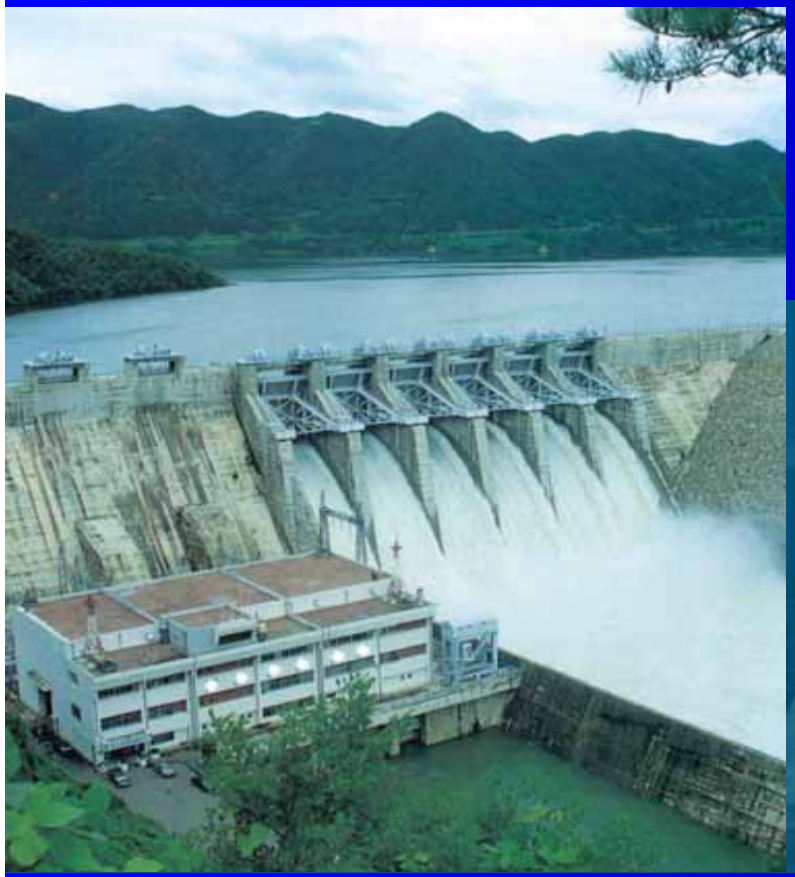
Regional Multi-Stakeholder Consultation on the MRC Hydropower Programme
Mekong River Commission
25-27 September 2008
Vientiane, Lao PDR



6.3A
Draft Hydropower Programme Document

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ADB, Sweden to help Mekong region in power trade

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HANOI, Dec. 24 (Xinhua) -- The Asian Development Bank (ADB) and Sweden are helping to set up an institutional framework to support competitive regional power trade in the Greater Mekong Sub-region (GMS).

The framework will ensure long-term stable and mutually beneficial electricity supply to six GMS members, including China, Cambodia, Laos, Myanmar, Thailand and Vietnam, the Vietnam News newspaper reported Monday.

The project will ensure that environmental impacts resulting from developing power projects for regional power interconnection and trade will be kept under control.

The proposed technical assistance for facilitating regional power trade and creating an environmentally sustainable development of electricity infrastructure will include a five-million U.S. dollar grant from Sweden to be managed by the ADB.

The assistance will focus on developing institutions and building capacity to match the expansion of physical infrastructure for a competitive GMS regional power market.

