

# **Regional Multi-Stakeholder Consultation on MRC's Hydropower Programme**

**Vientiane, Lao PDR, 25-26 September 2008**

## **First Announcement**

### **Background**

The Mekong Region is enjoying consistent economic growth. As a result, the region's demand for energy is rapidly increasing. This and the rising importance of regional trade and investment flows, have stimulated a new era of hydropower development in the basin. In response to market demands, a broad range of developers are now investigating a large number of potential projects, many of which were identified as early as the 1960s. Many concession agreements are already at advanced stages of negotiation. Projects for the Mekong mainstream are among them as these are now seen as more viable due to the expected increase in dry season flows that will result from construction of dam projects in the upper Mekong Basin in China, as well as high oil prices. Concerns over climate change provide a further impetus for hydropower development as a renewable source of energy.

Hydropower generation potential and energy demand are geographically imbalanced, thus highlighting the importance of and opportunities for an emerging regional power market. This regional dimension is the driver behind most of the current projects with bilateral agreements for the export of electricity.

The MRC approved its Hydropower Strategy in 2001 and drafted a Concept Note for its Hydropower Programme (HP) in 2005. These documents were a comprehensive attempt to interpret emerging international good practice and lay out what it meant for the Mekong region, and identify strategic work areas and possible components of the programme.

Although due to funding constraints the HP has not yet formally started, a number of the strategic directions and activities identified under the Strategy have been incorporated into other related MRC programmes. Some of the elements under the Concept Note are actively being implemented, including:

- Assessment of cumulative impacts of basin-wide water resources development options, including hydropower development on the mainstream and tributaries - under the Basin Development Plan (BDP) Programme;
- Providing assessment tools for environmental and social aspects, with particular focus on trans-boundary impacts; and synthesizing regionally appropriate sustainability considerations for hydropower development - under the Environment Programme (EP); and
- Broadening our understanding of the impacts of dams on fish migration, spawning and fisheries production – under the Fisheries Programme (FP).

In recognizing the complexities but also the pace of hydropower development in the basin, MRC proposes a multi-track approach for its Hydropower Programme. Track 1 aims at improving understanding of the regional implications of hydropower projects within a relatively short

timeframe. Some aspects, such as changes in the flow regime, water quality and sedimentation are already incorporated into the study of cumulative impacts of various development scenarios under the BDP. But there are other important questions to answer that go beyond the scope of any one individual project developer, financing agency or national line agency. For example, Track 1 of the HP will focus on one of the most important questions facing mainstream hydropower development – to what extent can the barrier effect of mainstream dams be minimized or successfully mitigated?

Track 2 would take a longer term perspective and require more detailed formulation. It incorporates two types of activities. The first would build on and share knowledge, making available the vast array of experience already gained with integrating improved governance, social and environmental aspects into hydropower development. Some of the activities proposed involve expanding MRC's database on existing, planned and proposed hydropower projects; building capacity for strategic environmental assessment through a case study covering the mainstream of the Lower Mekong Basin; supporting the Navigation Programme in developing standard specifications and protocols for navigation locks; supporting the Environment Programme implement the initiative on Environmental Considerations for Sustainable Hydropower Development; disseminating policy options for benefit sharing from hydropower projects; improving availability of environmental baseline data; building capacity for independent monitoring among respective line agencies; and carrying out an initial scoping assessment of the potential for small-scale decentralized hydropower for rural communities. Other tracks to the HP may be identified during the formulation process.

In each of the various activities, the role of HP would be one of a facilitator of dialogue among different groups according to the nature of the issue involved. With its mandate and regional scope, MRC can reach out to the full range of stakeholders. At this initial stage, at least four areas of dialogue are proposed for further consideration: joint ministerial briefings across relevant sectors in each of the member countries aimed at discussing good practice; dialogue meetings among private sector developers and financiers to explore areas of improving performance from a basin perspective and ensuring consistency and coordination on environmental mitigation measures; a regional multi-stakeholder forum for structured debate on key issues facing the sector and continued strengthening of discussion with MRC's Dialogue Partners on the implications of upstream developments.

