Agenda G.3

Progress Report on the Study on Sustainable Management and Development of the Mekong River including Impacts by Mainstream Hydropower Projects

Twenty-second Meeting of the MRC Council
Session 2: Twentieth Development Partners Consultative Group Meeting
Mekong River Commission
13 January 2016
Phnom Penh, Cambodia

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BACKGROUND

Objectives

• Further develop/establish a reliable scientific evidence of positive and negative environmental, social, and economic impacts of water resources development
• Integrate results into the MRC knowledge base to enhance the BDP process
• Promote capacity and ensure technology transfer to Member Countries
Overall Timeline Perspective

December 2011 Council Study Conceived
January 2013 Concept Note
January 2014 Terms of Reference
October 2014 Inception Report
March 2016 Original target completion date

Proposed Extension Presented During
- 5th and 6th RTWG Meetings
- 41st and 42nd JC Meetings

Added Values of Council Study

- Six thematic areas “equally” analyzed
- Management options also considered, not only development
- Higher resolution than broad-based approach by taking advantage of new tools and new data collected
  - Socio-economic assessment
  - Ecosystem assessment (and value of ecosystem services)
  - Climate Change
  - Differentiation of thematic-specific impacts in addition to cumulative impacts
- Distribution of costs and benefits and contribution of natural resources analyzed
Added Values of Council Study

- Six thematic areas “equally” analyzed
- Management options also considered, not only development
- Higher resolution than broad-based approach by taking advantage of new tools and new data collected
  - Socio-economic assessment
  - Ecosystem assessment (and value of ecosystem services)
  - Climate change
  - Differentiation of thematic-specific impacts in addition to cumulative impacts
  - Distribution of costs and benefits

Current Implementation Arrangement

1. Activity 1: Formulation of Scenarios
   - 6 Thematic Teams

2. Activity 2: Development of Models, DSS, and Tools
   - 5 Discipline Teams

3. Activity 3: Scenario Assessments
4. Activity 4: Final Report Preparation
   - All Teams and Cumulative Team

Results
- Environmental, Social and Economic Impacts
OVERALL PROGRESS BY ACTIVITY

Major Activities

- Formulation of Development Scenarios: 80% Complete
- Development and Setup of Models, DSS, Tools: 80% Complete
- Scenario Assessments: Not Started
- Final Report Preparation: 25% Complete
- Coordination and Management: Overall 50% Complete
Management and Coordination

- Three RTWG Meetings
- Regional Technical Working Sessions (Thematic and Discipline Teams)
- National Consultations
- Stakeholder Meetings (Mekong Forum, as-needed meetings)
- Coordination with Secretariat and Member Countries
- Reporting to DPs
- Information Exchange with Delta Study
- CS Web Site

CHALLENGES
Continuing Challenges

Management and Coordination Challenge

- Issues in Scope
- Implementation Schedule
- Funding Gap

Scope Issues

- Selecting Baseline for the Council Study took enormous effort and time. Consensus was achieved only in November 2015
- Data availability and extent of work required to formulate the development scenarios including thematic sub-scenarios continue to remain relatively uncertain.
- Extent and rigor of modeling adopted for the Delta as per the modeling approach remains uncertain with respect to fully capturing the complexity of the Delta and hence, reasonably modelling impacts.
- Extent required by MCs to test the new ecosystem model (DRIFT-DSS developed for LMB) is unknown at this time.
Schedule Constraints

• 1.5-year Implementation Schedule instead of the originally planned 3-year Implementation Schedule
  – To Compensate Delays During the Planning/Inception Phase

• Compressed Implementation Schedule is Simply Not Realistic
  – Not Compatible with Current Implementation Arrangement
  – Not Compatible with Participatory Process Adopted

Budget Constraints

• Only 3.7M of the 6.2M external budget required has been secured
PROPOSED CORRECTIVE ACTION: IMPLEMENTATION SCHEDULE

Proposed Implementation Schedule

**PHASE 1**
- Models/DSS/Methods Setup
- Formulation of Development Scenarios
- March 2016 depending on remaining secured funding