Editor: Wang Hongjiang

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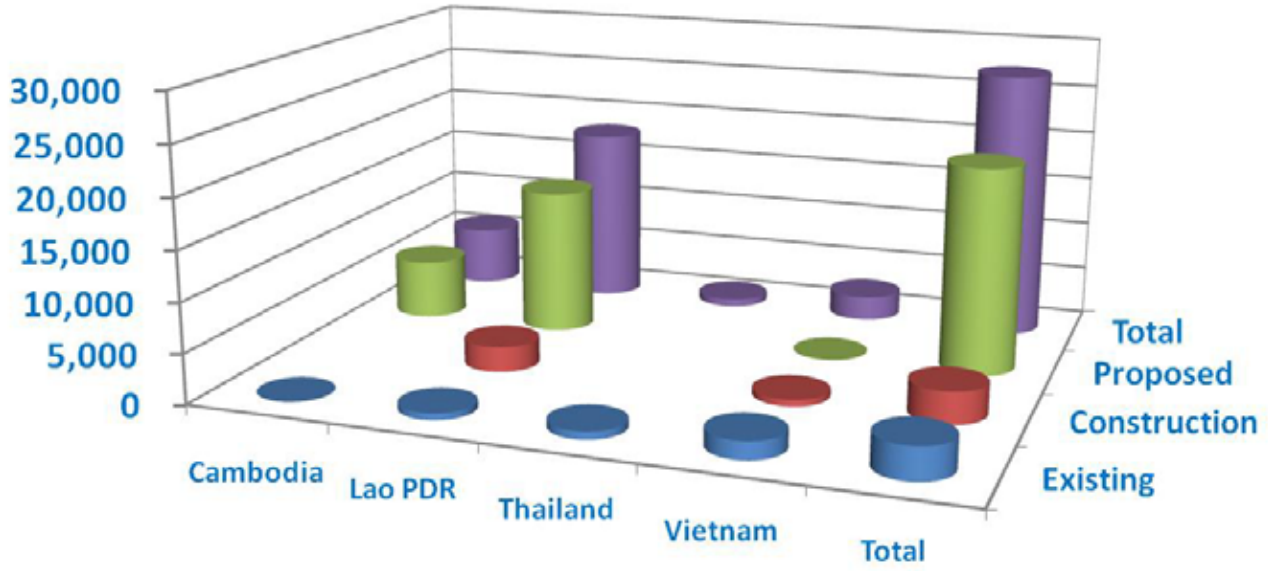
Existing, under Construction and Proposed Hydropower Projects in LMB (in MW)



	Cambodia	Lao PDR	Thailand	Vietnam	Total
Existing	1	669	779	1,786	3,235
Construction		2,558		651	3,209
Proposed	6,010	14,773		49	20,832
Total	6,011	18,000	779	2,486	27,276

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Evolution of MRC Hydropower Programme

- **MRC Hydropower Development Strategy**
  approved by MRC Council, 2001
- **Concept Paper on MRC Hydropower Programme**
  approved by MRC Joint Committee, 2005
- **Discussion Brief**
  presented to MRC Joint Committee, June 2008
- **National Consultations**
  July to August 2008
- **Programme Document**
  preliminary draft,
  presented at regional consultation, Sept 2008

