# A Note on the Development Space from a perspective of Sustainable Development

## Working draft for discussion by Mark Halle, Independent POE

The logo of the Mekong River Commission (MRC) sets out its purpose succinctly: it is "*for sustainable development*". The Vision for the Mekong River Basin is: "*an economically prosperous, socially just and environmentally sound Mekong River Basin*", thus neatly summing up the three pillars of sustainable development. The Vision for the MRC itself calls upon it to serve the Mekong countries to achieve this vision. The Mission Statement, drawn from the 1995 Mekong Agreement, calls on the MRC "*to promote* and *coordinate sustainable management and development of water and related resources for the countries' mutual benefit and the people's well being by implementing strategic programmes and activities and providing scientific information and policy advice*". Thus in its journey from logo, through vision to mission, the central focus of MRC on water and its relation to other areas begins to emerge.

The Mekong Agreement, in Article I, articulates the need "*to cooperate in all fields of sustainable development, utilization, management and conservation of water and related resources of the Mekong Basin"* for the purpose of optimizing benefits and minimizing risks associated with the use of Mekong water. The need to protect the environment and to ensure ecological balance is articulated as early as Article 3 of the Agreement, with specific mention made of the impacts of development plans and uses of water. Article 7 spells out the need to "*make every effort to avoid, minimize and mitigate harmful effects that might occur to the environment … and ecological balance of the river system …".*

A number of mechanisms are in place to allow MRC to promote the kind of cooperation envisaged in the agreement and to ensure that opportunities to maximize benefits and to minimize risks are set out for the member States in a way that allows them to arrive at satisfactory outcomes. The principal mechanism is the Basin Development Plan described in the Agreement as the general planning tool available to the Joint Committee to review projects and programmes and to take them forward for funding and implementation. While not explicit in the Agreement, this is the mechanism through which benefits are optimized and risks minimized, and through which progress towards sustainable development is ensured. It is therefore instructive to observe how the notion of sustainability is dealt with in the BDP process.

Prominent in the Basin Development Framework is reference to the Mekong Agreement's vision, goals and values. It recognizes that the "*imbalance in the spread of both benefits and impacts highlights the need for trans-boundary cooperation to reach mutually acceptable decisions on the sustainable development of the lower basin …*" (emphasis added). It goes on to suggest that, in following the Agreement, the key is to find an *acceptable balance* among the developments being

planned, with acceptability judged in terms of the balance between economic, environmental and social outcomes and mutual benefits to all riparian countries.

An acceptable balance that furthermore achieves a balance between the three pillars of sustainability and ensures mutual benefits to all riparian countries begins to approximate one that also reflects the imperatives of sustainability.

The mechanism chosen to prepare the review of options, to maximize benefits and minimize risks, and to seek the correct balance among the three pillars of sustainability is a set of scenarios, referring back to a baseline of the year 2000 but more centrally on a baseline of the "Definite Future" which takes into account the opportunity, benefits and risks of the Chinese hydropower developments that are planned, under construction or commissioned but which posits no dams in the mainstream of the Mekong's lower basin. The other key scenarios play with different sets of hydropower developments and water diversions with a 20-year time horizon, while a final set of scenarios imagine developments out to a 50-year time horizon. The scenarios are intended to be the basis for the discussion of development choices among riparian countries. The choice of scenario will be the key to achieving this 'acceptable balance' in that it will determine the agreed level of development and the rate of water use.

More precisely, the 'acceptable balance' (later referred to as the 'sustainable development space' is seen as a combination of:

- 'the agreed level of development and related benefits and impacts, and the water that this development uses or utilizes,
- the supporting 'key strategic directions and signposts',
- IWRM strategies and guidelines, and the institutional and capacity building programs.

