Mekong River Commission

Basin Development Plan (BDP2)
Independent Panel of Experts

Key interim findings of POE Mission
11-17 June 2010,

16 June, 2010, MRC, Vientiane, Laos
Independent POE: interim findings

① What are we doing? the rationale
② Towards cooperation
③ Towards sustainability
④ Towards river basin management
⑤ Some country views
⑥ Refining ‘Development Space’
⑦ Quality of process
⑧ Quality of product
⑨ Interim conclusions
What are we doing? the rationale

- Independent POE: assisting BDP2 success
  - Regional Team / regional experience (2 missions)
  - International Team / international experience (1 mission)
- Mekong challenge: scale, opportunity, risk
- BDP2:
  - Treaty commitment, priority agenda, complex
  - Strategic view
  - Detailed review
- MRC/BDP2: corporate priority; aligning incentives - achieving goals
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Mekong countries vow to strengthen cooperation

Countries in the Mekong sub-region need to undertake new initiatives and enhance their leadership for the sake of regional development, leaders of five Mekong River countries agreed at the 19th World Economic Forum on East Asia in HCM City on June 6.

The Prime Ministers from Vietnam, Laos, Cambodia, Myanmar and Thailand affirmed strong commitment of the Mekong River Commission members to continuing cooperation and pushing up sustainable development, using, protecting and managing Mekong River water and other resources in the river’s lower basin.
Towards cooperation: complex, costly, lengthy

- Basins within nations with strong central governments
  
  ![Legal complexity](#)  ![Political complexity](#)

- Basins within federal nations with strong state governments (transboundary waters)

- Basins shared by nations (international transboundary waters)
Towards cooperation: key lessons

• Cooperation when ‘perception of benefits’ > ‘perception of costs’; influence perceptions
• Maximize ‘basket’ of benefits; share fairly
• Explore range of cooperation options
• Mindset change: planning beyond borders
• negotiation starts day 1; Negotiation comes later
## Four Types of Benefits

<table>
<thead>
<tr>
<th>Type 1: Environmental</th>
<th>Improved ecosystem sustainability, conservation &amp; water quality</th>
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</thead>
<tbody>
<tr>
<td>Increasing Benefits</td>
<td>To the river</td>
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<tr>
<td></td>
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<tr>
<td>Type 2: Economic</td>
<td>Improved productivity, flood &amp; drought management</td>
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<tr>
<td>Increasing Benefits</td>
<td>From the river</td>
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<tr>
<td>Type 3: Political</td>
<td>Reduced risks; policy shift to cooperation &amp; development</td>
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<tr>
<td>Decreasing Costs</td>
<td>Because of the river</td>
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<tr>
<td>Type 4: Indirect Economic</td>
<td>Broader regional cooperation &amp; integration</td>
</tr>
<tr>
<td>Increasing Benefits</td>
<td>Beyond the river</td>
</tr>
</tbody>
</table>
## Sharing benefits: possible mechanisms

<table>
<thead>
<tr>
<th>Water Sharing</th>
<th>Benefit Sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assigning rights</td>
<td><em>Direct payment for water use</em> - e.g., municipal or irrigation supplies (rights already assigned)</td>
</tr>
<tr>
<td></td>
<td><em>Direct payment for benefits</em> - e.g., fisheries, watershed mgmt; or compensation for costs - e.g., inundated land, pollution</td>
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<td><em>Purchase agreements</em> - e.g., power, agriculture products (benefit transfer through terms/price)</td>
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<td></td>
<td><em>Financing &amp; ownership arrangements</em> - e.g., power infrastructure (benefit transfer through deal structure)</td>
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<tr>
<td></td>
<td><em>Broadened bundle of benefits</em>, including provision of unrelated goods and services &amp; less tangible (e.g. reputational) benefits</td>
</tr>
</tbody>
</table>
a Cooperation Continuum

Unilateral Action

Communication & notification
Information sharing
Regional assessments

Joint Action
Joint institutions
Joint project assessment & design
Joint investment
Joint ownership of assets

Coordination
Adapt national plans to mitigate regional costs
Adapt national plans to capture regional gains
Identify, negotiate & implement national investments that capture cooperative gains

