement plan furthest of those projects likely to be constructed in the Lao PDR. More accurately, it is the only RAP that exists, except for a very preliminary one being developed for the NNHP at a feasibility level. The NT2 resettlement costs are about \$16.5 million, or 13.7% of the total (\$1.2 billion) project cost.

The World Bank's 1994 review of resettlement worldwide noted that there is a close correlation between investment levels described in table below and project capabilities for dealing successfully with resettlement. None of the projects with a ratio of 3.5 or higher has reported major resettlement difficulties. In contrast, virtually all of the projects with a ratio lower than 2.0 are experiencing serious implementation difficulties. "Throwing money at resettlement will not solve all resettlement problems, but starving resettlement of resources is clearly the first step towards resettlement failure."<sup>94</sup>

The Lao PDR has approximately \$350 per capita GDP, so 3.5 times the country's per capita GDP would be about \$1,225 per person. NT2 will resettle about 800 families or 4,240 persons, at a cost of almost \$4,000 per person, one of the more expensive resettlement projects worldwide. First, very rough, estimates would have the NNHP at about \$2,500 per person, as rough beginning estimate, also above the indicated World Bank standard of 3.5 times the per capita GDP.

While NT2 rates very well among the projects above, this would not be the case with all projects in the Lao PDR. It does appear in the next table that those projects where a Developer (or in the case of NNHP, the JICA Feasibility Team) has provided figures for resettlement, they are adequate by the above standard. Only four projects of the 32 potentially feasible projects considered by the HDSS have studies that give figures for resettlement costs, and these appear to be at a per capita level well above the \$1,225 mark signaling adequate provision of resources.

On the other hand, no hydro projects other than NT2 have a formal RAP, although a preliminary one is being developed by the NNHP JICA Feasibility Study. Thus any kind of assessment of adequacy of allocations for resettlement is virtually impossible at this time. The only other estimates of resettlement costs have been the creation of the HDSS, based on international standards, or of the European Commission Study of 1998, likewise imposing international standards to make a cost estimate<sup>95</sup>.

Table 2.6: Resource Allocation for Resettlement

Project	Ratio of Per Capita Resettlement Cost/Country's Per Capita GNP	
Nan Theun 2, Lao PDR	11.4	
Ertan, China	10.5	
Nam Ngiep 1, Lao PDR	10.2	
Nairobi 3, Kenya	9.0	
Xe Pian Xe Nam Noi, Lao PDR	7.4	
Arun 3, Nepal	7.0	
Tianj Urban, China	6.5	
Shuiko 1, China	6.3	HIGH
Yantan, China	6.3	
Guangdo Province, China	5.0	
She Metro, China	4.5	
Railway 4, China	4.5	
Zhej Prov. Hydro, China	4.5	
Shandong, China	4.2	

<sup>94</sup> World Bank 1994. p. 5/19 – 5/20. Per capita GNP figures are at best a rough indicator: regional and local variation can render them irrelevant. Comparing investment budgets with current income would have been preferable, but there were so few cases where baseline surveys recorded current income that this was not possible. Project budgets often aggregate resettlement budgets with compensation for civil works; in this case plans were reviewed by the World Bank to remove them. All figures were at 1991 levels, with the exception of the Nam Theun 2, which has been inserted into the World Bank's table, at 1998 figures.

<sup>95</sup> Source, Lahmeyer International and Hidrotécnical Portugesa. 1998. *Annex 6.6 Estimated Socio-Economic Impacts and Associated Resettlement/Compensation Costs of Projects.*

Project	Ratio of Per Capita Resettlement Cost/Country's Per Capita GNP	
Taihu Flood, China	4.2	
Nam Theun 1, Lao PDR	4.1	
Power 3, Uganda	4.0	
Mai Moh, Thailand	4.0	
Mbali, CAR	3.9	
NTPC, Vind., India	3.8	
Jianxi Prov. Hydro, China	3.8	
Highlands, Lesotho	3.7	
Daguanqba, China	3.5	
Inner Mongolia, China	3.5	
N. Transport, Malawi	3.0	
Urb 1 & 2, Cameroon	2.5	MEDIUM
Geotherm, Philippines	2.3	
Yacyreta, Argentina	1.9	
Maharastra, India	1.7	
Houay Ho, Lao PDR	1.4	
Water Quality, Brazil	1.2	
Gujarat Med. Irrig., India	1.0	
NTPC, Rihand, India	1.0	
Upper Krishna 2, India	0.8	LOW
Multistate, Nigeria	0.7	
Tana Plain, Madagascar	0.5	
Upper Indravati, India	0.4	
Hydrabad Water, India	0.4	

Note in the above table that those projects in the Lao PDR that appear to have reasonable budgets, whereas the only one where resettlement has actually been carried out, the Houay Ho HEPP for some 4,200 people at US\$2 million is among the less than adequate projects.<sup>96</sup> The international NGO World Vision in 1995 contributed \$102,000 towards the resettlement costs of 448 families of 12 villages for the Houay Ho HEPP. International NGOs should be encouraged, even hired, by Project officials to cooperate in involuntary resettlement. Those with experience in assisting GOL and resettled communities under GOL's voluntary resettlement program have a good track record, according the UNDP report on this subject. NGOs have strengths that government and project officials may not have in carrying through with community participation strategies that are often essential to a successful resettlement outcome. However, full resettlement costs need to be internalized in a Project's costs. In the case of Houay Ho HEPP, because the resettlement budget was at a low level, the appearance is given that World Vision was making for an inadequate Project investment in resettlement.

