

Senate Foreign Affairs, Defence and Trade Legislation Committee

Senate Budget Estimates, June 2011

Questions on Notice: AusAID

Question No. 9

Senator Bob Brown asked on notice

- a) What is Australia's current and recent financial contribution to the Mekong River Commission?
- b) Is Australia contributing to the Procedures for Notification, Prior Consultation and Agreement (PNPCA) and the Xayaburi Dam assessment? Has Australia made an assessment of the quality and outcomes of the PNPCA process? Does the government have a position on the Xayaburi Dam?
- c) Are any alternative projects to hydroenergy being funded?
- d) Is the government providing financial support, guarantees, advice or other assistance to Australian companies, banks or any other organisations for work on hydropower dams in the Mekong, or to the International Hydropower Association?
- e) Has the government made any financial commitment to pilot the Hydropower Sustainability Assessment Forum's Protocol in the Mekong region? Please detail.

Answer:

- a) The Australian Government, through AusAID, is currently supporting four main activities with the Mekong River Commission. The regional component of the Mekong Integrated Water Resources Management (IWRM) Project (\$7 million, 2009-2012); the Integrated Capacity Building Program (\$6 million, 2009-2012); the Climate Change Adaptation Initiative (\$3 million, 2009-2013); and the Navigation Program (\$1.07 million, 2008-2011). We have also contributed \$300,000 to improve the MRC's monitoring and evaluation system (2009-2011).

A recently completed activity was the Appropriate Hydrological Network Improvement Project (\$6.1 million, 2000-2010). We also provided a contribution to the 2nd phase of the Basin Development Planning Program (\$500,000, 2008-2010).

- b) The Australian Government is funding, through the MRC, the application of the Procedures for Notification, Prior Consultation and Agreement (PNPCA) process for the proposed Xayaburi Dam in Laos. This is part of the work agenda of the regional component of the Mekong IWRM Project. The PNPCA is intended to facilitate and inform the consultations between Laos, Cambodia, Thailand and Vietnam.

The funding for the Xayaburi PNPCA process comes from Australia's Mekong

Water Resources Program. This program aims to promote regional cooperation to achieve sustainable development through better use and management of the Mekong Region's water resources. This engagement is focused on improving transboundary water-related governance.

Part of the funding to the Mekong River Commission has been used by the Mekong River Commission's secretariat to conduct an internal review the Xayaburi project proposal. The review addressed: dam design and operation, hydrology, fish passage and fisheries ecology, sediment transport, morphology, nutrient balance, water quality, aquatic ecosystem health, environmental flows, navigation, dam safety, and social issues. This review was completed by the Mekong River Commission secretariat in March 2011.

The Australian Government assesses that there has been a range of shortcomings associated with this first application of formal 'prior consultation' governed by the PNPCA. These shortcomings have been the subject of justifiable criticism from civil society, donors - including Australia - and some Mekong River Commission member states. The Australian Government has raised its concerns through both the Mekong River Commission framework and diplomatic channels. In January 2011 the Australian Government took the lead on a joint donor statement that called for an additional impact study, a lengthened consultation process and full disclosure of all documentation. The Australian Government continued its advocacy through diplomatic channels in March, making bilateral representations to Ministers from Mekong River Commission members (Thailand, Laos, Vietnam and Cambodia). Minister for Foreign Affairs Mr Rudd also discussed Australian Government views with his Vietnamese counterpart in April. Representatives of the MRC member states in the PNPCA Working Group elevated the deliberation process to ministerial-level in April 2011. Whether this decision formally extends the PNPCA process, and if so what this entails, is still the subject of discussion between MRC member states.

The Australian Government has not joined calls for a 10 year moratorium on Mekong mainstream dams. The Australian Government regards the development and use of the waters of the Mekong River Basin as sovereign decisions for Mekong governments. The Australian Government is concerned that decision making processes around Mekong water resources development are not transparent, well-informed and inclusive, as often the livelihoods of millions of people are at stake. The Australian Government's technical support provided under the Mekong Water Resources Program and policy advocacy around the PNPCA process support this ambition.

- c) This response relates only to AusAID's Mekong programs. The Australian Government, in partnership with the World Bank, is supporting a rural electrification project in Laos. This project will provide 5,220 households with 'off-grid' electricity generated from solar, micro hydropower and biomass technologies.
- d) This response relates only to AusAID's involvement. The Australian Government is supporting the Ministry of Energy and Mines and the former Water Resources and Environment Administration in Lao PDR to improve hydropower governance. The project aims comprehensively to build the capacity of the Ministry to undertake sector planning, manage the granting of hydropower project concessions, appropriately supervise dam construction, efficiently regulate dam operations and manage sector revenues.
- e) The Australian Government has contributed \$230,000 to the Consultative Group on International Agricultural Research's Challenge Program on Water and Food in late 2009 to explore the potential usefulness of the Hydropower Sustainability Assessment Forum's Protocol in the Mekong Region.

The Mekong work was led by the research network Mekong Program on Water, Environment and Resilience (M-POWER). The first phase of this work focused on testing part of the 2009 draft Protocol in Vietnam, Cambodia and Thailand and provided extensive civil society feedback to the Forum as it revised the Protocol in 2010. A revised Protocol was endorsed by the International Hydropower Association's members in December 2010. This new Protocol is untested, but will be piloted globally in 2011 and 2012. AusAID has made a further \$270,000 available to pilot the new Protocol in the Mekong Region. The Huaneng Lancangjiang Hydropower Company has agreed informally to use the Protocol to assess its Jinghong hydropower project on the Lancang (Mekong) River in China's Yunnan Province.