Integration

Collaboration

Dispute

Cooperation Continuum

Joint ownership of assets
..some ‘beyond the river’ benefits

Oil/gas pipelines

Road links

Railway links

Inland water transport

Port access

Ganges case
Status quo:
Countries planning without regional framework

Planning in regional context:
Assess potential & optimal benefits by "lifting" national borders

Planning in regional context:
Benefits identified
Equitable benefit distribution analyzed
Levels of cooperation explored

Cooperative management:
Pragmatic/realistic outcomes
Institutions & benefits negotiated
Legal/institutional framework
Equitable benefits distributed
Towards cooperation: MRCS

- Mekong Agreement: BDP (process & product) is central pillar
- Ensure riparian ownership of process, product & MRC: ‘ownership breeds commitment’
- Explicitly build trust, capacity, enabling environment for negotiating cooperative, sustainable development
  - e.g. workshops: mixed groups, scenario exercises, joint learning
  - recognize riparians are always in a ‘negotiation space’
  - ‘honest broker’ (mediator/facilitator) not only knowledge provider
- Level playing field between riparians: essential for rational negotiation outcome benefitting all riparians
  - Give preference for capacity building in Laos/Cambodia?
  - ‘negotiation’ advisors?
- Develop MRCS skills: facilitation, negotiation
- Model cooperation/negotiation culture internally (‘walk the talk’)


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Concerns over growth strategy in impoverished Laos

Mon, Jun 07, 2010
AFP

HO CHI MINH CITY, VIETNAM - Laos, one of Asia's poorest nations, dreams of escaping from underdevelopment over the next decade but concerns have been raised about a growth strategy based on hydropower and other megaprojects.

The prime minister, Bouasone, told the World Economic Forum that Laos wants to embrace sustainable development as the country, locked between Thailand and Vietnam, seeks to transforms itself into a hub for the Mekong sub-region.
Towards sustainability

• Sustainable Development: core MRC value, central MRC goal (Art. 1)
• MRC: promotes SD values in water development within broad Mekong SD framework
• BDP2 ‘development space’: is not proxy for SD
• ‘Triple bottom line’: placing economic & social development, & enhancing environmental resilience, on convergent path
• Values, options, tradeoffs: explore series of development models (pro-poor, ‘do no harm’, maximum mitigation, etc)
Towards sustainability

• Mitigation: considered along with impacts of all development (avoid/minimize/mitigate not remediate)
• Fisheries: complex story (capture vs aquaculture tensions)
  – Mainstream migration not well understood
  – Livelihood impacts & mitigation options not understood
• Flagship species: extinct not an option; mitigation strategies?
• Livelihoods: imperative to intensify social analysis
  – 20YR+MD: 1.4m people (% landless?) impacted; mitigation?
• Definite futures = definite env/social impacts; but no mitigation strategy analysis
• SD always good politics, good business, no regrets
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Towards River Basin Management

• MRC is a River Basin Organization but not regulatory authority
• BUT huge potential to influence implementation, mitigation & operation options
• Uncoordinated development - 60 structures built or committed – tradeoffs ignored & growing
• Current situation: opportunity to optimize
• Future development: huge opportunity to manage real tradeoffs, optimize outcomes for all
Towards River Basin Management

- MRCS: basin-level ‘honest broker’ for inter-country negotiation
- MRCS support to intra-country negotiation
- Scenarios (including mitigation) provide options for debate – not deal structure
- Where is the deal?
  - e.g. Cambodia/Laos? Asset shares? PPA? Carbon?
- Who puts deals on table? – MRCS?
Beyond BDP2....

Analysis ➔ Scenario selection

validate scenarios that inform the negotiation space ➔ IWRM guidelines and procedures

Negotiate actions and outcomes ➔ Register level of agreement reached using provisions of agreement

Agree investment portfolio

Implementation
• Project preparation and detailed assessments
• Compliance
• Mitigation

Coordinate implementation of mitigation measures
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Some country views

• Overall
  – BDP process: deepened ownership & understanding
  – BDP product: some shortcomings (engineering-focus; weaker on social, economic, fish, deals...)
  – Development Space: different perceptions
  – 2 YR Summit: important new dimension

• Cambodia & Laos: NOW understand impacts; capacity gap; benefits? getting to deal - facilitators?

