POLICY BRIEF

SAME PROMISES, SAME FLAWS:
Nam Theun 2 & Inga 3



An operating hydropower dam along the Nam Ou River Cascade in northern Laos, Southeast Asia. Photo: International Rivers

Introduction

In June 2026, the World Bank Group released a new "Approach Paper on Hydropower Development" – the latest chapter in a long-running cycle of commitment to, retreat from, and re-commitment to, large-scale hydropower in low- and middle-income countries. The Approach Paper focuses on why a large worldwide increase in hydropower is needed for the energy transition to renewables and why the World Bank Group has a comparative advantage to facilitate this increase. A small section focuses on "lessons learned."

Have the World Bank and its funding partners learned the right lessons? Does this explicit, renewed support for dams reflect meaningful changes in how problems resulting from large hydro projects are assessed, prevented and addressed?

In this Policy Brief we review the World Bank's actual record in hydropower through two case studies of high-profile hydropower projects in the Bank's portfolio. The first is Nam Theun 2 (NT2) in the Lao PDR (Laos), a project completed in 2010 and under a Concession Agreement until 2035. The second is the Inga 3 Project in the Democratic Republic of Congo (DRC), still in the preparatory stages. Indeed, the World Bank notes in its Inga 3 project documents that its design was "informed by the Nam Theun 2 experience in Lao PDR."[1] A key issue examined is whether planning for Inga 3 meaningfully reflects the problems that emerged with NT2, or whether the World Bank is continuing to make the same promises that have proven so difficult to keep at NT2.

[1] World Bank, Inga 3 Development Program: Project Appraisal Document, p. 26, para. 54.



Hydropower dam along the Nam Ou River Cascade in northern Laos, Southeast Asia. Photo: International Rivers

Nam Theun 2

The Nam Theun 2 Hydropower Project (NT2) in Laos[2] has been the World Bank's flagship hydropower project in Southeast Asia and a focal point of controversy since the early 1990s. NT2 was proposed as a new "model project" for the World Bank at a time when the Bank was reeling from criticism—on social, environmental and human rights grounds—of its past hydropower support in India, Guatemala, Thailand and elsewhere. The initial stated objective was to provide Laos with sustainable revenue through the export of electricity to Thailand while opening up the socialist Lao economy to private investment. However, NT2's proposed reservoir and catchment was an area of critically important biodiversity and the home to several thousand Indigenous people. The Bank promoted NT2 as "green" hydropower that would provide positive environmental and social benefits, more than making up for the disruption to the lives and livelihoods of Indigenous communities and the loss of rare habitat in the reservoir area.

The project faced many delays and in the meantime the World Commission on Dams (WCD) report was released in 2000, validating many of the concerns about large hydropower that had been raised by affected communities and civil society critics. In response, the World Bank further repositioned NT2 as a 'multipurpose' development project with broad-ranging benefits - livelihood enhancements for those to be resettled, environmental protection and a downstream compensation program while also providing revenues for national-level poverty alleviation. To add credibility to the project in the absence of independent civil society institutions in the country, the World Bank appointed a three-person International Panel of Social and Environmental Experts (the PoE) to monitor and advise on the project. The members were global experts in the social and environmental aspects of implementing hydropower, albeit with little experience in Laos. The PoE quickly expressed strong support for the project. Despite international civil society opposition, the US$1.3 billion, 1070 MW trans-basin diversion, structured as a 'Build-Own-Operate-Transfer' public-private partnership (PPP) model, was approved for World Bank support in 2005. The Asian Development Bank and a number of bilateral donors

[2] This case study, up through 2016, is largely based on Shoemaker, Bruce and William Robichaud, (eds.) 2017. Dead in the Water. University of Wisconsin Press.

also agreed to co-finance the project.