*Of those projects for which budgets or plans have been drafted, in the absence of a national policy, implementation and financial responsibilities are unclear and inconsistent. Budget estimates compare favorably with international standards, although with limited experience in Lao hydropower, the institutional requirements for implementation are likely underestimated. Many of the proposed projects have evaluated resettlement aspects before NT2 RAP, yet by all accounts, this RAP most fully recognizes the management required for implementation of all resettlement activities.*

The apparently adequate budgets where estimated by project developers appear to represent a commitment to successful restoration and improvement of resettled populations and their environment, but often responsibility is simple assigned to the

<sup>96</sup> HPO 1999, personal communication. This is some US\$476 per person. According to HPO sources, some \$330,000 in addition was spent for transmission line compensation.

provincial or central government, or mechanisms for project/government cooperation are unclear. Recent review by the IRN indicates that resettlement of populations from the Xe Kaman 1 reservoir area has commenced under the authority of the provincial government (as proposed), with resettlers experiencing severe hardship due to lack of basic requirements such as cultivation land, water and access to resources in assisting in development of new lands.

The following table indicates that necessary percentage increase in Resettlement Costs to bring selected projects from different countries below a profitable estimated rate of return. Although NT2 has devoted a relatively high amount of resources, \$16.4 million, to resettlement compared with its total estimated cost of \$1.2 billion, it is unlikely that the amount for resettlement, 13.7% of the total cost, would affect the rate of return very significantly.

Table 2.7: Sensitivity Internal Economic Rate Of Return To Resettlement Cost Overruns<sup>97</sup>

Project	Est. Rate of Return	Resettlement as % of Project Cost	Necessary % Increase in Resettlement Costs to Lower Project's Rate Below 12 %
Shuikou I & II, <i>China</i>	14-19	28.2	71-348
Daguangba Hydro, <i>China</i>	15	17.3	145
Nam Theun 2, <i>Lao PDR</i>	15-30	13.7	??
Yantan Hydro, <i>China</i>	12	12.9	77
Ertan Hydro, <i>China</i>	15	6.4	375
Upper Indravati Hydro, <i>India</i>	12	5.2	200
Power System III, <i>Thailand</i>	16	4.8	625
Kerala Power, <i>India</i>	13	3.0	500
Nathpa Jhakri Hydro, <i>India</i>	17	0.04	11,250

The figures in the above tables are indicative only, but they show that fundamentally, the Lao PDR's situation with regard to involuntary resettlement is reasonably manageable. The numbers to resettle with are not large. Even though, for instance, in NT2 the resources devoted to resettlement are high on a world scale, they are not so high that – given the relatively modest numbers of people to resettle in the Lao PDR – they should pose a problem for any private developer concerned about getting a fair return on the project. For projects supported through concessionary, multilateral loans, the tendency in worldwide towards a greater commitment to 'development' resettlement in which the affected families are beneficiaries of the project should guarantee a higher level of commitment of resources in these projects.

There is a fundamental discontinuity between the high standards of NT2's RAP and it supporting and the low standards generally in resettlement in hydroelectric projects in the Lao PDR and GOL's lack of any resettlement policy. The GOL has asked NT2 to prepare a set of national guidelines, and both a draft law and regulations were prepared (above). However, the Government has chosen to take a wait and see stance with regard to actually adopting the policy.

NT 2 intellectual resources that went into drafting its own RAP and project policy on resettlement were drawn upon to a very significant degree in the process of setting up a World Commission on Dams (WCD). The policy is in line with the kind of recommendations that are likely to come out of the WCD. The World Bank and IUCN have undertaken to secure the initial core resources for the WCD and to implement its work program. The IUCN has provided the administrative support system to facilitate

<sup>97</sup> World Bank 1994. p. 5/23.

the work of the Commission and its Secretariat. The Chair of the Commission will submit its report, which will include recommendations on policies, standards, guidelines, best practices and codes of conduct, to the President of the World Bank and the Director-General of IUCN, as well as present its findings to the 'Reference Group' (those stakeholders who attended the Gland Conference) and the international community at large in June 2000.<sup>53</sup>

The most significant feature of the NT2 RAP is its *commitment to improve the lives of those resettled*. A feature of this is that the reference point for providing infrastructure and livelihood options for the resettled people is not what they have lost to inundation but instead what it will take to improve upon what they had. In concrete terms this is embodied in the RAP's provision to cost the inputs not in monetary terms but in quantities. That means that settlers, who have been consulted throughout the process, are promised housing, social infrastructure and livelihood options at a very much higher standard than what they had before, and the budget to provide these things will be unaffected by inflation. In this regard the NT2 RAP is a trend setting document and in conformity to the latest recommendations of the World Bank and to those of for the Gland Conference on World Dams.

The lack of any involuntary resettlement guidelines for the Lao PDR and the generally lower allocation of resources to resettlement planning in the other hydro projects stand in stark contrast to the NT2. Article 28 of the Water Resources Law states that in the case of hydroelectric projects, the owners shall provide appropriate livelihoods for the resettled population and pay for this out of project funds. However, there are no standards and no guidelines for how this is to be done. Table 2.8: HDSS Select Projects: Total Resettlement and Project Affected People in Lao PDR<sup>59</sup>

