



## CASE STUDY

# Transboundary: Public Participation in Hydropower Development: Does it matter?

## Summary

The first dam on the Lower Mekong River Mainstream, Xayaburi was notified to the Lower Mekong Countries in 2010. The public consultations took place in each country. The result favoured the construction to be postponed for 10 years to allow further study.

## Background

The Mekong River flows from the Tibetan Plateau passing through six countries to the South China Sea. The size of the basin is 795,000 km<sup>2</sup> and home to approximately 60 million people. In 1995, the Mekong River Commission (MRC) was established to ensure a cooperation between riparian countries of Cambodia, Laos, Thailand and Vietnam.

The Lao Government notified the MRC Secretariat of the proposed Xayaburi hydroelectric dam project in 2010. The Xayaburi Dam is located in northern Laos. It is a 3.5 billion USD, 8 year project, due to be completed in 2019, and it will be generating capacity of 1,260 MW of energy. This project is developed by Thailand's company and financed by Thai Bank. This is the first dam on the Lower Mekong River Mainstream. Experience showed that there is the lack of linkage between public and stakeholder consultation results on one hand, and government approvals of projects on the other. These two processes appear to be undertaken in parallel, exclusively of each other.

However, an ineffective institutional arrangement and capacities in the Mekong region have resulted in a lack of linkage between the stakeholder consultation results and government approvals of projects. The National Mekong Committees (NMCs) have the sole authority in deciding what consultations should take place and determining what information should be accessible to local communities at a national level.

## Actions taken

Prior to the approval, seven national stakeholder consultations took place in each country except Laos. The Working Group agreed that the stakeholder consultation process was a national matter for each individual country to address. Thus, the stakeholder meetings were organised in line within each of the respective countries circumstances and requirements.

The result favoured MRC's Strategic Environmental Assessment of Mainstream Dams

recommendation to postpone the construction of a mainstream dam for 10 years to allow further study. There is no follow-up action regarding suggestions proposed and concerns raised at stakeholder consultations. Government of Laos hired Finnish Company Pöyry to conduct a review of the Xayaburi Dam project. The review included sections relating to fisheries, sediment management, water quality, navigation and the safety of dams while the social aspects such as results from stakeholder consultations were not included. Pöyry's report gave a green light.

Additional peer review report was conducted by a French Company CNR. After receiving confirmation from both reports that the project was compliant with MRC Guidelines, the Laos launched the official construction ceremony on 7 November 2012. In spite of two professional reports, no transboundary impact assessment was conducted. This case study discusses the importance of involving the public and local communities in decisions.

## **Outcomes**

The dam construction is underway with no transboundary impact assessment having been conducted. The Secretariat has, after its review and suggestions relating to the MRC Design Guideline, at least contributed to a redesign of the Xayaburi project including fish ladders. The Xayaburi Dam would bring about 3,913 million USD of direct revenue for the GoL over the 29 years concession and would create 12,000 jobs locally. It would supply 95% of the dam electricity production to Thailand and 5% of the dam electricity production would be allocated to the people in Xayaburi Province, Laos.

Large parts of the riparian population, whose livelihoods are dependent on local resources supplied by functioning ecosystems would bear the consequences. These social consequences are often overlooked or undervalued and cannot always be seen in terms of direct economic benefits.

## **Lessons Learned**

To achieve sustainable development with fair and equitable share of water resources and responsibilities, governance institutional arrangements need to be adjusted to allow participation from ministers, technical experts and engineers all the way through to the grass-root level of stakeholders.

Improved governance and allowing for a broad participation would minimise the risk of civilian protests and disruptions, lengthy court cases and to maximise the economic value of the water resources for both short term and long term benefits.

Public participation would normally have a positive result for all parties and dramatically reduce the risk of future high cost retrofitting actions demanded by public protests.

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GWP Southeast Asia

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**Related IWRM Tools**

Transboundary Organisations, Basin Organisations, Multi-Stakeholder Partnerships

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