**Transition**

**PHASE 2**
- Scenario Assessments
- Final Reports
- When additional funding becomes available
  Duration: 6 – 9 months*

*need to be revisited at a later time during Phase 2 planning

As per JC Prep Meeting, Phase 2 Plan needs to be approved first by MCs before Phase 2 can be approved
Phase 1 Preliminary Results/
Draft Reports in Preparation

- 6 Interim Thematic Assessment Reports
- 6 Working Papers on Development Scenarios
- Interim Technical Report: Model Specifications and Initial Calibration
- Technical Notes: Scoping and Detailed Methodology for Social and Economic Assessments
- Technical Report: Climate Change Scenarios for the Council Study

Submitted to MCs for Review

Transition Period

- Period of minimum level of activities for the Council Study
- Activities will include the following:
  - Final Draft Implementation Work Plan for Phase 2
  - National Consultations to disseminate interim reports/results
  - Capacity building (if funding outside of CS is available)
  - Fund raising
  - Complete any outstanding tasks in Phase 1
Phase 2

- Scenario Assessments
  - Reference Scenario 2007
  - Development Scenarios 2020 and 2040
  - Development Scenarios 1960 and 2000
- Procurement and Implementation of Coastal Assessment
- Preparation and Delivery of Final Cumulative and Thematic Assessment Reports
- Meetings
  - RTWG Meetings
  - National Consultations
  - Regional Stakeholder Meetings
  - Small Technical Work Group Meetings

PROPOSED CORRECTIVE ACTION:
REVISED IMPLEMENTATION ARRANGEMENT FOR PHASE 2
Proposed Implementation Arrangement

• Council Study Coordination (Split into two roles as per original plan)
  – Council Study Coordinator (for project management)
  – Technical Adviser (for technical coordination)

• Smaller Management and Technical Team
  – By consolidating thematic and discipline teams
  – Inherently improve communication and coordination

Smaller Team
PROPOSED CORRECTIVE ACTIONS TO ADDRESS BUDGET CONSTRAINT

Overall Budget Situation

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>Amount USD</th>
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<tr>
<td>Total Budget Required</td>
<td>7.3M*</td>
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<tr>
<td>External Funding Required</td>
<td>6.2M</td>
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<tr>
<td>Secured Funding (Australia, Finland, Germany, Luxembourg, SDC, USA)</td>
<td>3.7M</td>
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<tr>
<td>External Funding Gap</td>
<td>2.5M</td>
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*includes Programme in-kind contribution of USD 1.1M
DPs Contribution to the Secured Funding

<table>
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<tr>
<th>Cost Category</th>
<th>Estimated Total Budget</th>
<th>Budget Allocated from Secured Funding (USD)</th>
<th>Percent of Total Allocated Budget</th>
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<tbody>
<tr>
<td>Coordination and Management*</td>
<td>885,000</td>
<td>774,351</td>
<td>87.5</td>
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<tr>
<td>International/Regional Consultants</td>
<td>1,867,123</td>
<td>1,013,288</td>
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<td>National Consultants</td>
<td>879,000</td>
<td>729,626</td>
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<td>Travel</td>
<td>403,500</td>
<td>135,200</td>
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<td>Meeting Costs</td>
<td>859,667</td>
<td>518,506</td>
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<td>Operational Costs</td>
<td>231,625</td>
<td>183,142</td>
<td>79.1</td>
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<td>Payment of Coastal Assessment</td>
<td>250,000</td>
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<td>0.0%</td>
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<td><strong>Sub-Total</strong></td>
<td><strong>5,375,915</strong></td>
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<td>Contingency 5%</td>
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<td>MAF 11%</td>
<td>591,351</td>
<td>377,455</td>
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<td><strong>Total</strong></td>
<td><strong>6,236,061</strong></td>
<td><strong>3,731,569</strong></td>
<td>59.8</td>
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</table>

*includes BioRA technical coordination, current and former CS Council Study Coordinator, and administrative assistant
Spent To Date as of December 2015 and Expected Remaining Budget in 2016

