

**Recommendations of the French National Contact Point to EDF and its partners regarding the  
“Nam Theun 2” Project in Laos**

*Thursday 26 May 2005*

A matter was submitted to the French National Contact Point (NCP) by the non-governmental organisation “Les Amis de la Terre” (“Friends of the Earth”), on 26 November 2004, in connection with the project for the construction in Laos of a hydroelectric dam known as “Nam Theun 2” by the NTPC consortium, of which Électricité de France is the principal shareholder.

The case submitted is based on a number of chapters of the OECD Guidelines for Multinational Enterprises: Chap. II (General Policies) concerning sustainable development and respect for human rights; Chap. V (Environment) concerning the gathering and communication of information on the potential effects of the activities carried out, consultation with the local population and assessment of the environmental, health and safety impacts on the persons involved; Chap. IX (Competition) concerning compliance with the rules of international competition (this part of the case was rejected by the NCP). In addition, the NCP considered that it was appropriate to broaden this case so as to include Chap. IV concerning Employment and Industrial Relations.

On the basis of all the documents gathered from the NTPC consortium, the World Bank, the Asian Development Bank and the international network of the Ministry for Economic Affairs, and consultations with experts from the Coface and the French Development Agency (AFD), the NCP has reached the conclusion that, in the light of the information available, no violation of the OECD Guidelines could be attributed to EDF and that EDF had even made commitments that went beyond these Guidelines. In this regard, the NCP takes note of the fact that, on 24 January 2005, EDF signed an agreement on social responsibility defining the group’s commitments with respect to its activities.

However, considering that the NCP also has responsibility for monitoring the effective implementation of the company’s commitments to comply with international environmental and social standards, the NCP members have decided to make the following recommendations in this regard:

1. The NCP is of the opinion that EDF and its partners – through the NTPC consortium – must remain involved in the implementation of all compensatory measures, in the framework of the agreed sharing of responsibilities with the Laotian national authorities. The institutions participating in this project are also asked to ensure that there is an equitable sharing of responsibilities. The NCP takes note of the studies conducted by the consortium on the potential environmental impact of its activities and encourages NTPC, in accordance with its obligations, to continue these evaluations and participate actively in the appropriate protective measures.

2. The NCP is also of the opinion that multinational enterprises doing business in countries where the legislative and regulatory system in the environmental and social field is considered to be weak should do their utmost to apply the same internationally recognised good practices that they follow in their own country at construction sites and with regard to the people affected by their activity. In this respect, the fundamental ILO standards – in particular regarding trade union rights – constitute appropriate rules of conduct for enterprises to follow in their activities.

The NCP also proposes to engage in regular consultations with the company (at least on an annual basis), in order to monitor the project and its impacts, and in constructive exchanges regarding the corrective action to be taken to maintain a high level of good practice and the exemplary standard set for this project.