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Received 11/21/91 WLG

As Members of the Global Legislators Organization for a Balanced Environment (GLOBE), we congratulate you for examining the important issues surrounding the Pak Mun Dam Project in Thailand, but we write to correct major misrepresentations in your recent article, "Green Thoughts by the Bank," November 2, 1991. GLOBE members have helped change multilateral financial institutions' policies and have reviewed project loans in attempts to ensure that supported projects are environmentally sound. We are particularly interested in the recent environmental assessment policy adopted by the World Bank, and that is why we are writing to correct some important points in your article.

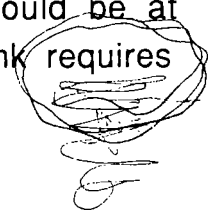
Your article of November 2, fails to note that the World Bank did not abide by its own newly and laboriously developed environmental policy during its review of the Electricity Generating Authority of Thailand (EGAT) loan request. The Bank recently adopted a broad variety of policies on resettlement of local people, nongovernmental organizations, poverty, and environmental assessments. Yet, in its actions on the EGAT loan, the World Bank is already ignoring these policies. It is the Bank's sudden, if implicit, disavowal of its own important environmental standards which has prompted concern over the EGAT loan request.

The environmental community from Bangkok to Washington has asked the Bank to adhere to its own operational directives, 4.0, and 4.3, which state that the Bank: "expects the borrower to take the views of affected groups and local nongovernmental organizations (NGOs) fully into account in project design and implementation, and in particular in the preparation of Environmental Assessments," and that "for land based resettlement, the new site's productive potential should be at least equivalent to the old site." And while the Bank requires

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an environmental advisory panel for projects that will have significant impacts on the environment, it has also chosen to ignore this policy.

The article also misinforms its readers by implying that the international environmental community is working without partners in Thailand, when quoting a Thai government source as fearing the "tyranny" of a few environmentalists in "other countries." Yet the international nongovernmental community became involved in the fight against the Pak Mun Dam at the request of *local* Thai NGOs, such as The Project for Ecological Recovery and the Coordinating Committee for Primary Health of Thai NGOs (CCPN). The Thai people do not see this dam as a small project. They see it as the tenth dam in a string of internationally financed dams in Thailand that have left many resettled people destitute. The international environmental community views the Pak Mun Dam as just one more project in a long list of projects that have created human and environmental disasters.

Your article also specifically states that fourteen World Bank Executive Directors spoke with "villagers who would be affected" by the project. In fact, the fourteen Executive Directors who visited the dam site on October 18th, merely flew over the dam in helicopters (source?). Executive Directors from the World Bank did not, therefore, have the opportunity on the EGAT sponsored trip to speak with local people.

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Finally, your article emphasizes the small size of the loan and seems to raise questions about the wisdom of quibbling over a relatively small project. We believe the size of the World Bank project should not be the determining factor for the Bank's willingness to adhere to its own policies. Indeed, the Bank crafted policies with special classifications so that size,

bias, and the whims of project managers would not hinder application of important new World Bank environmental rules.

If the Thai government is interested in pursuing this dam without the World Bank, that is its decision. At least our taxpayers would not be financing its mistake.

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NOVEMBER 4, 1991

MEMO TO: MR. KOSUGI
SENATOR AKIKO DOMOTO

FROM: GERRY SIKORSKI, GLOBE-US PRESIDENT

RE: WORLD BANK DAM PROJECT
THE PAK MUN DAM

In the absence of a conference this December, I have had time to focus on an issue with which you are familiar, World Bank projects in developing countries. GLOBE-US Members Scheuer, Porter, Wolpe, and Sikorski have a history in directing the United States Executive Director, a member of the Executive Board at the World Bank, on specific projects under consideration by the Bank. I remember your excellent work on the Sardar Sarovar Dam Project in India two years ago. I hope that you and other GLOBE-Japan members are willing to undertake similar endeavors in Japan by working with your Executive Director to the World Bank, Masaki Shiratori.

The Bank is continually undertaking projects which will have adverse effects on the environment, and often, on substantial numbers of the rural poor. The Bank is also expected to govern the new and important Global Environment Facility. While many non-governmental organizations have raised concerns with Bank policy, I believe there is a role for GLOBE to play. GLOBE is particularly well suited to undertake Bank campaigns because the Japanese and United States control 26 percent of the total vote on the Board. Furthermore, it is very rare for the U.S. and the Japanese Executive Directors to work together on an issue. Forging that link would be a great GLOBE success. By influencing just these two members of the Board, GLOBE could become a formidable force in changing Bank policy.