NT2 became operational in 2010, initiating a 25-year concession agreement. The World Bank continued to promote the dam as a 'new model' of hydropower that would be 'transformative' for Laos and even published a book, Doing a Dam Better about NT2 in 2011. However, as is examined below, it did not take long before serious problems emerged with both the social and environmental aspects of the project, as well as with the revenue generation for the poverty alleviation component. Abandoning their earlier strong support for the project, the PoE documented many of these issues in a series of increasingly critical reports. Despite restrictions on media and access for researchers, a number of outside reports also began to emerge, which confirmed and further detailed many aspects of the PoE's criticisms. By 2017, in a remarkable turnaround, World Bank staff, once quick to refute any criticism or concerns over NT2, refused to engage with NT2 critics and researchers. Whereas the Bank was quite vocal and public about its intentions to scale up investment in hydropower in 2013, the Bank ended up largely withdrawing from the sector for the better part of a decade over growing scrutiny from governments and civil society. More recently, however, the World Bank has reverted to financing megaprojects at a rate not seen in years[3], chief among them the Inga 3 dam in the Democratic Republic of Congo.

Inga 3

Inga 3 is a dam project in the Congo River basin that has been repeatedly redesigned, with proposed capacities up to 11,000 MW. After withdrawing from the project in 2016 citing fundamental governance concerns, the World Bank revived its engagement in 2025 with $250 million in financing for the first phase of a $1 billion Inga 3 Development Program (I3DP). With its unique falls and rapids, the DRC has long viewed Inga as a source for electricity generation and export as well as a platform for exploiting its vast mineral wealth. The broader Grand Inga vision includes up to eight hydropower projects, which, if completed, would make it the world's largest hydropower complex.

I3DP does not finance dam construction but is presented as a preparatory, phased program leading toward preparing the Inga 3 hydropower project for investment in the form of a PPP. It would also include a component for local development projects near the Inga site and steps toward creating an "Inga Growth Corridor" that would connect Inga to key mining areas and production of critical minerals. This would be part of an ambitious suite of plans to develop special economic zones and serve as an engine for "supplying green minerals for the global energy transition.[4]" Yet the core premise remains unchanged from earlier iterations of the project: generating electricity for mining, export and some domestic consumption, while using government revenues from electricity sales to offtakers that could be used to fund poverty alleviation.

Panoramic view of Inga I Dam on the Congo River, Kongo Central, Democratic Republic of the Congo. Photo: International Rivers



[3] Leslie, Jacques. 2024. "In a Major Reversal, The World Bank is Backing Mega Dams." Yale Environment 360. December 19.
[4] World Bank, Inga 3 Development Program: Project Appraisal Document, p. 25, para. 52.2.

Promises and Reality

The track record of these two projects can best be compared through several key promises and assurances made by the World Bank in advance of project approval. Each of the promises detailed below was central to the claim of NT2 being a new model, and each fell short. Now the same promises are being made for Inga 3.

1 "Electricity sales will pay for poverty reduction"

The promise at Nam Theun 2

The initial stated objective was to provide Laos with sustainable revenue through the export of electricity to Thailand. NT2 was later rebranded as a "multipurpose dam" with broad benefits that would also provide revenues for poverty alleviation. The Bank claimed NT2 would yield about $2 billion in government revenues, "with that revenue to be used by the government to reduce poverty." Ninety-five percent of the project's power is exported to neighboring Thailand. Thus, the project's development rationale, and its ultimate success, has always hinged on revenue generation to fund development programs aimed at reducing poverty in the country. Given persistent corruption and governance challenges in Laos, the World Bank, as a condition of its support, instituted extraordinary measures through the creation of a Revenue and Expenditure Management Program to track revenues from the project and ensure expenditures on development programs.

What happened

In the non-transparent governance environment of Laos, it was not possible to confirm that NT2 project revenues have in fact been used for poverty alleviation. Despite reporting that NT2 had been generating higher-than-expected revenue, by 2015 the World Bank admitted that less than half of revenues were fully accounted for, a share that was in fact declining. The Government of Laos (GoL) had not published its financial statements or audits, and the company had not disclosed revenue figures. With severe restrictions on civil and political freedoms, Lao people have no avenue by which to demand transparency and accountability. The World Bank has been unwilling or unable to act on violations of the Concession Agreement to which all parties had agreed.

