

1 BACKGROUND AND PROGRESS

1.1 The Nam Theun 2 Hydropower Project

The Nam Theun 2 (NT2) Hydropower Project is the largest infrastructure development project in the Lao People's Democratic Republic (Lao PDR). The project is being developed and will be implemented through the co-operation of the government of Lao PDR and the Nam Theun 2 Power Company (NTPC). The Asian Development Bank (ADB), the World Bank Group (WBG) and Agence Française de Développement (AFD) are considering the project for financial support.

1.2 Emerging Requirements for Cumulative Impact Assessment

Environmental Impact Assessments are today more or less universally established as essential elements in the planning of large development projects. Most countries and international donors have their specific EIA requirements. However, in recent years certain shortcomings in project specific EIAs have been noted. These relate both to the combined impacts of development projects in a specific sector, as well as to the cumulative impacts of activities and plans in different sectors over a longer period of time. Specifically, for large-scale dam projects, the World Commission on Dams, in their report of November 2000, underlined the need for broader "upstream" assessments of the development alternatives and scenarios.

The international funding institutions have responded to this need for broadening the scope and coverage of environmental assessments by establishing Sectoral / Strategic Impact Assessments (SIAs) and Cumulative Impact Assessments (CIAs) as elements in their environmental and social safeguard procedures. The ADB environmental assessment requirements are presently under revision and the CIA requirements are expected to be included as an integral element of all future assessment procedures for major projects.

Examples of projects where CIAs have been carried out are, however, still few, and the approach and methodology is at a developmental phase. The present study can, therefore, be seen as contributing to this process in terms of CIA methodology and presentation format.

1.3 Relations to Project Specific Impact Studies

A traditional EIA is a project specific EIA. The major analytic element of the assessment is the prediction of potential impacts by introducing a specific, new development initiative in a well-defined natural and social environment. The baseline conditions, on which the predictions are made, are the conditions at the time of study preparation. Only to a limited extent are the project impacts of future options and possible developments included in the analysis. The geographic coverage of the study is also normally limited to the directly impacted area.

Whereas EIAs concentrate on the impacts of one specific project, the CIA tries to analyse the combined impacts of a series of projects, future developments and plans, either implemented together or in a sequence. The present cumulative assessment will concentrate on assessing the impacts of the proposed NT2 Project in the light of other existing or planned developments. The definition of the

potential impact area will normally extend far beyond the impact area of a project specific EIA study.

In the case of the NT2 hydropower project cumulative impacts can be seen as:

Effects other (future) developments in the area have on the type and magnitude of the NT2 impacts. (Added impacts).

Impacts of development in other sectors that are induced by NT2 activities and its supplementary components. (Induced impacts).

These are the cumulative impacts in a strict sense. In addition regional and transboundary impacts are often included. Such impacts are not necessarily “cumulative” but are included because the impacted area is outside what is normally the area of focus for a project specific study.

Thus the CIA perspective is beyond what is normally required to be covered in a “project specific EIA”, which has to be produced by the project developer as part of the project approval process.

1.4 Regional Relevance

The Cumulative Impact Assessment and integrated development planning are particularly important for water related projects since the river and its drainage basin should be seen as an interlinked planning unit (the concept of Integrated Water Resources Management). This is even more so when the basin is large and covers several countries, as the Mekong Basin.

The need for a basin-wide approach is recognised by the Mekong River Commission (MRC), which has taken important initiatives to initiate and create the tools for integrated water resources planning and assessment of large water related projects in the region. In particular two on-going programmes are focusing on these matters: the Water Utilisation Plan (WUP) and the Basin Development Plan (BDP). These two programmes have provided a number of valuable thematic studies for this report. The programmes have, however, not yet reached a level whereby new planning models or analytical tools are available for use in a concrete case such as in this NT2 CIA.

In the regional Mekong perspective there are questions raised about NT2 Project plans and its potential downstream impacts. These relate in particular to the downstream impacts on hydrology, fisheries, agriculture and transport. The background material for analysing such regional cumulative impacts will primarily be based on MRC documentation and data.