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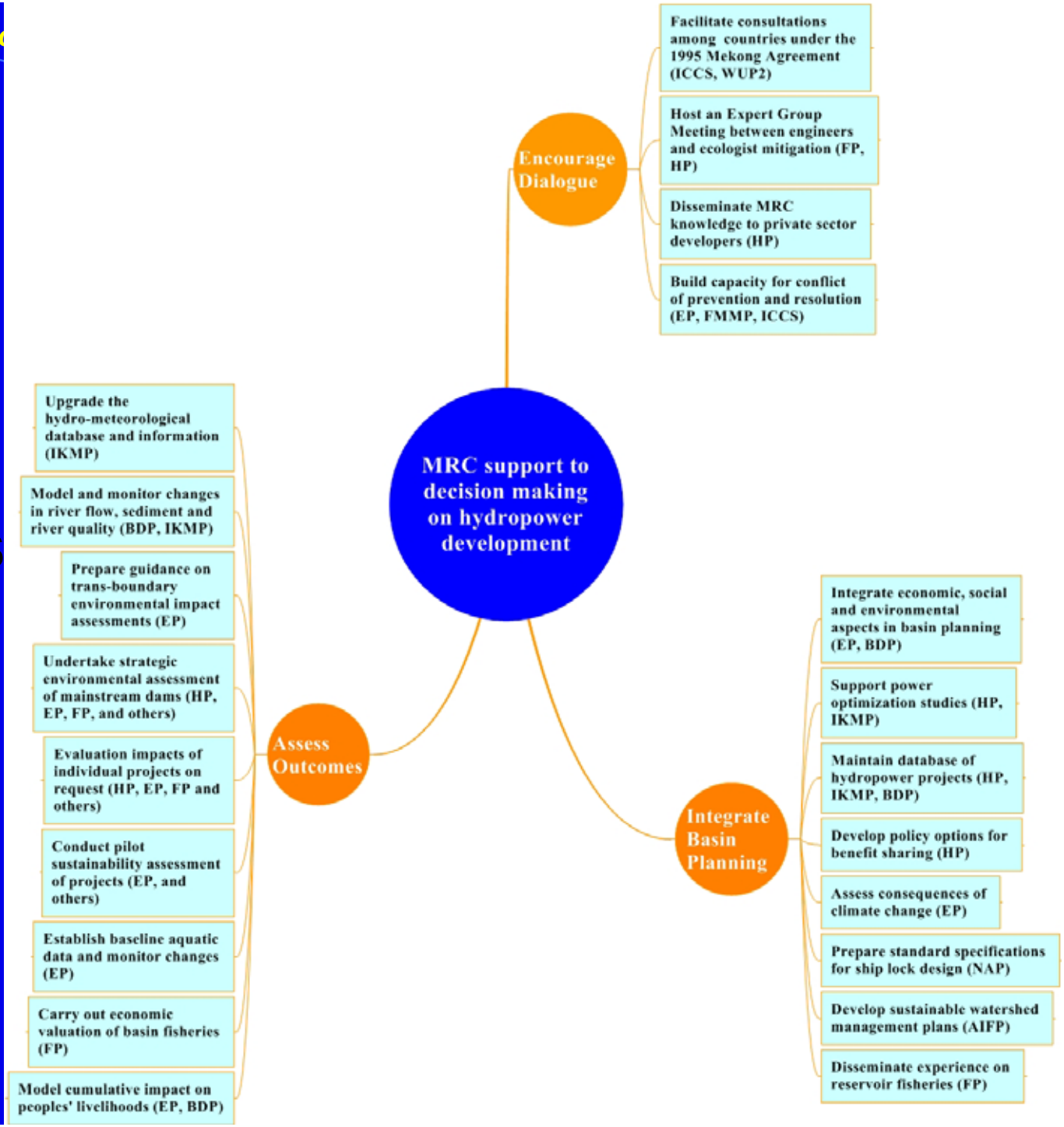
Hydropower Related Activities of MRC Programmes



Multi-track Approach for Programme Start-Up

- **Track 1: Starting with fast-tracked activities, in parallel to programme formulation**
  8 activities were identified.

- **Track 2 : Medium to long-term activities, requiring more detailed formulation**
  13 activities were identified.

Restatement of Objective of MRC Hydropower Programme

*To promote and facilitate regional cooperation among member countries and developers for the **sustainable** development of hydropower resources in the LMB, thereby realizing mutual benefits, supporting economic growth, reducing poverty and minimising negative impacts on the environment and people in the Basin.*

N.B. The concept of *Sustainable Hydropower Development* is a key element prevailing throughout:

- The 1995 Mekong Agreement
- MRC Strategic Plan 2006-2010
- Hydropower Strategy, 2001
- Concept Note, 2005

Proposed Structure of the MRC Hydropower Programme

Component 1: **Programme Management and Communication**	*Component 2:* **Regional Planning Support**	*Component 3:* **Knowledge Base and Support**	*Component 4:* **Improving Hydropower Sustainability**
Activity 1.2: **Regional multi-stakeholder consultation, programme formulation**	*Activity 1.8:* **Optimisation of mainstream dams, data and assessment**	*Activity 2.1:* **Hydropower database**	*Activity 1.1:* **Expert group meeting on barrier effects**
	Activity 1.7: **Standards for navigation locks**		

Component 1:
Programme Management and Communication

- **Regional multi-stakeholder consultation on the MRC HP**
- **Facilitating dialogue: government, regional initiatives, upstream riparians, developers and financiers, communities, others**
- **Programme management and administration**

Component 2:
Regional Planning Support

- **Capacity building for SEA: case study mainstream dams**
- **Basin-wide SEA / CIA: as input to BDP planning process**
- **Optimization of mainstream dams: collaboration on data and basin-wide assessment**
- **Scoping of potential for decentralized small-hydro**
- **Standards for ship locks on mainstream dams**

Component 3:
Knowledge Base and Support

- **Environmental baseline for hydropower planning**
- **Hydropower database: technical data, EIA-reports**
- **Environmental data sharing among developers**