No of Resettlers		Other Project Affected People (OPAP)				Others Affected	
		T/Line	A/Roads	Constr.Camps	Total OPAP	Upstream	Downstream
<b>DEVELOPER STUDIES EXIST</b>							
1	Nam Ngum 2	5,778	25	45	0	3,345	1,672
2	Nam Theun 2	4,500	165	0	0	17,655	29,905
3	Nam Ngiep	1,623	20	45	0	85	0
4	Nam Theun 1	1,600*	125	0	0	125	21,456
5	Nam Theun 3	1,220	120	165	215	500	14,030
6	Xe Pian Xe Nam Noi	814	265	60	588	913	1,764
7	Xe Kaman 1	812	235	55	0	300	65,925
8	Nam Mo	251	85	850	419	1,654	0
9	Nam Mang 3	67**	20	45	0	65	0
10	Nam Ngum 3(w/o)	0	25	0	0	25	2,939
11	Nam Ngum 5	0	60	0	587	647	1,761
12	Xe Katam 1/2	0	0	60	588	648	2,352
13	Xe Set 2	0	0	120	588	708	8,234
14	Xe Set 3	0	0	60	588	648	7,645
15	<b>Sub Total :</b>	<b>16,665</b>	<b>1,145</b>	<b>1,505</b>	<b>3,573</b>	<b>6,463</b>	<b>147,106</b>
<b>NO DEVELOPER STUDIES EXIST</b>							
1	Nam Sane 2	6,190	45	125	0	170	11,553
2	Se Kong 4	5,870	0	50	0	50	978
3	Nam Ngum 4A	1,469	65	45	0	110	5,459
4	Xe Pon	1,468	95	80	1,140	1,315	682
5	Se Kong 5	980	1,712	195	0	1,907	0
6	Nam Chian 1A	320	0	85	0	85	3,045
7	Nam Pot	300	0	210	420	630	1,679
8	Nam Ngum 4B	0	0	85	420	505	5,459
9	Nam Bak 2B	0	20	0	0	20	2,091
10	Nam Sane 3A	0	0	170	840	1,010	355

<sup>53</sup> From the World Commission on Dam's Internet Webpage, at <http://www.dams.org/>.

<sup>59</sup> From ongoing World Bank financed Hydropower Development Strategy Study for Lao PDR, HPO 1999.



No of Resettlers			Other Project Affected People (OPAP)				Others Affected	
			T/Line	A/Roads	Constr.Camps	Total OPAP	Upstream	Downstream
11	Nam Sane 3B	0	0	0	0	0	3,359	15,538
12	Xe Lanong 2	0	40	190	760	990	0	25,847
13	Xe Kaman 3	0	90	0	0	90	4,892	10,273
14	Houay Lamphan Nai	0	30	530	0	560	0	25,290
15	Nam Kong 1	0	30	55	0	85	1,038	3,114
16	Phaphaeng Falls	0	30	60	0	90	0	2,940
<b>Sub Total :</b>		<b>16,597</b>	<b>2,157</b>	<b>1,880</b>	<b>3,580</b>	<b>7,617</b>	<b>40,590</b>	<b>174,767</b>
<b>TOTAL</b>		<b>33,262</b>	<b>3,302</b>	<b>3,485</b>	<b>7,150</b>	<b>14,080</b>	<b>187,696</b>	<b>387,198</b>

\*Design still under consideration, could be approximately 5,000. \*\*Land Acquisition, not resettlement

While the actual numbers of resettlers and affected people in the above table may be low by international standards, the proportion of the population affected is significant, especially where those affected are minority peoples. In general, we do not have sufficient data to evaluate this comprehensively, but examples such as Xe Pain Xe Nam Noi where significant social investigations have been undertaken, the affected population represents 25% of the total population of the minority group. Especially in the Bolovens and other areas of the Se Kong Basin where project developments could the diversity of Mon-Khmer groups is so high, project developments could put considerable pressure on the maintenance of these populations.

## 2.4 ETHNIC GROUPS AND NATIONAL MINORITIES

### 2.4.1 INTERNATIONAL POLICIES & STUDIES OF ETHNIC GROUPS IN LAO PDR

World Bank and the ADB have both published policy documents on Indigenous Peoples that describe their policies and procedures for projects affecting indigenous peoples – social groups with a social and cultural identity that is distinct from the dominant society. The objective of their policies is to ensure that development programs are socially and culturally compatible; that they take place with the informed participation of these groups; and that indigenous people do not suffer from adverse impacts. For a project that affects indigenous peoples, an Indigenous Peoples Development Plan (IPDP) is frequently required.

Laurent Chazée's 1999 publication, *The Peoples of Laos*, is an important starting point for carrying out a sociocultural survey of the ethnic groups in the Project Area communities to determine their status with respect to international policies and guidelines. His work contains case studies on each of the major groups represented, the Tai Family, the Austro-Asiatic Family, and the Miao-Yao Family, along with maps showing their population distribution in the Lao PDR.<sup>100</sup>This is to be prepared in consultation with such groups.<sup>101</sup>

The following is a generic outline of an IPDP as supported by the ADB. It would also

<sup>100</sup> Chazée, Laurent. 1999. *The Peoples of Laos: Rural and Ethnic Diversities*. Bangkok: White Lotus Press.

<sup>101</sup> The World Bank. OD 4.20., 1991, *Indigenous Peoples*, Washington, DC, September 17. ADB, 1998. *The Bank's Policy on Indigenous Peoples*, Manila, Philippines, April.

be generally applicable to the WB guidelines:

## 2.4.2 GENERIC OUTLINE OF INDIGENOUS PEOPLES DEVELOPMENT PLAN (IPDP)<sup>102</sup>

The IPDP links recommendations from the Social Impact Assessment (SIA) for measures to address poverty, gender, participation, compensation and rehabilitation in the context of the minority status of the people affected. The IPDP may be in two parts:

- (1) General
  - (i) Describe the key points of social organization, cultural traditions, gender relations, economic organization of the minority people. Describe their patterns of use of their environment for economic, social and cultural activities.
  - (ii) Drawing upon the skills, knowledge, and social organization of minorities recommend ways in which any likely adverse impacts can be avoided or mitigated. Similarly, recommend ways to enhance project benefits for minorities. Address any gender differences, and any between minority groups. Prepare a matrix showing the likely effects and the proposed measures for mitigation, and the responsibilities for key actions.
  - (iii) Prepare a Development Plan, which takes into full account the preferred options of the minority people. The recommendations may include, but not necessarily be limited to, new village roads, water supplies, waste systems, electricity, health services, education and agricultural extension. They may also include capacity building, community mobilization; training and job creation related to the reservoir construction and operation; and any new opportunities for job creation arising from the EIA.
  - (iv) Specify an appropriate institutional framework. Prepare a framework for participation of minority people affected in Project construction and operation. Prepare special measures for consultation with women and any particularly vulnerable groups. Specify mechanisms for the resolution of any grievances.
  - (v) Specify a time frame and budget for key recommendations.
  - (vi) Prepare a monitoring and evaluation plan, identifying the responsibilities, timeframe, some key indicators and an indicative budget. This will include ongoing monitoring by key agencies supplemented by an independent evaluation. Specify the timeframe for monitoring and reporting.
  - (vii) Document all of the steps taken to consult with people affected and with wider stakeholders, including any measures taken to address the concerns raised by people affected. Identify key milestones in developing a framework for stakeholder participation.
- (2) Compensation And Rehabilitation Measures
  - (i) Prepare an entitlements matrix listing all likely effects, both of permanent and

of temporary land acquisition, in consultation with the local or Provincial authorities, as appropriate. Suggest standards for compensation and restoration of the social and economic base of the people affected to replace all types of loss. Provide for any vulnerable groups, such as tenants or households headed by women, to restore their economic and social base.

- (ii) Prepare a framework for participation of people affected in setting entitlements and in implementation compensation and rehabilitation. Prepare special measures for consultation with any vulnerable groups. Specify procedures for grievance resolution in compensation arrangements.
- (iii) Prepare an institutional framework setting out responsibilities to manage and monitor compensation and rehabilitation. Prepare a monitoring and evaluation plan, identifying the responsibilities, time frame and some key indicators. This will include ongoing monitoring by key agencies supplemented by an independent evaluation. These measures will be linked with the overall IPDP management and monitoring system.
- (iv) Prepare a time frame and implementation schedule which provides for compensation and other measures before flooding to people affected and show links with the IPDP time frame.
- (v) Prepare a budget, identify land acquisition, compensation and rehabilitation costs. Prepare budgetary allocation and timing. Specify sources of funding and the budget approval process, insofar as these may differ from the overall IPDP budget.

These policies are especially relevant to the Lao PDR, which is officially a multiethnic nation with more than forty ethnic groups, classified into three general families: *Lao Soung* (upland Lao) 10% of population in 1993; *Lao Theung* (midland Lao) 24%; and *Lao Loum* (lowland Lao), 66%. The term Laotian is used for the national population; Lao for the ethnic group.<sup>103</sup>

To make a determination of eligibility for classification as 'indigenous' for ethnic groups found in the Project area requires, in addition to the socioeconomic survey carried out, a more ethnographic survey carried out by an individual ethnologist familiar with ethnographic procedures of data collection. While the JICA Study Team's Social Development/Resettlement Expert has an ethnographic background, security and time constraints due to the insecure status of the Xaysomboon Special Zone and the relative inaccessibility of the reservoir area limited any attempt to obtain this kind of detailed data. The JICA Study Team, for instance, visited Xaysomboon's administrative center in December 1998 to travel overland with the Subcontractor, STS consultants, to oversee the beginning of their fieldwork. However, permission was not obtained from the authorities in Xaysomboon to proceed because of security concerns along the road to the Reservoir Area.

An ethnographic study is therefore required for the next stage of work, when data may be obtained that allows understanding of the *Lao Loum*, *Lao Theung*, and *Lao Soung* groups in the Project area at a more detailed level relevant to the Indigenous Peoples

<sup>102</sup> Adapted from a recent (1999) ADB Terms of Reference for a Hydropower Project in Vietnam, the Se San 3.

policies of the WB and ADB. The same security and accessibility concerns will apply at that time. However, it should be possible to work around this given adequate time and planning for carrying out an ethnographic survey.

A precedent has been set with NT2 that suggests that it will very likely be possible to develop an RAP that is 'culturally sensitive.' The NTEC studies found that in a very real sense all of the groups on the Nakai Plateau could qualify as 'indigenous' peoples, since they had a sense of belonging to the plateau, were economically disadvantaged and have a primarily subsistence-oriented livelihood system.<sup>104</sup>

The NT2 policy states *that the people affected by the Project should after relocation be better off than before.* The resettlement plan is designed to achieve this. While the people who live on the plateau and possibly in the downstream area can be called 'indigenous' according to the definition in [the WB's indigenous people's policy document] 4.20, the Bank has agreed that a separate 'Development Plan for Indigenous Peoples' is not required, as long as the RAP complies with the requirements of both 4.20 and 4.30 [the Bank's resettlement policy]. According to OD4.20, "when the bulk of the direct project beneficiaries are indigenous people, the Bank's concerns would be addressed by the project itself and the provisions of this OD4.20 would thus apply to the project in its entirety."<sup>105</sup>

The NT2 RAP sets out to assure that those affected by the project benefit from this. To reach the goal affected persons are to be consulted from the beginning and special attention paid to socially or economically disadvantaged people. The RAP will plan 'culturally appropriate development' through giving specific attention to the 'local patterns of social organization, religious beliefs and resources use' in the design of its associated resettlement and livelihood patterns. And it will specifically aim at avoiding the creation of dependency and will promote their self-management.<sup>106</sup>

## 2.4.3 ETHNICITY IN LAO PDR

### (1) GENERAL DESCRIPTION

The Lao PDR, with over 200 ethnic groupings belonging to four major ethnolinguistic families, is one of the most ethnically diverse countries in the world with some groups being more vulnerable than others to involuntary resettlement.<sup>107</sup>

- (i) The *majority Tai language populations*, including the mainstream Lao and also groups that have more recently immigrated into Laos from China and Vietnam,

<sup>103</sup> Andrea Matles Savada, ed. 1994. *Laos: A Country Study*. Washington, DC: Federal Research Division, Library of Congress.