Thus the first choice that is made relates to the desired level of hydropower and water diversion, provided it can be agreed by the four riparian States. The chosen level of water development will then dictate the outer limits within whose bounds development will take place, and this development will be steered and guided by a package of strategic and technical guidance to ensure that it meets the highest standards of best practice in Integrated Water Resources Management. Projects and plans with transboundary impacts that stem from this development and that meet the standard set out in the guidelines will be deemed to fall within the 'development space' while those that do not will be deemed to fall outside this space. The documentation provided to the mission further suggests that those projects and plans accepted into the development space may be deemed sustainable because elements that do not meet the screening criteria will have been eliminated. The status of the existing use in the "development space" may be problematic with the 1995 Mekong Agreement, in which existing use is only one of many criteria for helping parties arrive at "equitable and reasonable utilization" decisions. The existing use cannot automatically foreclose other equitable and reasonable uses. Another key question is what kind of current development/projects can be included in "the current

development" space. Can 'navigation" and "fishery" uses be considered as "current development" along side with other existing hydropower and irrigation or not?

To recap: the notion of sustainable development in the BDP is the product of a chosen and agreed level of water and related resources development, which in turn determines the bounds within which development may be planned and implemented. Development plans, programmes and activities that are proposed by riparian States are brought to the table. Those with no transboundary impact are discarded as not being the concern of the collective group. The others are subjected to a screening and negotiation process, with those that remain populating the development space and those that do not being abandoned. The resulting set of winning development activities are deemed to be sustainable – or at least to be contributing to sustainable development.

How adequate is the BDP's Development space in ensuring sustainable outcomes?

The term 'sustainable development' suggests an optimal outcome, in which the needs of economic progress are in balance with the needs of social equity and justice and environmental resilience. This notion, and its applicability to the MRC in general and the BDP in particular are discussed below. For the purpose of this review we suggest that sustainable development be regarded not as a fixed destination but as a journey towards a goal in which we would aim to make a transition from present, unsustainable practices towards practices that are progressively more sustainable, and in which economic, social and environmental policy and practice is mutually reinforcing. In view of this, does BDP's approach to the notion of development space favour sustainable outcomes? In seeking to answer this question, several considerations are in order:

1. The factors that make up sustainable forms of development vary across the entire spectrum of human endeavour whereas the mandate of the MRC is centrally focused on the water and related resources in the Mekong Basin (Article 1, 1995 Agreement) and the consequences of any alteration to the natural flow of the rivers within the basin. It is thus responsible for an important component of development, but it has no mandate to intervene in other aspects of the development challenge, except where these stem from water impoundment, diversion or use. It follows that the MRC's lever relates to its ability to influence decisions on the use of water in the Mekong Basin and thereby to help shift development into more sustainable channels.
2. The BDP, in opting to define the development space on the basis of one or a set of short-listed scenarios, has further narrowed the MRC's interface with the spectrum of choices required to approach sustainability. The scenarios that relate to the 20-year time horizon are limited to different assumptions on hydropower development and water diversion. The starting point for each one is a 'given' in terms of the dams that would be built, starting from the Definite Future scenario which includes the completion of the Chinese

dams in the upper basin and others in the tributaries of the Mekong but none in the mainstream, and continues with variations of dams in the mainstream itself. The deck is completed by two 50-year projections but these are not given much credence even by the BDP itself. Each of the scenarios is essentially hydropower-led, with the development impacts flowing directly from the dams and their consequences for water flow.

3. Even where hydropower and water diversion for agriculture are the over-riding priority, there are alternative routes to delivering development benefits. The scenarios, however, are built only on the basis of the existing or perceived plans for large dam development on the mainstream and do not consider alternative strategies for delivering energy, water and food security, and development based on softer approaches.
4. The impacts that are considered in each scenario are those that relate to changes in water availability over the annual cycle and both the positive and negative consequences this would have on a range of developmental (e.g. irrigated agriculture), social (e.g. livelihood loss) and environmental (e.g. biodiversity) factors. The strong implication is that the positive consequences offer the opportunity to maximize benefits, while the negative consequences offer the challenge to minimize risk as intended in Articles 1 and 7 of the Mekong Agreement.

This approach presents several problems. The focus on the water variable is understandable and might be acceptable as a starting point given the mandate of MRC, the purpose for which it was set up by the member States, and the nature of its experience and skills base. It would be unwise for MRC to aspire to being a regional planning agency for the entire basin. Its mandate is to look after the water and related resources component of basin-wide development and to advise on the opportunities and risks associated with different water and related resources use scenarios.