Meanwhile, NT2's legacy has been profound. The foreign investment laws and structures set up by the World Bank to facilitate NT2 have been used to transform the country's rivers with over 100 hydropower projects built or in process. To date, rather than providing sustainable funding for the government to implement poverty alleviation, hydropower projects have contributed to a severe debt crisis. Projects such as the Nam Ou Cascade in Laos illustrate the fundamental financial risks associated with large-scale hydropower, including high capital costs, long-term debt obligations, uncertain revenues, and the transfer of financial risk to governments. These fiscal pressures have greatly affected government services such as health and education, which have severely deteriorated since 2022, especially in rural areas.[5]

What is being repeated at Inga 3

The DRC has one of the world's lowest electrification rates: only about one in five people has access to electricity, while those with access often face

[5] Barney, Keith et al. 2025. "Trapped in debt: China's role in Laos' economic crisis." Lowy Institute, April 13.

unreliable and poor-quality service. The World Bank's principal justification for its involvement in Inga 3 has been to close DRC's energy access gap.

In 2014, announcing its technical assistance support for Inga 3, the World Bank's Africa Vice President cited Inga's prospects "to expand people's access to electricity."[6] The breakdown of beneficiaries told a different story. Of the 4,800 MW planned output, 1,300 MW was proposed for mining companies in Katanga province, 2,500 MW for export to South Africa and most of the rest to urban centers in and around the DRC capital of Kinshasa. This would exclude Inga communities and others outside of major metropolitan areas from electricity benefits of the project. International Rivers' 2017 report, In Debt and In the Dark, found that under most likely scenarios, little if any electricity would remain for residential customers within the DRC.[7]

Today's program follows the same logic. The World Bank's plan to develop Inga 3 as a PPP would incentivize developers to sell the electricity to industrial interests and regional offtakers at the expense of Congolese citizens, who may only be able to access the power after a concession period that could be 30, 50 years or more. International Rivers' analysis warned that a PPP would entail unacceptable financial risk to the DRC government: under its most likely scenario, Inga 3 could cost the country about $618 million annually, or nearly $22 billion over 35 years.[8]

As at NT2, the World Bank presents revenue as a core benefit. The I3DP Project Appraisal Document lists "strengthening the DRC's revenue base through long-term sale of electricity to industry and other countries" among Inga 3's main benefits, and acknowledges that translating these revenues into service delivery will require significantly strengthened governance. Given significant governance challenges in the DRC, questions persist about whether these revenues would be managed transparently or used effectively for that purpose. Congolese civil society has warned that concentrating decision-making and oversight for Inga within the Office of the President reduces transparency, limits independent supervision and weakens accountability, and has called for open, participatory processes and independent oversight to ensure that resources serve the public interest.[9]

As at NT2, there is a real risk that the Congolese public will be largely bypassed in terms of project benefits, and that concentrating investment in hydropower will become a significant drain on public resources.

2 "Conditions and oversight will make up for weak governance"

The promise at Nam Theun 2

A key commitment was to ensure the long-term protection of the upper catchment area of the dam, the Nakai Nam Theun (NNT) Protected Area, an area of global importance for biodiversity. This was meant as an offset for the loss of other critically important biodiversity in the area flooded by the reservoir. Another commitment was that resettled communities would have exclusive rights to reservoir fisheries and to gain income from community forestry activities.

[6] World Bank, "World Bank Group Supports DRC with Technical Assistance for Preparation of Inga 3 BC Hydropower Development," March 20, 2014, archived via Internet Archive.
[7] International Rivers, In Debt and in the Dark: Unpacking the Economics of DRC's Proposed Inga 3 Dam (2017)
[8] ibid. p. 3.
[9] Call for the World Bank to Reconsider Its Plans for the Inga 3 Hydropower Project in the Democratic Republic of Congo," statement by representatives of Congolese civil society with the support of African civil society allies, June 2025, pp. 3–4

What happened

The Watershed Management and Protection Agency, set up and funded to manage the NNT, proved to be weak and ineffective at stopping poaching of wildlife, illegal harvesting of tropical hardwoods and other encroachments. Despite millions in funding, a major restructuring and repeated expressions of concern, the situation has only worsened over time. In late 2025 the project's International Monitoring Agency reported that the Lao military had opened up a large gold mine within the protected area and that a concession for an expansive Vietnamese wind farm, right in the core of the NNT, had been approved.[10] These are violations of the GoL's legal commitments to the World Bank, damaging the area that had been so central to NT2's image as a "green" hydropower project. The Bank has responded weakly, suspending funding for one forestry project but continuing with its overall lending program to Laos. Similarly, the GoL did not follow through on its commitments to resettler livelihoods. Reservoir fisheries and forest areas suffered repeated encroachments by outside groups and companies, denying resettlers the opportunity to gain anticipated income from these activities.