<sup>104</sup> NTEC, 1998, pp. 4-2 and 4-3.

<sup>105</sup> NTEC, 1998, p. 5-15.

<sup>106</sup> *Ibid.*

<sup>107</sup> Ovesen, Jan. 1995. *A Minority Enters the Nation State: A Case Study of a Hmong Community in Vientiane Province, Laos*. Uppsala Research Reports on Cultural Anthropology, No. 14. Uppsala University, Uppsala, Sweden. Laos is officially a multiethnic nation with more than forty ethnic groups, classified into three general families: *Lao Soung* (upland Lao) 10 percent of population in 1993; *Lao Theung* (midland Lao) 24 percent; and *Lao Loum* (lowland Lao), 66 percent. The term Laotian is used for the national population; Lao for the ethnic group. Andrea Matles Savada, ed. 1994. *Laos: A Country Study*. Washington, DC: Federal Research Division, Library of Congress. Chazée, Laurent. 1999. *The Peoples of Laos: Rural and Ethnic Diversities*. Bangkok: White Lotus Press.

known collectively as the 'tribal Tai', including the Tai Men, Tai Meuy and Tai Pao. Tai Khang, Tai Yuang, Tai Senkap and Tai Oh. This Tai speaking population is according to official classification collectively the Lao Loum.

- (ii) *Sino-Tibetan language group*, including the Hmong and Yao,
- (iii) *Tibeto-Burman speaking hill tribes* in the north, such as the Akha and the Lahu. These two ethnolinguistic families are officially classified as the *Lao Soung*.
- (iv) *Austroasiatics (Môn-Khmer)* in Northern Lao PDR represented by the *Khamu, Lamet* and in South the *Ta Oy, Katu, Pacoh, and Talieng*. These some forty groups overall are officially classified together as the *Lao Theung*

The following account introduces the historical migration of the lowland majority Lao populations and the other so-called 'tribal Tai' groups in the Lao PDR.<sup>108</sup>

## (2) Prehistory

The Mekong River valley and Khorat Plateau areas, which today encompass significant parts of Laos, Cambodia and Thailand, were inhabited as far back as 10,000 years ago. Virtually all of the ethnic groups in these areas, both indigenous and immigrant, belong to the Austro-Tai ethno-linguistic family. Historically in Laos, these are mostly subgroups identified with the Tai-Kadai and Miao-Yao (Hmong-Mien) language families.

The Tai-Khadai is the most significant ethno-linguistic group in all of South-East Asia, with 72 million speakers extending from the Brahmaputra River in India's Assam state to the Gulf of Tonkin and China's Hainan island. To the north, there are Tai-Kadai speakers well into the Chinese provinces of Yunnan and Guangxi, and to the south they extend as far as the northern Malaysian state of Kedah. In Thailand and Laos they are the majority population, and in China, Vietnam and Myanmar (Burma) they are the largest minorities. The major Tai-Kadai groups are the Ahom (Assam), the Siamese (Thailand), the Tai Yai or Shan (Myanmar and Thailand), the Tai Neua (Laos, Thailand and China), the Tai Lu (Laos, Thailand and China) and the Yuan (Laos and Thailand). All of these groups belong to the Tai half of the Tai-Kadai; the Kadai groups are relatively small (numbering less than a million) and include such comparatively obscure languages in southern China as Lelao, Lati, Laha, Laqua and Li.

When tracing the origins of the current inhabitants of Laos, we must consider the fact that their predecessors belonged to a vast, nonunified zone of Austro-Tai influence that involved periodic migrations along several different geographic lines.

## (3) Austro- Tai Migration

A linguistic map of southern China, north-western India and South-East Asia clearly shows that the preferred zones of occupation by the Austro-Tai – collectively called 'Tai' by many scholars – have been river valleys, from the Red River (Hong River) in southern China and Vietnam to the Brahmaputra River in Assam. At one time, the main access points into what is now Thailand and Laos were the Yuan Jiang and other river areas in Yunnan and Guangxi and the Chao Phraya River in Thailand. These are areas where the populations remain quite concentrated today. Areas in mainland

<sup>108</sup> Adapted from: Cummings, Joe. 1998. *Laos*. Hawthorne, Vic., Australia: Lonely Planet. pp. 10-11.

Southeast Asia lying between these points were intermediate migrational zones and have always been far less populated.

The Mekong River valley between Thailand and Laos was one such intermediate zone, as were river valleys along the Nam Ou, Nam Seuang and other rivers in modern Laos (Myanmar's Shan States also fall into this category). As far as historians have been able to piece together from the scant linguistic and anthropological evidence, significant numbers of Austro-Tai peoples in southern China and north Vietnam began migrating southward and westward in small groups as early as the 8th century AD, but most certainly by the 10<sup>th</sup> century. These groups established local polities along traditional Tai lines according to *meuang* (roughly principality or district) under the hereditary rule of chieftains or sovereigns called *jao meuang*.

Each *meuang* was based in a river valley or section of a valley. Some *meuang* were loosely collected under one *jao meuang* or an alliance of several. One of the largest collections of *meuang* (though not necessarily united) is thought to have emanated from southern China's Guangxi Province and/or Vietnam's Dien Bien Phu area, a theory favored by pronunciation patterns today found along the Guangxi-Vietnam-Laos-Thailand-Myanmar axis.