That said the utility of water is not limited to the generation of hydropower or the diversion of water for irrigated agriculture. If these two command priority from the point of view of near-term economic development and therefore enjoy a political profile that other water uses do not enjoy an approach focused on the transition to sustainability might not pick the same starting point or base choices simply on a range of hydropower and diversion scenarios.

If it is accepted that hydropower development is, effectively, the agenda and that it is idle to believe that the region's development will have any alternative driver, the scenarios are nevertheless inadequate in working out the space for sustainable approaches as a consequence of dam development. This is because the scenarios take too simplistic a view of the development models that flow from the chosen scenario. These appear to focus too simply on the use of the resulting flows of water in ways that do not cause "significant" harm to other riparian States, and on measures that might be needed to mitigate anticipated harmful impacts or to minimize anticipated risk.

Were other approaches to be taken, the resulting set of choices might be quite different. We offer two examples: what would a scenario for water use look like if the over-riding priority were poverty alleviation and pro-poor development? It would not by any means necessarily preclude hydropower development or extension of irrigation. Indeed, it may still give these two aspects priority in the development model as conditions needed to enable poverty alleviation. But the values, principles and choices would be substantially different.

The same would be true for a scenario for water use in which it was decided that substantial loss of biodiversity was simply out of the question. This "Do No Significant Harm" or "Cause no substantial damage" scenario might also include hydropower and irrigation, but higher priority would be given to avoiding damage to biodiversity through the re-dimensioning of projects and considerably greater attention paid to preventive measures, mitigation and assurance of adequate environmental flows, as well as the mechanism for risk and benefit distribution.

Even within the existing set of scenarios, insufficient attention is paid to the alternative development models that might flow from the chosen scenario. The choice of the LMB 20-Year Plan Scenario without Lower Mainstream Dams, for example, could nevertheless be accompanied by a pro-poor development model in which the starting point is the 'given' relating to the water flow situation resulting from the upper mainstream dams. Or it could be accompanied by a development model that invested heavily in minimizing the risk from the changes in water flow periodicity and intensity that these dams would cause to happen.

Finally, the concept of the Development Space set out in the Basin Development Framework is focused on screening of projects and not on the choice of development models. Thus the choice from among the limited range of scenarios presented to the countries (and which, admittedly, they requested), coupled with the application of a series of screens, leads to a selection of proposed projects for inclusion in the Development Space and the exclusion of others. In this way, the choice of scenario moves fairly mechanically to the choice of projects and the construction of an investment portfolio. While this is in line with the description of the BDP in the Mekong Agreement – *the general planning tool and process that the Joint Committee would use as a blueprint to identify, categorize and prioritize the projects and programs to seek assistance for and to implement the plan at the basin level* – it seems to us that fundamental value of BDP is as a space for negotiation and not for development planning.

<u>Development Space vs Negotiation / cooperation Space</u>

The function of MRC (council, JC and MRCS) is:

- to provide the knowledge on which sensible choices can be made
- lay out the options that lead to these choices
- spell out the benefits and risks of each option and

- provide a space in which the four member States may debate these choices on the basis of trust and arrive at agreed mutually-beneficial outcomes that fit within the value-system that drives basin development.

MRC's knowledge base informs the entire process, but in particular the first bullet. Arriving at the options is, at present, based on the analysis of scenarios. The approach is valuable and the scenario exercise is professional within the limits suggested above. A broader exercise, and in particular a more thorough effort at spelling out alternative development approaches for maximizing benefit and minimizing risk as a result of the scenario choice would be important. With corrections to its course, BDP might be deemed an adequate vehicle for the second and third bullets. The fourth is what, in effect, is referred to as the Development Space. In the present focus of BDP, this space is a space for project selection. In our view it should more properly be regarded as a space for negotiation. An honest examination of the fourth bullet will conclude that the fundamental nature of what happens in this space is the dialogue, trust-building, search for trade-offs and identification of mutual benefit or compensation for risk that is the heart of any negotiation space, and in which a shared value system is build and consolidated.