There is a project of particular importance under consideration right now which could go to the board at any time. This is the Pak Mun Dam project, a project to build a dam on the Mun River, the largest tributary of the Mekong River in Thailand. This structure would be 17 m high and 60 sq km. The dam is already partially built and is expected to be completed in November of 1994. It is expected to generate approximately 0.4% of net energy generated by 1995. The dam would also irrigate 64,000 acres, of which 18,000 acres are proposed for development. Non-governmental organizations, scientists, journalists, and others from Thailand and similiar groups in the United States are protesting this dam project.

The United States Agency for International Development, (USAID) by law, must review the environmental impacts of multilateral development loans, and then make the reports available to the public. U.S. officials undertook a reconnaissance mission to Thailand during August 1991. They visited the Bank's regional office, the dam site, and resettlement areas in Ubon Ratchathani. The USAID investigation raised a number of serious questions about the project, which led the U.S. Executive Director (ED), Pat Coady, to ask for a postponement on the board vote. If the project is presented to the board in its current form, it is most likely that he will ask for a new environmental impact assessment and an independent review board to analyze the new assessment. If these conditions are not agreed to, he is expected to vote against the project. The German ED has also expressed concern about the project.

Recently, the Bank held an annual meeting in Thailand. Three ED's accepted an offer from the villagers to review the site. (?) Other ED's attended a meeting with the villagers, prominent biologists, and environmentalists in Bangkok. The Japanese ED, Masaki Shiratori, sent a staff person, Masaaki Amma to the meeting in Bangkok.

I have attached an outline of some of the concerns raised by the USAID. I hope you will see the opportunities for GLOBE in this field as I do.

Problems with the Pak Mun Dam Project

The first problem identified by USAID, is the cost of the project, estimated to be four times as much as demand-side management plans, which were not considered in the least-cost planning exercise mandated by the Bank. The least-cost planning exercise undertaken by Thailand examined only supply side options. When questioned about conservation and other demand-side management options the Thai government stated that demand-side options take too long to realize energy savings. USAID has proven in its report that demand-side energy savings could have been reached nearly two years before the scheduled completion date of the dam.

Another major problem with the project is the impact it will have on fish species. The Thai government produced an environmental assessment in 1982, which in the words of the A.I.D. report, "appears to be out of date, flawed and inadequate to evaluate the impact of the project." The biological diversity in the river is remarkable. Many fish species, never before discovered, are dependent upon this habitat. Prominent biologists expect a worse case scenario, where the dam will destroy many fish and fish species. Villagers in the area have already seen a dramatic decrease in the fish stocks, in some places up to 50%. Fishing provides an important part of these villagers' daily diets and income.

Lastly, and probably most controversial is the resettlement and compensation plan put forth by the Thai government. There are discrepancies on every level between the Thai government's analysis, the Bank analysis, and the villagers' report. The Bank and the Electricity Generating Authority of Thailand (EGAT) agree that the number of villagers who will be affected by the project is 5000. Villagers believe that more people will be affected in substantial ways. For example, one village will become an island in the middle of the catchment area. The Bank and EGAT have not classified these villagers as affected.

Compensation packages to families vary in size, according to expected losses and will only apply to landholders with titles to their land. 35% of the villagers do not hold titles to their traditional lands.

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Villagers were not included in developing the resettlement plans and compensation packages, even though the Bank clearly stipulates that it expects borrowers to take into account the views of local people who will be affected by projects, particularly in developing resettlement plans and environmental impact assessments.

EGAT told Bank staff that five resettlement sites had been identified, but then the same staff told U.S.A.I.D. investigators that only one site had been identified. Villagers were also told that only one site had been identified. Unfortunately, they are two different areas. In reality, only one site has been identified and it is a site with very poor soil quality. In fact, the site was used 20 years ago for resettlement of another group of villagers. 70% of those earlier resettled people left the land because the soil was too sandy to hold water, which is necessary to grow the staple rice crop. The families that have stayed acquired overwhelming amounts of debt from purchasing food, fertilizers, and other necessities. If this is the principal resettlement site, it is clear that villagers will suffer a decrease in their standard of living.

When questioned about this, Bank staff acknowledged that the resettlement site is poor, but said they were not too concerned because villagers would also receive monetary compensation and they would be able to buy new lands. It is clear that only a portion of villagers will receive monetary compensation, the amounts vary, and as these villagers are not accustomed to buying and selling land, there is a large probability that villagers will end up losing money to land speculators.

