

TO: Dr. Jim Yong Kim  
President  
World Bank Group  
Washington, DC

CC: Klaus Rohland, Country Director for Mongolia  
Coralie Gevers, Country Program Manager and Resident Representative  
Carl Patrick Handlon, EAP Communications Manager  
Mohamad Al-Arief, Communications Officer, Mongolia  
Gerald Ollivier, Sustainable infrastructure, World Bank East Asia

Dear President Kim:

We are writing this letter to ask the World Bank to rethink its involvement in the Shuren Hydropower Dam planning on the trans-boundary Selenga River in the Lake Baikal Basin in Mongolia. Project preparation for this dam and a smaller dam on the river Orkhon is included in the MINIS Project, which was originally designed to support mining infrastructure development in South Gobi.

The Selenga river system is the largest river in Mongolia, which is the main source of water and sediments for the Lake Baikal World Natural Heritage Site. Development of dams and reservoirs on the principal watercourses of the Selenga basin puts at risk the unique natural ecosystem of Lake Baikal, the biggest freshwater lake on earth, which is famous for its biodiversity and endemism. The lake's ecosystem, already suffering from the impacts of hydropower in Russia, is critically dependent on the flow regime of the river Selenga. Besides that, sediments transported by the river form the Selenge river Delta – a unique biological filter and nursery for aquatic life, that has been declared a Ramsar Wetland of international importance. Dams upstream will cut off sediment and most likely cause degradation of the unique Delta and its essential ecosystem services to Baikal as a whole. A variety of fish species ranging from the critically endangered Baikal Sturgeon to the most commercially important Baikal Omul (cisco) annually migrate in the Selenga system from the lake up to Mongolia for spawning. These migrations are likely to be disrupted by dams that will destroy critical habitats and disrupt the ecosystem services of the Selenga river system.

Indigenous nomadic herders of Mongolia depend on the Selenga and Orkhon river valleys as refuges, calving grounds and hayfields, as well as important ancestral lands. The livelihoods of these people would be seriously affected by reservoirs in downstream areas as well. The Taishir Hydro recently built in western Mongolia with support of the Kuwait Fund has caused serious hardship for thousands of nomads living along the river Zavkhan. A significant portion of population in the Buryat Republic of Russia depend on fisheries and transportation on the Selenga, and is likely to be negatively affected by dams planned upstream. Therefore dam construction will not only lead to extensive resettlement, but will also negatively affect the traditional lifestyle of local people in two countries.

The Shuren Dam is not supported by the World Bank Country Partnership Strategy for Mongolia, which does not deal with large-scale water infrastructure outside of South Gobi. It also has very little to do with the MINIS Project's goal to advance development of infrastructure supporting mining.

It seems that the World Bank could not approve development of such a project as it lacks policies and instruments to evaluate and assist improvement in the Mongolian surface water resources management sector. Meanwhile the World Bank pledges to support improvements in groundwater management in South Gobi are lagging behind and funding for that task has been removed from MINIS Project loan money.

The Shuren Hydropower Dam is an outdated project designed by Soviet engineers in the 1970s, when many modern environmental, technological and safety requirements were unthinkable. Despite more than 70 large and middle-sized dams proposed in that era in Mongolia only 2 have been built to date, both having extremely poor performance and severe socio-ecological problems. The reason is simple – Mongolia is a water-deficient country with highly variable flows, and it is unreasonable and risky to allocate its scarce water resources for hydropower. At the same time Mongolia has reasonable wind energy potential and extremely good solar energy potential. Therefore it would appear that the World Bank is creating perverse incentives for a developing country by supporting its unreasonable dream of hydropower instead of giving assistance in the expedient development of other types of renewable sources.

We hope that the World Bank will withdraw its support to the Shuren Hydro Project in the nearest future and help Mongolia in developing a better energy development strategy that does not put at risk globally significant biodiversity and the livelihood of indigenous peoples. Please inform us who at the World Bank made the decision to support inclusion of the Shuren Hydro into the list of MINIS-supported infrastructure. Please inform us on decisions and measures taken in conjunction with our letter.

Sincerely,



Alexander Arbachakov

Secretary

“Sosnovka” Coalition of Environmental and Indigenous Peoples NGOs of Siberia and Far East. (This coalition unites approximately 50 civil society groups working on nature conservation and sustainable development in Eastern Russia)

September 29, 2012.