What is being repeated at Inga 3

The World Bank cancelled its earlier involvement in Inga 3 in 2016 after the DRC established the Grand Inga implementing agency, Agence pour le Développement et la Promotion du Projet Grand Inga (ADPI), within the Office of the Presidency rather than as an independent agency and violated Bank procurement standards in its bidding process for the major preparatory studies the project would fund.

Civil society within and outside the DRC question the Bank's re-engagement in Inga 3 when the governance issues that prompted its exit remain. The Bank claims that its governance concerns have been resolved in part by DRC's improved track record on economic management and a strong political commitment to Inga 3 as a broader development program.[11] Whereas its Inga 3 operation in 2014 maintained certain governance standards as a prerequisite for continuation of the loan, the Bank has incorporated governance capacity-building into I3DP and associated investments. One such investment is an Inga-related World Bank development policy operation (DPO) that ties budgetary support to DRC with the advancement of a draft Inga Law, which would formalize ADPI's authority through legislation and give it a statutory role as the central institution for Grand Inga. Congolese NGOs have raised concerns about the opacity of the Inga Law drafting process, and argue that the existing legal framework governing the electricity sector is sufficient.[12]

NT2 shows that political commitment to building a dam is not the same as a commitment to follow the conditions attached to it. To date, there remain concerns that the World Bank will be unwilling to ensure compliance with key commitments and assurances, as was the case at NT2. This also raises questions about the appropriateness of embarking on major, externally-funded infrastructure projects in operating environments with severe governance issues.

[10] International Monitoring Agency. "Nakai-Nam Theun National NP." Report, December 21, 2025.
[11] World Bank, Inga 3 Development Program: Project Appraisal Document, p. 26, para. 52.1.
[12] Vers Vert-Infos, "Projet de loi Grand Inga : aux côtés de la CORAP, la société civile estime que cette loi n'a pas véritablement sa raison d'être," April 8, 2026

3 "Affected people will be meaningfully consulted"

The promise at Nam Theun 2

The World Bank and GoL initially claimed affected people were impoverished and thus in favor of resettlement as a way to improve their lives. Shortly before project approval, in an effort to demonstrate that NT2 was "WCD-compliant," the Bank held more in-depth, last-minute consultations with affected communities and civil society groups, and presented the project as a model of public consultation.

What happened

Initial consultations were widely criticized, even by the Bank's own consultants, as top-down and inappropriate. Local leaders widely understood that the Lao government and ruling party were in favor of the project. Later consultations, while more in-depth, were still held within a context where the decision had already been taken and were dismissive of the fact that Lao people were unable to speak out freely. There was no discussion of alternatives to NT2, only of the details of compensation arrangements. Downstream communities were not aware of the project or its potential impacts until after the decision to develop the project was taken. The Bank failed to properly identify Indigenous communities or provide them with any special accommodations such as translation into local languages.[13] Even with its considerable resources, the World Bank, operating in the political context of a one-party state that severely restricts civil liberties, was incapable of conducting authentic participatory processes, of ensuring that villagers with legitimate grievances were able to freely express their concerns or of providing them with adequate remedy.

What is being repeated at Inga 3

The World Bank described I3DP community consultations as "pivotal to the preparation of the community development pillar" and says the aim has been to "foster broad public support for the new program."[14] Yet local civil society organisations and potentially affected communities question whether consultations focused primarily on development needs constitute meaningful consultation about Inga 3 itself. Communities have largely been asked to identify priorities such as roads, schools, health centers, electricity and water, rather than receiving clear information about the proposed dam, its potentially affected areas, and its environmental and social impacts. This has reportedly generated division within communities, with some associating development benefits with Inga 3 despite limited information about the project.

Civil society organisations have questioned whether presenting urgently needed benefits in this context could influence community acceptance and argue that such initiatives should not substitute for consultation required under the World Bank's Environmental and Social Framework (ESF) on the risks and impacts that developing Inga 3 would pose.