[This section to be expanded and completed]

Critique from the point of view of sustainable development

The notion of sustainable development has been with us since 1987 and has gained a high measure of political acceptability since then, at least as an aspiration for humanity. Since the Earth Summit in 1992, it is standard practice to recognize this aspiration in international texts and agreements, not simply in the field of environment, though it is in that field where it is most commonly accepted and the attempts to make it a reality are most genuine. It is, for example, established as one of the end-goals of the multilateral trading system and is present in the preamble or goal statements of international agreements and development policies across the spectrum, not least the MRC.

At its base, the notion is a simple one: development – indeed, human progress – must be managed in such a way that economic growth leads to the reinforcement of social equity and justice, and to the maintenance of the resilience and productivity of ecosystems, natural resources and the environment. Economic development that deepens social exclusion, poverty and injustice is not sustainable because a point will be reached where social unrest and conflict undermine the basis for that economic progress. Similarly, the steady loss of ecosystem services, continuing depletion of natural resources or pollution of the environment will inevitably lead to loss of resilience and the inability to sustain the demands of economic growth.

Nor is the economic axis the only determinant. Social progress depends on a robust economy, and a robust economy can invest in environmental resilience in ways that a subsistence economy never can. A single-minded focus on poverty alleviation can, for example, lead to

forms of development that undermine the environment and end up negating the social advances often painstakingly gained. And a blind preference for environmental conservation over the needs of human livelihoods can lead to a build-up of resentment and – in extreme cases – to the destruction of the environment as a result of breakdown of order and the predatory forms of economic exploitation it too often engenders.

Sustainability requires development that steers towards the space shared by all three concerns: in which economic activity is compatible with sound environmental stewardship, and where both are compatible with efforts to improve social justice and eliminate social marginalization. It is implicit in the notion of "development space" as put forward by BDP that this is a space for good or desirable development, development that represents an 'acceptable balance', not only among the wishes of the riparian States, but among the three pillars of sustainability. This would be in keeping with the vision set out in the MRC Agreement and in the slogan adopted as part of the MRC logo. It is also explicit in occasional references to 'sustainable development space' in the Basin Development Framework. And yet the question must be posed: will optimal operation of the BDP's development space concept lead to a substantial shift towards sustainability with the present processes, inputs and governance structure.

As noted above, sustainable development may be seen as a destination or as a journey. We propose to focus on the notion of ever-strengthening sustainability of the development approaches chosen and implemented. This requires two things: first, that the options chosen in the economic, social and environment fields place them on a converging course in which sustainability is progressively strengthened; and it requires that actions that substantially undermine the sustainability of the economy, society or the environment be progressively screened out and abandoned.

If sustainability is to be advance, the onus is on the MRC, on its own or through its BDP, to help shift development from its current unsustainable practices to practices that are increasingly compatible with sustainability because they favour and progressively put in place a model of economic development that improves social equity and justice while maintaining and restoring the resilience of ecosystems, natural resources and the environment at large.

This pragmatic approach would normally require a comprehensive review of all factors affecting development and of their cumulative impact. However, much of this is beyond the scope of MRC which has no mandate, for example, to address cross-border impacts of power grid development, road-building, coastal zone management, trade and investment policy, and many other areas of endeavour essential to the struggle for sustainability. We have accepted, above, that MRC's mandate is built around the use of water in the Lower Mekong Basin. It follows that, for MRC to respect the vision set out in the Agreement, that it must seek to ensure that the management and use of water in the Mekong Basin is governed by the values, principles and imperatives of sustainability, and that the consequences of particular water

scenarios on other factors in the sustainability mix are adequately worked out and solutions found that respect the requirements of the transition to sustainability.

It is clear that MRC is not starting from scratch but from a position dictated by past and present development momentum, including very prominently the development of dams and water diversions in the Upper Mekong Basin and along the Mekong's tributaries. We cannot, therefore, move back to the past and give development another shot. This means simply that the challenge of moving in a sustainable direction are that much more difficult, and the need that much more urgent - the more so because of the imminence of decisions on further hydropower development and water diversions that will further foreclose options that still exist today.

Sustainability is about finding a balance among a range of human needs over the long term. It is about choosing a desired destination and mapping out the best route to get there. And it is about recruiting the maximum number of others to join the journey. But it does require, at the beginning, a clear decision on where we would like to end up, and a process that eliminates routes that do not take us there.