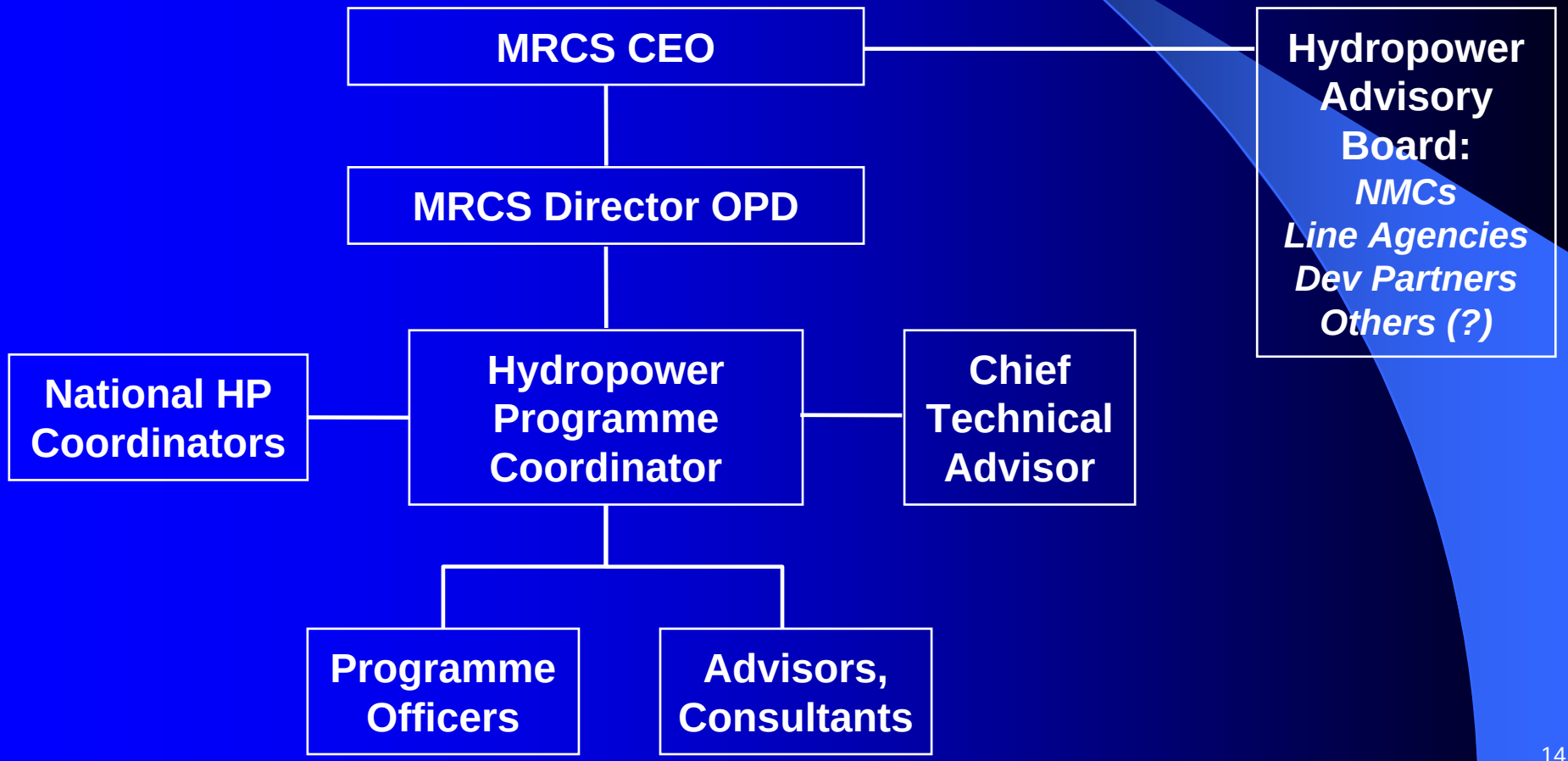
Component 4:
Improving Hydropower Sustainability

- Barrier effects to fish migration
- Incentives for sustainable hydropower projects within market and regulatory frameworks
- Policy options for benefit-sharing at regional level
- Capacity building for implementation of safeguards: line agencies, developers
- Contextualization of IHA sustainability protocol
- Climate change implications for hydropower