Reported experiences further raise questions about whether communities are adequately informed that they are participating in Inga 3 consultations. At a 2026 workshop organised by a local NGO, with ADPI present, participants reportedly understood the meeting to concern agricultural activities and were

[13] Kanokwan Manorom, Ian G. Baird & Bruce Shoemaker. 2017. The World Bank, Hydropower-based Poverty Alleviation and Indigenous Peoples: On-the-Ground Realities in the Xe Bang Fai River Basin of Laos. Forum for Development Studies.
[14] World Bank, "In the DRC, Community Consultations Lay the Groundwork for Local Citizens to Benefit from the Inga 3 Development Program," June 3, 2025.

surprised when Inga 3 was introduced. When asked whether they had previously received information about the project, participants reportedly said that they had not. Civil society organisations have also reported intimidation of critical voices and exclusion from some consultative meetings.

In both projects, consultations have been box-ticking exercises in the context of decisions already made.

4 "Environmental and social impacts are known and can be managed"

The promise at Nam Theun 2

NT2 is a trans-basin diversion project, greatly affecting flows in two rivers. However, in initial planning, all focus was on the reservoir area while potential downstream impacts were almost totally ignored. Emerging reports from a nearby ADB project, and independent research on a to-be-affected river, suggested that NT2 planners had failed to consider downstream impacts on fisheries and local livelihoods. After overlooking the potential risks to the Xe Bang Fai River, the World Bank was pressured to examine the impacts on the 120,000 people who would be severely impacted and to allocate additional assistance through a $16 million Downstream Compensation Program. The Bank claimed in 2012 that "the level of downstream impacts were in line with or even less than what was anticipated," while promoting NT2 as green energy.

What happened

An independent study, confirmed by the PoE, revealed that the changes in the Xe Bang Fai River's ecosystem, which had its flows more than doubled following project completion, caused harm to tens of thousands of people all along the river. Villagers reported a dramatic drop in wild fish catches and other aquatic life, excessive flooding of low-lying rice fields during the rainy season, loss of riverbank gardens due to fluctuating water levels, and other impacts associated with major hydrological and water quality changes. Impacts fell disproportionately on women and poorer families most dependent on the collective resources the river provided. NT2's Downstream Compensation Program proved inadequate to mitigate these losses and, after less than three years of operation and against the recommendations of the PoE, was handed over to the GoL and subsequently terminated when the funds ran out prematurely. Interviewed villagers stated that compensation provided was not nearly enough to make up for their losses.[15]

What is being repeated at Inga 3

I3DP was approved on the basis of an "adaptive risk management" approach, which reduces the ex-ante environmental and social analyses required for project approval and is central to the World Bank's new safeguards approach. The Bank's own Independent Evaluation Group (IEG) report finds that key tools for adaptive management "are underused… project risk ratings are rarely updated, and Environmental and Social Commitment Plans (ESCPs) are often not revised, even when risks increase."[16]

[15] Baird, Ian G et al. 2015. "The People and Their River, The World Bank and its Dam: Revisiting the Xe Bang Fai River in Laos." Development and Change. Institute of Social Sciences. 46(5): 1080–1105.
[16] World Bank Independent Evaluation Group, "Implementing the World Bank's Environmental and Social Framework."

According to I3DP documents, "ADPI has no experience in the preparation and implementation of projects under World Bank ESF.[17]" To supplement capacity, the Bank notes a PoE of environmental and social (E&S) experts will be recruited and that ADPI will contract two E&S specialists.[18]

Despite the World Bank's characterization of Inga 3 as a project key to the global energy transition to renewables, how the Bank will account for the project's greenhouse gas emissions and other negative climate change impacts is not yet known. I3DP documents state that an analysis found the project was aligned with the Paris Agreement, but this analysis is not public. If Inga 3 creates a major reservoir, it is likely to trap sediment and produce significant methane emissions. It is unclear if this will fall inside the climate accounting parameters for I3DP. Also unclear is whether the project will take into account the significant risk to natural resource-based livelihoods on the Congo River.

Both NT2 and Inga 3 have been referenced by the World Bank as "high-risk, high-reward" projects. The Bank's new adaptive management approach to E&S risks enables the Bank to work in higher-risk contexts. Yet the ones exposed to "high risks" tend to be local, natural resource-dependent communities and ecosystems, while the "high rewards" of these projects accrue to outsiders–investors, foreign buyers, industrial interests, elites and the relatively well-off in urban areas. Local people and communities are left out of the decision-making on whether they view the high risks they potentially face to be acceptable.

