

## **Proyecto Gato - Amis de la Terre**

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### **Electricité de France accused of violating OECD Guidelines in Nam Theun 2 Dam Project in Laos**

Electricité de France (EdF) could come under scrutiny in France for its role in the controversial Nam Theun 2 hydropower project in Lao PDR. Several non-governmental organisations filed a complaint against Electricité de France - the major shareholder in the Nam Theun 2 Power Company (NTPC) - on November 24 2004 for breaching the OECD Guidelines for Multinational Enterprises. Civil society organisations accuse NTPC of:

- failing to identify, respond to and consider potentially serious impacts for tens of thousands of people and an ecosystem known for its endangered biodiversity
- not engaging in adequate and timely consultation with affected communities
- failing to comply with the Lao government's international labour rights obligations and commitments
- awarding the Head Construction Contract for the project to Electricité de France without International Competitive Bidding

The specific instance was submitted to France's National Contact Point (NCP). Adhering countries to the OECD Declaration and Decisions on International Investment and Multinational Enterprises are obligated to create "National Contact Point" (NCPs) within the government. The French NCP is located in the ministry for economic and include more ministries (Finance and Industry, Foreign Affairs, Environment, Work, Social Affairs) and representatives from the business community (BIAC) and trade unions (TUAC). The French government has agreed to the OECD Guidelines for Multinational Enterprises to ensure that French corporations operating overseas make positive contributions to economic, environmental and social progress and to minimise the impacts of the operations.

"We are demanding that EdF conducts its business responsibly and in accordance with the OECD Guidelines for Multinational Enterprises. This includes fully addressing the environmental and social impacts of the Nam Theun 2 Hydropower Project and ensuring that complete and rigorous baseline studies have been undertaken before the project commences, allowing an accurate assessment of likely project impacts. However, the Nam Theun 2 Power Company plans to start full construction in May 2005, despite the fact that many studies are still incomplete, key baseline data is lacking, and many of those studies that have been completed will not be released to the public. This approach is not consistent with the OECD's Guidelines for Multinational Enterprises," says Jan Cappelle of Proyecto Gato, Belgium.

The specific complaint has been filed with the intention of (1) preventing serious damages to the environment and the livelihoods of the affected people (2) seeking to improve the project's economic performance and (3) initiating an open dialogue with Electricité de France.

The French NCP deals with complaints such as this through problem-solving and mediation between the parties involved. Although there are no formal sanctions if EdF is found to have violated the Guidelines, EdF should respect the decision of the NCP. The company can otherwise face negative publicity and lose government financial support. "We hope the French National Contact Point will investigate the complaint quickly because the World Bank and other international funding agencies are due to make a decision on whether to support the project in the next 3-4 months. We ask the French NCP to ensure the OECD

Guidelines are followed by EdF, and hope that EdF will delays construction until after the specific instance has been adjudicated.” says Sebastian Godinot of Amis de la Terre, France.

The \$1.3 billion Nam Theun 2 Hydropower Project would forcibly displace 6,000 indigenous people and impact more than 100,000 villagers who depend on the Xe Bang Fai River for fish, agriculture and other aspects of their livelihood. The project is being developed by Electricité de France and two Thai companies in cooperation with the Lao government and will generate foreign exchange for Laos by selling the power to Thailand. NTPC is rushing to finalize all project documents and secure a crucial political risk guarantee from the World Bank before a May 2005 deadline for financial close specified in the Power Purchase Agreement expires. The World Bank and other donors claim that the revenues from the project will be used for poverty alleviation activities, but critics are skeptical.

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Links:

For a copy of the full complaint, go to [www.proyectogato.be/NCPcomplaint.htm](http://www.proyectogato.be/NCPcomplaint.htm)

For background information on the Nam Theun 2 Hydropower Project, go to [www.irn.org/programs/mekong/namtheun.html](http://www.irn.org/programs/mekong/namtheun.html)

For background information on the French NCP, go to [www.minefi.gouv.fr/TRESOR/pcn/pcn.htm](http://www.minefi.gouv.fr/TRESOR/pcn/pcn.htm)