



Benefit sharing in the hydropower sector in the Mekong region

Initiative for Sustainable Hydropower (ISH)

ISH13

Benefit sharing options for hydropower on Mekong tributaries

Project-affected people and traditional river users, as well as river basin residents seek to have a stronger voice in decisions that affects them and ensure they benefit from hydropower development.



Government representatives aim to use benefit sharing as a practical way to spread natural resource utilization benefits across the economy, to catalyze broader-based growth and to support the government's social equity policies.



Hydropower developers and hydropower operators seek to increase their capacity to work effectively with local communities.



Investors and financial institutions aim to benefit from the presence of an explicit policy framework with realistic provisions for local benefit sharing.



Electricity consumers including those in households, the services sector and industry want their government to be able to reach decisions to optimally develop water resources and a more reliable and cheaper power supply.



The ISH13 work provides a well-timed, systematic comparison of the practice of benefit sharing in the hydropower sector in the Mekong region with the emerging body of internationally accepted “good practice”. Modern approaches incorporate all types of benefit sharing in a systematic and coherent way, and view benefit sharing as a package of measures, not a single mechanism to be implemented at different stages of the project cycle.

As a learning and dialogue process it has helped to increase the level of awareness and understanding of the concepts and practices of benefit sharing among National Mekong Committee Secretariat (NMCS) staff in all four Member Countries. Equally importantly, this has also been the case among many of the stakeholders working at national, provincial, tributary and project levels. Additionally it has presented effective mechanisms used in other parts of the world, which may be adapted in the Mekong region.

Sharing the benefits of hydropower development

From a sustainability perspective, hydropower projects can no longer be seen as only producing electricity. Rather, they must be seen as wider development interventions in a river basin, creating development opportunities and also risks that need to be balanced.

The ISH13 Guidance Package and the 12 steps process for assessing Benefit Sharing Mechanisms (BSM) helped to ensure there was a consistent, but flexible approach to the evaluation. The two main categories or groups of BSM included national-to-local (NTL) and transboundary (TB) - with reference to tributary hydropower and shared tributaries.

Evaluation was done along the two main dimensions of 'value' and 'preference'

The value dimension meant value added in terms of promoting sustainable development in the tributary and sustainable hydropower.

The preference dimension meant the preference for a particular option, as seen through the eyes of representatives of different NMCS stakeholder interests.

Common perspectives of stakeholders

Most NMCS stakeholders readily accept that benefit sharing is a uniquely powerful policy tool to ensure that all sectors of society are included in hydropower development to bring about social harmony and stability.

In all Member Countries there was a consensus for ongoing MRC support of a national dialogue and capacity building work under the existing ISH output 'Benefit Sharing Mechanisms Elaborated at Regional, National and Community Levels', which is provided in the MRC's Strategic Plan.

Examples of national to local (NTL) mechanisms:

NTL Type- 1: To equitably share monetary benefits

Equitably share a reasonable, agreed portion of the monetary benefits arising from hydropower with provincial, basin or local populations where hydropower creates both development opportunities and development risks.

NTL Type- 2: To facilitate the sharing of non-monetary benefits

Non-monetary benefits include access to local natural resources such as forests, land, rivers and reservoirs for communities near projects and river communities in tributary basins upstream, and particularly downstream.

NTL Type- 3: To equitably share access to electricity and project services

Provide equitable access to electricity services for communities living near hydropower projects, beyond the electrification of resettled households.

NTL Type- 4: To optimize the spread of additional and indirect benefits

Enhance and optimize additional and indirect benefits that arise from national investments in hydropower and related public infrastructure.



For more information, please visit:

www.mrcmekong.org/about-mrc/programmes/initiative-on-sustainable-hydropower/