Format for Detailed Specification of Activities

- Expected outputs
- Entry points, approach, tasks
- Resources – personnel, financial
- Counterparts, collaboration
- Schedule

Organisation of the MRC Hydropower Programme



Tentative Budget and Funding Requirement (2008 – 2011)

Amounts in US$

	2008	2009	2010	2011	Total
Estimated expenditure	429,615	2,275,000	3,120,000	1,140,000	6,964,615
Available funding :					
• Japan ASEAN Integration Fund (JAIF)	175,000	215,000	110,000		500,000
• Finnish Government	398,615	680,000	370,000	50,000	1,498,615
Funding requirement		**1,236,000**	**2,640,000**	**1,090,000**	**4,966,000**

Next Steps

- **Finalize programme formulation**
  MRC Council meeting, November 2008.
- **Complete fast-tracked activities**
  by the end of 2008, or early 2009.
- **Prepare and start further activities**
  by the end of 2008.
- **Mobilize additional funding**
  by mid 2009.

Thank you

MRC Hydropower Programme - Track 1 (1)

No.	Activity	Comp-onent
1.1	Expert Group meeting on barrier effects of mainstream dams to fish migration.	4
1.2	Regional Multi-stakeholder Consultation on formulation of MRC hydropower programme.	1
1.3	Mitigation options for environmental and social implications of mainstream dams – follow-up of Expert Group meeting.	4
1.4	Financing mechanisms and incentives for adoption of mitigation measures by developers to improve the sustainability of mainstream hydropower projects.	4
1.5	Incentives for implementation of good practice and financing of sustainable projects within market and regulatory frameworks.	4

MRC Hydropower Programme - Track 1 (2)

No.	Activity	Comp-onent
1.6	Environmental Considerations for Sustainable Hydropower Development (ECSHD). A)SEA mainstream hydropower B)IHA Sustainability protocol "contextualisation' C)SEA 3S region D)Complement HP database with socio-environmental data	2 4 2 3
1.7	Guidelines for planning, design, construction and operation of navigation locks in mainstream Mekong hydropower projects.	2
1.8	Optimization of mainstream LMB hydropower projects – collaboration on data and assessment of basin-wide implications.	2

MRC Hydropower Programme - Track 2 (1)

No.	Activity	Comp-onent
2.1	Expanding MRC's Knowledge Base on Hydropower Projects, to include technical information as well as environmental survey and reports (EIAs, etc.).	3
2.2	Capacity building for Strategic Environmental Assessment (SEA) - case study on mainstream LMB.	2
2.3	Promoting Basin-wide SEA and Cumulative Impact Assessment (CIA) as input to the BDP2 planning process.	2
2.4	Review of policy options for introducing benefit-sharing mechanisms at regional, national project levels into hydropower development.	4
2.5	Capacity building within government line agencies for monitoring hydropower projects and facilitation of impartial grievance mechanisms.	4

MRC Hydropower Programme - Track 2 (2)

No.	Activity	Comp-onent
2.6	Improving level of environmental baseline information for hydropower planning.	3
2.7	Raising awareness on risks and opportunities of hydropower development and building capacity for development of adaptation mechanisms to deal with likely future changes in Mekong flow regimes.	4
2.8	Technical assistance to developers to implement safeguard frameworks and unify monitoring procedures.	4
2.9	Building links with project developers to share hydro-meteorological, flow data and reservoir monitoring data.	3
2.10	Scoping of potential for decentralised, small-scale hydropower, with emphasis on poverty reduction, sustainable communities, financing mechanisms.	2

MRC Hydropower Programme - Track 2 (3)

MRC as Independent Facilitator of Dialogue at Different Levels on Key Issues in the Hydropower Sector

No.	Activity	Comp-onent
2.11	Facilitating Ministerial briefings (energy, planning, environment, water resources, etc.) on cross-sectoral issues.	1
2.12	Promoting dialogue meetings among private sector developers and financiers on optimising project performance and coordination for environmental mitigation	1
2.13	Continuing dialogue with China - as importer of hydro-electricity as well as developer and financier of hydropower projects in the LMB – on Lancang hydropower development.	1