Approach to regional benefit sharing for sustainable development of the Mekong basin

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Benefit sharing work is prioritized by the Basin Development Strategy

A strategic priority in the current Basin Development Strategy is:

“to seek options for sharing the potential benefits and risks of development” (e.g. navigation, irrigation, hydropower, water supply, etc.)

Further, the Strategy calls for the MRCS to “support and facilitate negotiated solutions for sharing benefits and risks that are sensitive to the region... and respectful of the development strategies and aspirations for regional cooperation of the parties”.
Benefit sharing: two areas of work

- **National-to-local benefit sharing (on tributary hydropower by MRC/ISH)**, which is about:
  - **Compensation** for the people directly negatively impacted by a project
  - **Benefit sharing (long-term)** for the wider community in the project area

- **Regional benefit sharing (in all sectors by MRC/BDP)**, which is related to cooperation between countries
Regional benefit sharing
MRC has clear mandate in 1995
**Agreement:** *basin-wide planning, cooperation, mutual benefits, joint development*

**Article 1:** to cooperate in all fields of sustainable development, utilization, management & conservation of water and related resources of Mekong....... to optimize multiple-use & mutual benefits of all riparians...

**Article 2:** ...with emphasis & preference on joint &/or basin-wide development through formulation of basin development plan, that would be used to identify, categorise & prioritise the projects & programmes to seek assistance for and to implement at basin level
Clear mandate in 1995 Agreement: procedures

Agreement sets out the principles governing its implementation and the manner in which national interests will be safeguarded.

These principles are implemented through Rules of Procedure.

The Member States commit also to protect the environment (Art. 3) and, under Article 7, to make every effort to avoid, minimize and mitigate harmful these effects, for which a dispute resolution process is provided should harm arise (Art. 8).

MRC’s Procedural Framework

- Procedures for Data and Information Exchange and Sharing (PDIES)
- Procedures for Notification, Prior Consultation and Agreement (PNPCA)
- Procedures for Water Use Monitoring (PWUM)
- Procedures for the Maintenance of Flows on the Mainstream (PMFM)
- Procedures for Water Quality (PWQ)
Optimizing basin development through:

The basin development planning process and the implementation of MRC procedures:

- Both are needed to develop and manage the Mekong Basin sustainably

- Together they support optimizing development (ie increasing the benefits and reducing the negative transboundary impacts):

  **Making the pie bigger**
The basin-wide planning concept used by the MRC for optimizing basin development is the Development Opportunity Space (DOS)

The DOS represents the potential for further development.

It is bounded by thresholds (from MRC Procedures) and acceptable values of social, environmental and equity indicators.

The indicators will follow from the cumulative impact assessment of scenarios reflecting foreseeable future national sectoral plans.
Use of the assessment results and the application of MRC Procedures

• Scenario assessment results enable the Member Countries to consider the acceptability of different development plans

• Those scenarios (and the projects within them) that are considered acceptable will enter the DOS, thereby expanding the DOS

• Conversely, those that are considered to have unacceptable impacts lie outside the DOS

• In some cases, improved project design and mitigation measures (for instance, following the consultation of a project submitted to PNPCA) can enable that project to enter the DOS
Opportunity, not project endorsement

• The DOS can be used as a “cooperation space” or “negotiation space” to explore mutually beneficial development opportunities, including benefit and impact sharing “deals” that go beyond individual water resources development project and the water sector.

• The DOS does not indicate endorsement of a national plan or project that are brought into scenarios.

• Individual projects are subject to the MRC’s Procedure for Notification, Prior Consultation and Agreement (PNPCA).

• When required under PNPCA, checks are made as to whether the project in question falls within the DOS.
Optimising basin development through basin-wide planning

Optimal development and expansion of the DOS can best be achieved through

- joint exploration and assessment of alternative basin-wide development scenarios
- studies that will serve to reduce knowledge gaps
- guidelines that promote best practice
- effective and appropriate application of MRC Procedures, including the PMFM, PWQ, and PNPCA
Three steps...

1. **Exploratory scenarios for the long-term (2060)**, investigating future development needs and opportunities and risks in response to climate change, demographic changes, rising social demands, and others. These scenarios will explore how the full potential of the Mekong basin can be realised, such as:

2. Based on the insights gained, **alternative medium term plan scenarios (2030)** will be formulated.

3. When the results demonstrate significant increases in national benefits and decreases in transboundary impacts, **the countries will have powerful incentives to adapt current national plans**.
Assessment methodology

- The methodologies will generally follow the already established and used for the previous scenario assessments.
- Each scenario is being assessed against the MRC Indicator Framework.
- The assessment considers the total national benefits and costs accruing to each country under current and future plans, as well as the transboundary benefits and costs (a sub-set of total benefits and costs).
Mechanisms to expand the DOS

The two principle mechanisms to expand the DOS and promote regional benefit sharing are (again, in line with the 1995 Mekong Agreement):

- **National projects of basin-wide significance** create development opportunities elsewhere in the basin

- **Joint projects (involving two or more countries)** address issues and opportunities that one country alone could not do as effectively

Such projects can be considered at any time based on existing information. The initiated new scenario assessments will identify more of these projects and prioritise them.
Examples of national projects of basin-wide significance

Examples

- **Re-regulation of mainstream flows**
  Affecting irrigation potential, flood impacts, salinity control, etc

- **Production trading**
  May include agricultural produce, aquaculture and fisheries produce etc
  (nb energy usually under direct cooperation)

- **Environmental management**
  Impacts on natural resources, wetlands, etc

- **Navigation**
  Inter-country transport benefits

• National projects of basin-wide significance exist already to some extent in the Mekong basin

• **These projects create transboundary benefits by default**

• The benefits (both positive and negative) are made possible from developments in one country as a result of developments and/or management actions in one or more other countries

• They contribute to changes in the boundary of the DOS
Examples of joint projects

Examples

- Joint studies leading to coordinated action under a MoU, agreement or treaty
  Management of the Cambodian-Viet Nam flood plains may in due course be an example of this

- Joint investment under a specific agreement in a project in one country that brings benefits to both countries
  Some existing and ongoing hydropower projects are examples of this

- Production trading agreements where investment is made by one country to sell to others
  Examples are various power-selling agreements already in force and planned

- Joint projects create transboundary benefits from direct cooperation

- To date there are few joint projects in the Mekong basin

- The benefits (both positive and negative) arise from projects undertaken jointly by two or more countries to mutual overall benefit
Anticipated results

- **Common understanding of what transboundary impacts and risks may be considered acceptable** (“lines in the sand” which will help ‘size’ and ‘shape’ the DOS described within the updated Basin Development Strategy)

- A range of proposed **projects of basin-wide significance and some joint investment projects**

- The identification of nationally planned suboptimal projects from a basin-wide perspective

- **‘Deal structures’** between countries based on negotiations of benefits and trade-offs to realize the benefits of the above projects

- Adaptation of national plans to increase in national benefits and decrease negative transboundary impacts
Thank you