### **Consultation Objective**

The primary objective of the Regional Consultation is to:

- gather information on the scope and approach of MRC's emerging Hydropower Programme, which will help shape it into an effective and relevant initiative;
- provide an opportunity to assess and disseminate activities under Track 1 of the HP and related activities of other programmes;
- promote MRC's role in facilitating dialogue on important aspects of hydropower development that require an integrated basin perspective; and
- provide a forum for discussing some of the key issues facing hydropower development in the Basin.

## **Outcomes of the Consultation**

The expected outcomes of the Consultation are:

- recommendations on the further formulation process of the Hydropower Programme, in particular on scope, structure and implementation arrangements;
- improved understanding of the Mekong hydropower development context and its key issues;
- consideration on the institutionalisation of the Consultation as an annual event, possibly with regular email updates on key issues and interaction through technical workshops/seminars in the intervening period, as needed.

## **Participants**

The invited participants to the Consultation will be senior officials of the Governments of MRC Member States and Dialogue Partners; representatives of the owners and operators of existing hydropower schemes; developers of hydropower projects and their advisers; local, regional and global commercial banks and international financial institutions; export credit agencies; environmental and social experts; NGOs and civil society groups; MRC Development Partners; professional associations; research groups; and the media.

In the order of 80 to 120 people are expected to participate and this is considered as an appropriate number to ensure effective discussion and interaction. Inevitably there may be more demand for places, and MRCS will ensure a balanced representation among the groups listed above. If space limitations prevail, some groups may be requested to group together and identify a representative to present their views at the Consultation.

Those interested in attending or being represented should send their completed Registration of Interest using the attached form at their earliest convenience but before **15 August 2008**.

## **Date, Venue and Tentative Programme**

The Consultation will be held on 25-26 September 2008 in Vientiane, Lao PDR. The Consultation will be a two day event. A field visit to a hydropower project site in Lao PDR may be possible, depending on the number of people interested. This would require two additional days due to the travel time required and take place on 27-28 September 2008.

A detailed programme will be drafted based on feedback from National Mekong Committees and other groups. At this stage, the following elements are envisaged:

- Introduction to MRC's role relating to hydropower development and its emerging Hydropower Programme;
- Initial outcome of HP's Track 1 activities, including the Expert Group Meeting on barrier effects of dams;
- Summaries of relevant activities being fast-tracked under related MRC programmes (BDP, EP, FP);
- Country presentations on hydropower development - past, present and future (Cambodia, Lao PDR, Thailand, Vietnam);
- Hydropower development in the Upper Mekong Basin (Myanmar and China);
- Regional power market in the GMS region;

- Related initiatives of other organizations;
- Perspectives of private sector developers
- Perspectives of financiers – commercial banks, export credit agencies, international finance institutions;
- Perspectives of civil society;
- New developments at policy level;
- Feedback and facilitated discussion on formulation of MRC's Hydropower Programme.

The detailed programme for two-day Regional Consultation will be circulated with the Second Announcement in late-July 2008.

Holding the Consultation has been made possible by the financial support of the Japan ASEAN Integration Fund (JAIF). There is no fee for participation. Limited financial support to assist travel and participation may be available for participants from government agencies and representatives of community interest groups.

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**Registration of Interest:**

Regional Consultation on MRC's Hydropower Programme, Vientiane, Lao PDR, 25-26 September 2008.

Name, organization, address, email contacts etc:

Area of particular interests / suggestions for topics:

Indicate interest in field visit on 27-28 September 2008:

Indicate if reservation for hotel room in Vientiane is needed:

Please return at your earliest convenience, but before 15 August 08 to Mr Voradeth Phonekeo, MRC Hydropower Programme, email: [voradeth@mrcmekong.org](mailto:voradeth@mrcmekong.org) , or fax: +856 21 263 264.