In the mid-13th century, the rise to power of the Mongols under Kublai Khan in China caused a more dramatic southwestern migration of Austro-Tai peoples. Wherever the Tai met indigenous populations of Tibeto-Burman and Mon-Khmers in the move south (into what is now Myanmar, Thailand, Laos and Cambodia), they were somehow able to displace, assimilate or co-opt them without force. This seems to puzzle many historians, but the simplest explanation is probably that there were already Tai peoples in the area. This supposition finds considerable support in current research on the development of Austro-Tai language and culture.

In Lao legend, the mythic figure Khun Borom (Bulom) cut open a gourd somewhere in the vicinity of Dien Bien Phu (north-western Vietnam) and out came seven sons who spread the Austro-Tai family from east to west. Although previous theory had placed the original center of Austro-Tai culture in southwestern China or even Indonesia, recent evidence suggests the possibility they may have emanated from the Dongson/Tonkin culture in northern Vietnam – a theory perhaps confirmed in the Khun Bulon myth. Among tribal Tais, Dien Bien Phu is known as Muang Theng.

Southern Laos, on the other hand, was an early center of the Mon-Khmer Funan Kingdom (1st to 6th centuries) and the Chenla Kingdom (6th to 8th centuries), both of which extended from Champasak into north-western Cambodia. Farther north two Mon kingdoms called Sri Gotapura (centered at present day Tha Khaek) and Muang Sawa (at Luang Prabang) flourished from the 8th to the 12th century. These kingdoms were superseded by the Angkor Empire and later by Lao and Siamese principalities.

#### (4) Official Classification System

In the late 1960s, Laos adopted a system of classifying the wide diversity of ethnic groups in the country based on characteristics of language, settlement patterns and agricultural practices. These ethnolinguistic categories serve the GOL's nation-building efforts by linking nearly all ethnic groups to the predominant "Lao" national identity.

However, the categories are misleading in the context of rural life in the Lao PDR where *Lao Loum*, *Lao Theung* and *Lao Soung* all cultivate irrigated rice lands and where population pressure and resource competition requires households of each group to practice swidden cultivation.<sup>109</sup>

Ovesen's 1993 short treatment of ethnicity in the Lao PDR is probably the most cogent analysis of the subject available. He points out that the words, *soung*, *theung* and *loum* are commonly assumed to mean 'high altitude', 'slope', and 'valley', respectively, and the labels are thought to characterize the habitat of the three groups, the 'lowlanders', the 'midlanders' and the 'highlanders'. However, the etymological origin of the classification is slightly more complicated. The words *loum* and *theung* form a pair of contrasts with the meaning 'below' and 'above', respectively. The word *soung* forms part of another, similar pair, *soung – tam* which denotes the contrast 'high – low'. Both pairs refer to relative spatial positions and have no connotations of superiority/inferiority. The construction of the threefold division from two pairs of opposites does not appear entirely logical, neither in terms of linguistic analysis, nor to ordinary people, which is why the expression *k'ang* ('middle') is often used synonymously with *theung* in everyday parlance.<sup>110</sup>

A further source of confusion, according to Ovesen, is the fact that this originally topographical classification was from the beginning conflated with ethnolinguistic attributes. Thus *Lao Loum* refers to the Thai/Lao speaking majority of the populations of which various groups have settled in the country from the 13th century onwards. *Lao Theung* refers to the remainders of the aboriginal Mon-Khmer speaking population, represented by such groups as the Khmu and Lamet in the north, the So in the central part of the country, and the Bru, the Kui and the Loven in the south. *Lao Soung* refers to the most recently immigrated groups from the north, notably the Miao-Yao speaking Hmong, but also various smaller Tibeto-Burman groups in the far north, like the Akha, the Lahu and the Phunoi.

A final "misleading feature" of the classification is that it is assumed to be congruent with subsistence culture and to some extent with religious practice. Thus, the *Lao Loum* are all assumed to be lowland paddy farmers living permanently in villages and practicing Buddhism, while the *Lao Theung* and the *Lao Soung* are migratory swidden cultivators practicing local animist religions.

Ovesen puts the question of why such an anthropologically totally confused classification could ever gain common, nationwide and official currency and suggests that answer is political. He suggests that a Hmong leader allied to the Royal Lao Government originally proposed the threefold terminology.<sup>111</sup> It was, however, through the efforts of the Pathet Lao that the classification gained nationwide and official recognition. What made it attractive was that it implied a certain national unity – the inhabitants of Laos were all in some sense 'Lao' – and that it thereby entailed the recognition of the efforts that all the different ethnic groups of the country made in the

<sup>109</sup> English, Richard. 1998. *Socio-Economic Profile of the Nam Ngum Watershed*. Vientiane: Ministry of Agriculture and Forestry, Department of Forestry, Center for Protected Areas and Watershed Management. Asian Development Bank TA 2734-LAO. Nam Ngum Watershed Management. May. p. 18.

<sup>110</sup> Ovesen 1993, pp. 31-34

<sup>111</sup> Ovesen 1993. Based on an account found in Bateson, Wendy. "After the Revolution: Ethnic Minorities and the New Lao State," in J. Zasloff & L. Unger, eds. 1992. *Laos: Beyond the Revolution*. London: Macmillan. p. 136.

common struggle for national liberation. It was thus a rhetoric device to promote ethnic equality, and it was no doubt partially successful in this respect as it also served to mitigate the ethnic chauvinism that many representatives of the lowland Lao elite evinced towards the 'primitive' and 'barbaric' ethnic minorities.