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<td>Trust Fund</td>
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<td>2,996,784</td>
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<td>734,785</td>
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Potential Corrective Actions Due to Budget Constraints

- Review and reduce scope of work
- Postpone some tasks to 2017 to take advantage of additional funding in 2017
  - For example: Coastal Assessment
- Adopt an abbreviated consultative process (less number of regional/national meetings and smaller but more effective)
- Adopt smaller but effective Secretariat Council Study Team
- Combine with other studies to cost-share common tasks
- Seek direct additional funding for the Council Study
CONCLUDING REMARKS

Concluding Remarks

• Implementation Underway with objective of completing Phase 1 by 31 March 2016
  – Draft final interim reports
  – Interim products (Models, DSS, Methods, Database)
• Implementation of Phase 2 Highly Dependent on Budget
• Revised Implementation Arrangement is Inevitable and Necessary
• Review and Adjustment of Council Study Scope is Warranted In Light of Budget Constraints
The Council may wish to:

- Take note of the progress of the Council Study including challenges related to scope, schedule, and budget.
- Provide any guidance and comments with the proposed Phase 2 extension of the implementation of the Council Study.

ADDITIONAL SLIDES FOR Q&A
Activity 1: Formulation of Development Scenarios

- Member Countries (MCs) Agreed on the following development scenarios to assess:
  - 2007: Reference Scenario
  - 1960: In Principle (Depending on data availability)

- Thematic Teams have worked directly with MCs to collect data on infrastructure and operations in support to formulate development scenarios

- Thematic Teams have presented preliminary results during 6th RTWG Meeting (December 2015)

- Overall Status: Delays due to difficulty and uncertainty in availability of quality data
  - Some Teams made good progress, others are behind
  - Some adjustments in scope and approach proposed and agreed by MCs

Activity 2: Development and Setup of Models, DSS, and Tools

- MCs Agreed with Modeling Framework and Approach
  - DSF Models supplemented by other models/tools such as WUP-FIN and eWater Source to provide full modelling functionality for flow, sediment, and nutrients required for the LMB

- Developed Initial Version of the Ecosystem Model for LMB (i.e., using DRIFT-DSS Tool)
  - Will be subjected to testing as per MCs requirement before continuing development of the Ecosystem Model for the Delta

- Developed draft methodology to support socio-economic impact assessment

- Selected Climate Change Scenarios for Assessment in the Council Study

- Overall Status: Delays in the setup and calibration of the DSF and supporting models

- Percent Completion = 80
Activity 3: Scenario Assessments

- Overall Status: Not Started
- This activity requires completion of Activities 1 and 2

Activity 4: Report Preparation

- Planned and prepared interim reports
- Some interim reports completed and submitted to MCs for review
- Overall Status: Task began earlier as per original plan
  - Interim reports prepared as per MCs request to receive (incremental) results earlier
- Percent Completion = 25
Council Study Coordinator

• Full Time
• From the region either in-house staff of the Secretariat or a regional consultant
• Responsibilities:
  – Overall day-to-day coordination and project management (scope, schedule, budget)
  – Controlling and tracking expenditures
  – Administrative and contractual management of consultants
  – Coordination and communication with MCs
  – Reporting to CEO and senior management
  – Planning and implementation of regional and national meetings
  – Progress reporting and communication with DPs
  – Assistance to fund raising activities

Technical Adviser

• Part-time
• International/regional consultant (SSA)
• Responsibilities: Assist the CS Coordinator with the following:
  – Coordinating, reviewing and consolidating technical inputs of the technical members of the teams (consultants and in-house technical staff)
  – Lead the review of the technical reports and the preparation of the main report deliverable
  – Provide technical guidance and direction
  – Lead technical presentations and discussions during regional and national meetings
Smaller and Leaner Team

- With no Programmes in the new structure, combine discipline and thematic teams into one team
- Consolidate water use teams (irrigation, agriculture, domestic, industrial, and other land use)
- Consolidate hydropower, navigation, and flood protection
- Discipline technical leads (i.e., lead consultants) reporting or working directly with the CS Coordinator and Technical Adviser