



LAO PEOPLE'S DEMOCRATIC REPUBLIC
Peace Independence, Democracy, Unity Prosperity

Ministry of Natural Resources and Environment - MONRE
Lao National Mekong Committee Secretariat - LNMCS

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No...../MONRE/LNMCS

Vientiane Capital, 23 January 2015

Dear Mr. Guttman,

Subject: Statement of the Lao PDR regarding Prior Consultation for the Don Sahong hydropower project (the "Project")

The Lao PDR expresses sincere gratitude to the National Mekong Committees of Cambodia, Thailand and Viet Nam and the Development Partners for their understanding and support of our national policy of pursuing hydropower development to stimulate our national economy and raise the living standard of our people above that of Least Developed Country status.

On 30 September 2013, the Lao PDR informed the Mekong River Commission of its intention to develop the Project, a run-of-river scheme in the far south of the country that will operate year-round and produce 260 MW for domestic consumption. In giving formal notice of Notification under the PNPCA, the Lao PDR had submitted a comprehensive and detailed technical feasibility study, including the Project's social and environmental impact assessments and, flow, sedimentation and fisheries studies. These actions fulfilled the requirements for Notification.

However, the Member Countries and the Development Partners requested that a Prior Consultation process be undertaken. In the spirit of cooperation embodied in the 1995 Mekong Agreement, the Lao PDR relented by announcing, on 26 June 2014, its decision to undertake the more rigorous Prior Consultation process for the Project. The Lao PDR had agreed in good faith to undergo the Prior Consultation process to further assure all concerned that all viable options to develop a better project would have been duly considered.

The Lao PDR is pleased to report that all interested parties have cooperated well over the last 15 months and that there has been a free and frank exchange of views and analysis with a thorough review of the comprehensive material that we and the interested parties have collated and made available. These reviews have been significantly augmented by the site visits undertaken in November 2013 and March 2014 and the Technical Workshop conducted in March 2014 which were attended by representatives of the interested parties and consistent with the Lao PDR's commitment to openness and transparency and our willingness to address legitimate concerns, including fish migration pathways during the dry season. A third site visit and the Regional Public Consultation in Pakse in December 2014 provided further opportunity for interested parties to gain additional insight into the real and practical aspects of the Project.

It is gratifying that the Lao PDR's efforts, research and investigations for the Project undertaken by international experts since 2006 have withstood the tests and scrutiny to which they have been subjected by the National Committees and MRC panels of experts over the course of the Notification and Prior Consultation processes. We would like to thank all who have been involved for fortifying our conviction and belief that the Project will utilise the waters of the

Mekong River system in a reasonable and equitable manner consistent with the terms and spirit of the 1995 Mekong Agreement. The Lao PDR may now move forward confidently to develop the Project with a relatively small pondage knowing that it will have no significant impact on the water level, water quality or sediment transport downstream. The Lao PDR has committed to and shall improve the natural channels of the Mekong River in the immediate area of the Project to accommodate fish migrations in both directions all year-round.

As we have together addressed all legitimate concerns raised over more than a year of discussions and the Lao PDR has fulfilled all requirements of the 1995 Mekong Agreement, we are pleased to bring the Prior Consultation process on the Project to a close. This does not in any way mean that the Lao PDR is closed to all further efforts in good faith to improve the Project where viable and we remain open to comments and suggestions from Member Countries.

The experience in the development of this and earlier hydropower projects has provided the Lao PDR with invaluable experience on how to better approach, cooperate and undertake the sustainable development of the Mekong River Basin and in particular hydropower. The Lao PDR would like to assure everyone that it will continue to pursue sustainable hydropower development within the basin by drawing on these experiences to improve and optimise the cooperation and dialogue as may be required under the 1995 Mekong Agreement.

The Lao PDR will continue to exercise its sovereign right to develop its natural resources within its territory subject to the guiding principles of reasonable utilisation, transparency and good faith.

Thank you for helping to make the promise of a better life a reality for our people.

Sincerely,



Chanthachit AMPHYCHITH
Acting Secretary General

Lao National Mekong Committee Secretariat

Mr. Hans Guttman
Chief of Executive,
MRCS Secretariat