5 "Displaced communities will be better off"

The promise at Nam Theun 2

NT2's proposed reservoir area was the home of nearly 6300 Indigenous People who had to be involuntarily resettled. A key promise was that their livelihoods would be improved. The Bank and its partners agreed to invest nearly $40 million and substantial staff time to devise and implement the resettlement plan. In 2013 the Bank claimed that "most resettler households are significantly better off today than they were before the project."

What happened

Resettlement assistance focused on rural infrastructure and provided new houses, electricity, roads, schools, and health centers. However, in the years since they were relocated, those resettled have still struggled from the loss of their traditional livelihoods, having lost access to their natural resource base of paddy and swidden fields, forests, and grazing lands. The poor quality and small size of land parcels in the resettlement sites, along with the unwillingness of the Lao government to follow through on project commitments, have continued to cause problems for villagers, who have been unable to benefit from the main planned livelihood restoration strategies.[19] Meanwhile, fish stocks in the reservoir, meant to replace riverine fishing as a long-term livelihood, have declined significantly.

In 2014 PoE member Thayer Scudder, disillusioned with the failure of NT2's social and environmental promises, formally came out against NT2, describing

[17] World Bank, Inga 3 Development Program: Project Appraisal Document, p. 35, para. 84.
[18] Ibid.
[19] The PoE criticism of the failure of nearly all of the livelihood "pillars" (reservoir fisheries, community forestry, agriculture, livestock raising and off-farm income) reached the point that in December 2015, the group, tasked with determining if resettler livelihoods had been sufficiently restored, refused to sign off on the program's planned closure, stating that "a substantial proportion of the Resettlement Objectives and Provisions has not been fully achieved as yet." -Hunt, Glenn, et al. 2017. "Broken Pillars: The Failure of the Nakai Plateau Livelihood Resettlement Program" chapter in Shoemaker and Robichaud, Dead in the Water.

it as his "final disappointment" in many attempts to make large hydropower beneficial for people and the environment.

What is being repeated at Inga 3

Previous estimates suggested that over 37,000 people could be displaced and impoverished by Inga 3. I3DP documents note that the resettlement impacts of the Inga 3 reservoir "may vary between zero and over 20,000 people depending on choices made." [20]

Many of the families impacted will be forcibly relocated for a second time, having already experienced economic, social and cultural dislocation a generation earlier by the building of Inga 1 and 2, inflicting intergenerational harms. Many displaced families continue to live without electricity despite their proximity to the dams, including in a camp intended originally for dam workers that became a community of former workers' and displaced families called Camp Kinshasa. I3DP's financing for community development indicates a consideration of local needs not seen previously. However, the possibility that many beneficiaries of these investments would later have to be resettled is a serious cause for concern.

If the Bank's best-resourced resettlement effort could not restore livelihoods at NT2, there is little reason to expect better at Inga.

[20] World Bank, Inga 3 Development Program: Project Appraisal Document, p. 30, para. 64

CONCLUSION: The Repeating Pattern

The Bank is still unable or unwilling to fully acknowledge the extent of its past mistakes and the harm they have caused. Despite extensive evidence on NT2 compiled by the Bank's Panel of Experts, the International Monitoring Agency and well-documented outside research, Bank staff have been unwilling to acknowledge any criticism. This is a poor basis for claiming to have learned lessons, or to claim any comparative advantage in ensuring future projects such as Inga 3 are implemented with high environmental and social standards.

Almost all of the conditions that undermined NT2 are present at Inga 3. The evidence to date suggests the World Bank's renewed engagement in Inga 3 is less about a new approach to hydropower that incorporates lessons learned, than it is a rush for project approval to meet a geopolitical moment marked by intensifying international competition for control over the DRC's critical mineral resources. There is a gap between the I3DP consultations described in World Bank documents and the participation experienced by communities. Consulting communities on development priorities without first providing adequate information about the proposed dam risks conflating support for urgently needed services with informed participation in decisions about Inga 3.

The World Bank cites Nam Theun 2, a project it once promoted as a model and that its own experts came to reject, as informing its design of Inga 3, yet the Bank has never fully acknowledged NT2's failures or the harm they caused. Before the World Bank commits further to Inga 3 or any other large hydropower project, it must undertake an authentic process of learning from its record and provide remedy for the harm caused. **Now more than ever, it is time for a change.**