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**FROM RESETTLEMENT TO SUSTAINABLE LIVELIHOOD  
DEVELOPMENT: THE POTENTIAL OF RESETTLEMENT AND  
LIVELIHOOD RESTORATION ARRANGEMENT TO ACHIEVE  
LIVELIHOOD SUSTAINABILITY.**

**A Case Study of Resettled Communities on the Nakai Plateau  
Nam Theun 2 Hydropower Project in Lao PDR**

A thesis presented in partial fulfilment of the requirements for the  
Degree of Master of Philosophy in Development Studies at Massey University,  
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# ABSTRACT

Over the past few decades, development-induced displacement and resettlement has potentially run the risk of impoverishing local populations, threatening people's livelihoods and truncating their chances for sustainable development. To address the impact of displacement and resettlement on affected communities, a 'resettlement with development' approach has been increasingly adopted by numerous development agencies focusing on mitigation policy, plans and strategies. Particularly, the integration of a sustainable development concept into livelihood restoration initiatives has gained more attention in resettlement and development discourse. This thesis explores claims that the risks associated with resettlement can be avoided or mitigated by careful planning that includes livelihood development initiatives for the affected populations. Specifically, this thesis examines the potential of the existing resettlement and livelihoods restoration programs to address the livelihood sustainability of resettled communities associated with the Nam Theun 2 Hydropower Project in Lao PDR.

The findings of this study indicate that the Nakai resettlement and livelihood restoration programs have the potential to strengthen local capacities. This is particularly through the increased access to various livelihood assets and resources. With resettlement, Nakai resettlers have experienced a significant improvement in physical capital such as shelter, road access and communication infrastructure. The improved access to physical capital following resettlement has further enhanced resettlers' ability to gain access to human, social and financial capitals. The capacity to access these resources is seen to be vital for the reconstruction of the resettlers' livelihoods, and can also be crucial for the achievement of long-term livelihood sustainability.

The results of this study further suggest that the Nakai resettlement and livelihood restoration scheme has to date supported the resettlers on the Nakai Plateau in gaining a number of positive livelihood experiences. These extend beyond economic or monetary gains through increased income and access to employment, to also include other social and psychological benefits such as better health care and education, and an improved sense of security and self-esteem. All of these achievements were found to be fundamental for resettlers in realizing their own livelihood goals and objectives in the future.

Finally, although the findings of this research identified some challenges experienced by resettlers such as the reduction of agricultural and grazing land area, none were perceived to be major threats that were preventing them from achieving their livelihood objectives. Instead, the experience with the Nam Theun 2 project has highlighted one of the key lessons learnt from previous resettlement programs that is worth highlighting for future resettlement program mitigation associated with development projects: to have the resettlers fully engaged in the entire process of livelihood strategy development.

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# LIST OF ABBREVIATIONS

ADB	Asian Development Bank
CA	Concession Agreement
DEPD	Department of Energy Promotion and Development
DFID	Department for International Development
DID	Development-Induced Displacement
DIDR	Development-Induced Displacement and Resettlement
FAO	Food and Agriculture Organization
GMS	Greater Mekong Sub-region
GOL	Government of Laos
IDA	International Development Association
IDS	Institute of Development Studies
IFC	International Finance Corporation
IPPs	Independent Power Plants
IRR	Impoverishment Risk and Reconstruction
KW	Kilowatt
Lao PDR	Lao People's Democratic Republic
LRN	Low Risk Notification
MDGs	Millennium Development Goals
MOU	Memorandum of Understanding
MUHEC	Massey University Human Ethics Committee
MW	Megawatt
NGOs	Non-Governmental Organizations
NGPES	National Growth Poverty Eradication Strategy
NPA	National Protected Area
NT2	Nam Theun 2
NTFPs	Non Timber Forest Products
NTPC	Nam Theun Power Company
NZAID	New Zealand Agency for International Development
ODI	Overseas Development Institute
PRF	Poverty Reduction Fund
PSDP	Power System Development Plan
RAP	Resettlement Action Plan
RMU	Resettlement Management Unit
SDD	Sustainable Development Department
SIDA	Swedish International Development Cooperation Agency

SLA	Sustainable Livelihood Approach
SLF	Sustainable Livelihood Framework
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
VFA	Village Forest Association
VRFA	Village Reservoir Fisheries Association
WB	World Bank
WCD	World Commission on Dam
WFP	World Food Program