At least it provided alternatives to the previous derogatory labels used by the Lao for the ethnic minorities. The Mon-Khmer speaking groups were otherwise known collectively as Kha, which is Thai for 'slave' and reflects the historical fact that the Tai peoples have successively conquered and subjugated the aboriginal Mon-Khmer population of the country. The Hmong have traditionally been referred to by the derogatory term Meo by their neighbors in Burma, Thailand, Laos and Vietnam.

Ovesen further suggests that with the political-economic, technological and social developments in Lao PDR in recent years, the threefold ethnic classification is about to have outlived even its political usefulness. "At a time when it is increasingly being realized that a certain amount of ethnological research is important for both the successful social and economic integration of all the various ethnic groups of the nation and for the recognition of the value of each group's specific cultural traditions and heritage, the retention of the crude threefold ethnic classification can only serve as an obstacle to further scientific and scholarly progress in the social and human sciences in Lao PDR."

Chazée notes that the Social Sciences Committee, created in 1989 within the Ministry of National Education, acknowledged the Lao and 67 ethnic minorities and in 1991 listed the Tai family (68%), the Mon-Khmer family (23%), the Miao-Yao (6%), the Tibeto-Burman (2.8%) and the Ho (11 different Sinetic communities, 0.7%). The selection criteria of ethnic minorities have still not been outlined. This Committee published several studies before being dissolved at the beginning of 1992. At present, the "Culture Research Institute", the replacement for the Social Sciences Committee since 1992, is the sole national human sciences agency working on research that pertains to the societies and cultures of the ethnic minorities in the Lao PDR.<sup>112</sup>

Ovesen points out that efforts of more detailed and accurate ethnic classification have also been made. "It is often rumored and commented upon that the Lao PDR is supposed to be made up of 68 different ethnic groups, though nobody seems ever to have seen a list containing this number. Samuelsson (1992) relates that the (now defunct) Lao Committee for Social Sciences estimated the number of ethnic groups in the country at 47.

Russian linguists are reported to have documented the existence of about 600 separate languages and dialects in the country (Morev 1992). Batson (1992: 135) speculates with reference to the apocryphal list of 68, that either agreement has yet to be reached on the basis (linguistic or in some sense 'cultural') for the classification, or that the count may simply be wrong. Such speculations, however, miss the point, -- the point being that ethnicity is not a permanent feature that can be determined once and for all on the basis of linguistic and/or cultural criteria. It is a process of continual definition and redefinition depending on historical factors and sometimes even on considerations of political expediency, and the salient feature of ethnicity is self-

<sup>112</sup> Chazée, Laurent. 1999. *The Peoples of Laos: Rural and Ethnic Diversities*. Bangkok: White Lotus Press. p. 5.



identification....<sup>113</sup>

[Ovesen's] mapping of different ethnic groups during anthropological fieldwork consists necessarily of snapshots of ongoing processes of more or less rapidly changing definitions and self-definitions.... With the above reservations in mind it should, however, be stated that the population of the project area, as elsewhere in the world, is at any point in time actually composed of a number of distinct ethnic groups. Each group is recognized as such by the members themselves as well as by their neighbors, and the groups are distinguished by more or less wide ranging differences in customs and traditions as well as by locally clearly distinguishable differences in dialect.<sup>114</sup>

#### (5) Historical Context of Ethnicity and Resettlement in Lao PDR

Involuntary resettlement in the Lao PDR is tied closely to ethnic considerations in a context of population movement through history, often 'involuntary.' As the NT2 Resettlement Action Plan (RAP) points out, "Involuntary resettlement is not new to the Lao people. Centuries of changing fortunes have seen villages and groups of villages forced to relocate to survive."<sup>115</sup> According to Goudineau (1997), "For as long as it has been recorded, the issue of village displacement appears to constitute a continuous part of Lao history."<sup>116</sup>

Resettlement as a process of population dynamics appears to have begun with the Austroasiatics (MŌn-Khmer, or *Lao Theung* in the modern, official classification) who have historically periodically removed their villages. Practicing slash and burn rice cultivation (swidden) while rotating every 15-20 years to allow the forest to regenerate. These tribes, e.g. *Ta Oy, Katu, Pacoh, Talieng*, They have regularly moved their homes so as never to be too far away from their swidden plots, or '*hai*'. These villages thus performed, in a process called 'semi-nomadism' or 'circular itinerancy,' a cyclical movement that marked the space limits of their territory.

Those Austroasiatics in the North, *Khmu* and *Lamet* for example, show more a sedentary village life but move to live at their *hai* for part of the year, with their homes on the other side of their territory. They often resettle in nearby areas due to epidemics, fires and for other reasons, such as a place being deemed 'unlucky.' Goudineau notes that "It appears therefore that it is not so much the permanency of a village site that matters but the attachment to a territory."<sup>117</sup>

In the North, the *Miao* (Hmong) and *Yao* came from China, sometimes via Vietnam, in the 19th Century to clear and settle the highlands. The ancestors of the present-day Hmong ethnic group were aboriginal tribesmen of the mountains of southern China. They were mentioned in Chinese chronicles as early as about 2500 BC. They are part of larger migratory movement into Northern Vietnam, Laos, Thailand, and Burma during the last couple of centuries. The majority of the Hmong - an estimated 3 million - still live in Yunnan, in Southern China. The Hmong adapted an itinerant slash and burn

<sup>113</sup> Ovesen 1993. Morev citation from personal communication to Ovesen.

<sup>114</sup> Ovesen 1993.

<sup>115</sup> NTEC. 1998. p. 5-1

<sup>116</sup> Goudineau, Yves, ed. 1997. *Resettlement and Social Characteristics of New Villages: Basic Needs for Resettled Communities in the Lao PDR, Provincial Reports, Main Report*. An Orstom Survey. Vol. 1. Vientiane: UNESCO/UNDP. June. p. 9.