• Thailand: BDP process valuable & priority; leading to water rights for Thai agriculture; China?

• Vietnam: multipurpose optimization: HEP + salinity
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Purpose of scenario assessment

- To support the definition of the ‘Development Space’, which is:
  - NOT just a volume of water that can be used
  - BUT a space for development and management of water and related resources, shaped by sustainable boundaries, e.g. acceptable transboundary impacts derived from the scenario activities

- Countries can plan and work within the ‘Development Space’ at the basin, national and sub-basin levels, supported by Strategic Guidance, and a package of IWRM guidelines

- MRC monitors, facilitates and periodically evaluates
Refining ‘Development Space’

• Concept
  – presented as ‘landing zone’ for sustainable water-related scenarios
  – activities ‘elected’ to development space deemed sustainable
  – too easily perceived as acceptable project portfolio

• Value of ‘space’ concept: practical options for riparians to debate, exploring choices/trade-offs & negotiating deals – essential next phase

• Evolve concept into “cooperation space” for negotiations, including options that:
  – advance sustainability & harmonious relations between neighbours sharing a common resource
  – consider trade-offs needed to maximize basin-wide benefits & minimize basin-wide risks
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Quality of Process

• Very intensive & appreciated engagement – 56 meetings at all levels

• Quality: would benefit from:
  – skilled facilitation, improving informal & inter-personal interaction
  – balanced contributions between top-down (MRCS consultants) & bottom-up (sub-area and national contribution);
  – user friendly presentation & reports
  – clear, complete documentation trail addressing comments
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Quality of Products

• Knowledge base: rich & valuable foundation – necessary (but insufficient) condition for planning & investment
• Models: fit for purpose, will continue to evolve
• Reports: comprehensive but complex; complementary products needed for different users (policy-makers, non-technical users)
  – Presentation of results must be strategic (country/intersectoral/sector)
  – Important gaps: e.g. social (livelihood impacts & mitigation); fisheries (migratory routes, sediments)
• Strategic readiness to table specific recommendations on best options
• Other strategic analysis: e.g. agricultural intensification must take priority over expanding irrigated agriculture
• Products need to align with capacity - Laos and Cambodia have limited ability to comprehend the complexity of some concepts
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Strategic conclusions (interim)

• BDP2 is necessary step in journey toward sustainable development
  – It is not a sustainable development program
  – It does not contain mitigation options for “definite future”
• Progress achieved should be used to resolve low flow issues to satisfaction of all Governments & lock in (Art. 6a)
  – This will empower cooperation
• It leads countries to consider “deal” structure for what they want if they are to move forward together
  – “deal” will consider broader range of issues than those in BDP2
• Countries have different capacities to enter ‘cooperation space’ for negotiation. Some countries need special attention to support their ability to determine their negotiation options.
Further conclusions (interim)

- MRCS role to build trust, capacity & enabling environment for negotiating cooperation
  - facilitation: where is the deal & who puts it on the table?
- Evolve ‘development space’ concept into ‘cooperation space’ for negotiations
- Social: absence of costs of social impacts will distort deal framework - & cause international reaction
  - Mitigation MUST be planned (starting with Definite Futures) within broader Mekong SD
  - Flagship species can be Mekong icon of success – extinction not an option
- Countries have different needs: Laos & Cambodia need capacity… including for negotiation
- BDP2 process intensive/appreciated; products extensive; room for improvement of both (detailed comments provided)
- MRCS needs cultural shift - ‘walk the talk’
- This also means managing donors so support is empowering not constraining
Addendum: ‘towards sustainable development’

The conceptual idea for moving towards sustainable development involves trigger points, each involving data refinement & new stakeholders:

• potential water-related investments whose transboundary impacts are considered to be small, based on MRC analysis, are placed within the ‘cooperation space’

• where these potential investments become identified projects, they are negotiated in accordance with the MRC PNPCA, providing transboundary approval

• as agreed projects, these are developed in accordance with MRC guidelines for good water resources development, placed within a broader (national or regional) sustainable development framework (eg social and environmental values & safeguards).