Lastly, there is reason to believe that new diseases will be introduced into the area when the dam creates areas with standing water. Snails and mosquitoes are expected to multiply and carry diseases like schistosomiasis, liver, lung, and intestinal flukes.



The problem that does not want to go away

leave; it is possible that the rest will follow suit.

News of the agreement was received calmly in the camps. Whether things continue to go smoothly depends mainly on the reaction of the United States, and on the treatment in Vietnam of those sent home. America's unbending opposition to the forced return of the boat people has never been matched by a willingness to accept non-refugees for settlement, but the boat people have understandably assumed that some day it might be. This hope was given no encouragement by America's cautious first response to the deal. As expected, the United States restated its opposition to forced returns. But the Americans added a seeming wink: "We expect that under this agreement there will be no use of force."

Those who do go back will find a grim scene—which, after all, is why they left in the first place—but with luck a slightly improving one. United Nations observers know of no cases in which a returned boat person has been mistreated; but, along with perhaps 6m other Vietnamese (almost 20% of the workforce), many who have returned cannot find work. The European Community has begun a 30-month, \$120m training and job-creation scheme in Vietnam intended mainly for returned boat people, and the UNHCR has a similar programme. Any large improvement, though, will probably have to wait on Vietnam's readmission to the world economy.

That, more than anything else, accounts for Vietnam's change of heart about forced repatriation. The Vietnamese have recently been busy mending fences with their old enemies: first with China, then with South-East Asia through the Cambodian settlement, then with America through normalisation talks. Taking the boat people back fits this pattern. With the Hong Kong precedent, some deal can be expected on the

return of the other 50,000 Vietnamese boat people, scattered in camps throughout South-East Asia. Vietnam has concluded that, if it is to move into the future, it has to help pick up the human debris it created in the past.

Thailand

Green thoughts by the Bank

FROM OUR SOUTH-EAST ASIA CORRESPONDENT BANGKOK

AS DAMS go, the one planned by Thailand on the Mun river is not that large. The reservoir it would create is on land already two-thirds under water during the wet season. But these days no one much likes dams, even modest ones. Good farmland and forest is lost and people have to move.

However, Thailand needs electricity to help it grow. It got the World Bank to agree provisionally to lend it \$22m towards the Pak Mun dam's expected cost of \$178m. However, such has been the hubbub from environmentalists critical of the dam that the Bank is having second thoughts. On October 18th 14 of the Bank's 22 executive directors visited the site of the proposed dam to talk to villagers who would be affected. Suthes Singhasaneh, the Thai finance minister, says the Bank's dithering is "a dangerous precedent that the tyranny of a few in other countries pre-

vails over sound development objectives."

The Electricity Generating Authority of Thailand, which wants to build the dam, is run by technocrats who do not bother to conceal their contempt for greens and assorted friends of the poor. Thailand's electricity consumption has doubled over the past four years, they point out, and will at least double again by the end of the decade. They have avoided serious power cuts by flogging their existing machines and sometimes starving the provinces to keep Bangkok bright.

But Thailand is, at least by Asian standards, a relatively open society. People and newspapers tend to have their say. A far bigger project to build a \$1.9 billion dam in the Chinese province of Sichuan (half of which will be financed by the World Bank) has been given the nod with scarcely a critical word. Myanmar is planning a huge dam on the Salween River, electricity from which would be sold to Thailand. Open criticism of either project is impossible in China or Myanmar.

Even in Thailand freedom to criticise is limited. The army, which seized power from an elected government in February, is off limits. For the past six months the Thai army has been pushing a plan to reforest the north-east, which will entail resettling 1.25m people. It is far from clear where they will be dumped and who will cover the cost of their move. Thus, attacking soft targets like the World Bank and the electricity authority for their resettlement plans is an indirect way of having a go at the army.

The criticism has had results. Under a new plan for the Pak Mun dam only 1,500 people would have to be resettled, instead of 20,000. Those who lost their homes and land would be compensated with new plots and other benefits.

On the debit side, some critics of the dam have taken advantage of the Bank's willingness to listen to their complaints. They have claimed, without much acceptable evidence, that the dam would spread schistosomiasis (bilharzia), a disease carried by water snails. Some of the Bank's staff are cross about what they regard as dirty moves to win an argument.

Meanwhile Niphat Pukanasut, the official in charge of Thailand's public borrowing, says that his government could have paid for the dam without outside help. The Thai government now has the impression that the Bank's involvement—with its attention to the greens—creates more problems than it solves.