<sup>117</sup> Goudineau, Yves, ed. 1997. p. 9.

agriculture, often on very steep ground, but without regularly rotating as the Austroasiatics did. Their villages often appear to be temporary structure, especially as it is the patrilineal descent group, or lineage, that forms the focal point of their social structure. "These population shifts followed a logical progression across the land, rather than a circular movement, which led to a regular abandonment not only of village sites but also of cleared regions."<sup>118</sup>

Though their village structure is different, a similar dynamic prevails among the Tibeto-Burman groups, the *Akha*, *Lahu*, *Lolo*, and *Phou Noi*, among others. These groups arrived in Laos via Yunnan or Burma.

The Tai Language populations, among them the Lao, have shown 'an aptitude for conquering the lowlands' for as long as their existence has been noted in Southeast Asia. The practice of irrigating rice fields offered them the possibility of *sedentarization*, which, in contrast with the highland populations can be seen by the stability of their villages. Until now, the expansion towards the as yet unsaturated lowlands has been as much a characteristic of the Lao, as of the Tai groups from China (*Leu*) or from Vietnam (Tai Dam and others). The mobility that allows families to leave and rejoin, or to found new villages, also remains important.

"At the beginning of the century colonial administrators complained about the elusive quality of Lao villages, which were always ready to move in search of better lands or to avoid taxes or the *corvees* (forced labor tasks)...Traditionally, the settling process did not mean permanent settlement, and if the Lao-Tai populations give the closest representation of permanent settlement sites in Laos, they equally show a great flexibility throughout history."<sup>119</sup>

During the 19th Century, huge migration shifts occurred, usually because of regional or international conflicts. There were deportation of Lao from the Vientiane area in 1828 due to the Lao-Siamese War, relocation in the 1830s of villages from the Savannakhet valley and forced migration of the *Phuan* from Xieng Khuang<sup>120</sup> in 1876-1878 because of rivalries between Annam (modern day Vietnam) and Siam (modern day Thailand). These all led to transportation of thousands of families to the other side of the Mekong River, where the Lao contributed to the settlement of the Khorat plateau.

During the second half of the 19th Century, the turbulence occurring in China from the Taiping Rebellion and the intrusions of the *Ho*<sup>121</sup> from Yunnan into Vietnam and northern Laos provoked, besides the arrival of the Miao-Yao, a spontaneous immigration of various Tai groups (the 'tribal Tai'). These new immigrants at times clashed with the long established groups in Laos, resulting in the migration of whole villages. "In the 19<sup>th</sup> Century, the picture of Laos was a shifting one, showing a general

<sup>118</sup> Goudineau, Yves, ed. 1997. p. 9.

<sup>119</sup> Goudineau, Yves, ed. 1997. p. 10.

<sup>120</sup> The *Phuan* were the inhabitants of the indigenous Phuan state on the Xiang Khouang plateau which was demolished in the mid 19<sup>th</sup> century as a consequence of the depopulation policy adopted by the Thai in their rivalry with the Vietnamese.

<sup>121</sup> Also called the "Haw" this was actually a loose Chinese affiliation of looting mercenaries of various ethnicities, including Yunnanese, Black Thai and French Army deserters. Cummings, Joe. *Laos*. Hawthorn, Vic., Australia: Lonely Planet, p. 15. "From the 1870s northern Laos increasingly was beset by invading bands of Chinese (Ho, or Haw) freebooters and bandits." *Encyclopedia Britannica* 1997 CD. The ethnic group itself, the Ho (or "Haw") is comprised of eleven Tibeto-Burman communities that arrived in northern Laos in the 1900s. Chazée, 1999. p. 133.

redistribution of populations in the north, and entire regions left void by the exodus of their inhabitants in the middle and south of the country."<sup>122</sup>

In the 20th Century, the French colonial administration tried, in order to control the population and for reasons of fiscal management, to put an end to these migrations by 'fixing' the villages. This was 'imperfectly achieved', and only successful among the Lao- Tai populations, who were traditionally sedentary people in any case. Perhaps because of this policy, there were few important population shifts in Laos, with the exception of the Vietnamese and Chinese families encouraged by the French to move to newly created urban centers, until and through World War II.

Many of the above groups would qualify for indigenous status under World Bank or Asian Development Bank policies requiring special consideration be given to groups considered vulnerable within the context of economic and social development. The Hmong and Tribal Tai, while obviously resourceful people, are relatively recent arrivals to the Laos and to a great extent still outside the majority culture. The Lao Theung (Austro-Asiatic speakers) have been described as "Generally less well organized socio-politically than the Tai, Miao-Yao and Tibeto-Burman, they are less protected against natural, social and economic disasters."<sup>123</sup>

Certain ethnic and sub-ethnic minorities are represented by only some individual, such as the last Tchaho village in Gnot Ou District of Phonsaly province, the single Sapuan village in Attapu province, the Yae, Kanay and Kado of Salavan, the Puark of Huaphan and Tamoy in Luang Namtha. The Phon are recorded in Houaphanh and Xiengkhoang. The Atel and Ahoé are in small number in Bolikhamsay and Khammouan provinces. The so-called "Tong Luang" of Xayaboury number only 22 persons in 1994 and 18 in December 1998. These minority groups face important ethno-linguistic loss and even extinction and should be considered by the government for urgent research and preservation programs.

<sup>122</sup> Goudineau, Yves, ed. 1997. p. 10.

<sup>123</sup> Chazée, Laurent. 1999. *The Peoples of Laos: Rural and Ethnic Diversities*. Bangkok: White Lotus Press. p. 7.