

MEKONG REGION SCOPING REPORT





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Published by NGO Forum on ADB.

July 2021.

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The NGO Forum on ADB is a network of civil society organizations (CSOs) that is been monitoring the projects, programs, and policies of the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB).

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OBJECTIVE

The objective of this report is to provide an overview of development narratives in the Mekong region and potential avenues to support civil society organizations (CSOs) in their efforts to promote transparency and accountability in development finance. By exploring progress that local groups have made by forging connections with regional and international groups, the report aims to identify potential entry points for joint advocacy campaigning. It is hoped that the report will benefit local civil society organizations by bringing new voices into the discussion on strategic campaigning around Mekong regional development finance.

METHODOLOGY AND SCOPE

The report begins with an overview of the development trends in the Mekong region and recommendations from CSOs for strengthening collaboration with the NGO Forum Secretariat. Following are sections on Thailand, Laos, Cambodia, and Vietnam highlighting the national development agendas of each country, with analysis of national development

plans, emerging shifts in development narratives, and the ways in which development finance is influencing the direction of national and regional policy and planning. The report highlights ways in which CSOs and peoples movements have drawn upon regional and international support to responded to the increasing complexity of development finance through policy advocacy at both the national and regional levels.

A review of academic articles, NGO reports, industry publications, and news articles is supplemented by interviews with regional and local civil society groups active in promoting accountability in Mekong region development finance, as well as national and local advocacy groups. Care was taken to incorporate the views of both staff members working at the policy level and those working directly with affected communities, who are often of a younger generation. Discussions focused not only on ADB financing, but also the increasing presence of the AIIB (Asian Infrastructure Investment Bank) and BRI (Belt and Road Initiative) projects in the Mekong region.

INTRODUCTION

“The Mekong region is a hotspot for trade and investment, and of geopolitical importance in balancing Chinese and Western interests.”

- Eang Vuthy, Director of Equitable Cambodia and International Committee (IC) Mekong region representative

IFI involvement in both the private sector and public sector is becoming more complex, necessitating deeper investigation into the financial intermediaries in this multifaceted and indirect lending landscape. Mekong region CSOs and people’s movements have responded to this increasing complexity by building cross-border alliances and promoting understanding and awareness of local rights under national and international mechanisms and laws. With support from regional and international groups, Mekong region CSOs are sharpening their advocacy and campaign strategies, and conducting participatory research with affected communities to support stronger civil society contributions to national and regional policy dialogue around development finance.

Examples of innovative campaign strategies and recent successes include:

- Coordinated advocacy by Thai, Cambodian and Vietnamese CSOs through the Save the Mekong Coalition calling for the cancellation of mainstream Mekong dams and concrete steps towards an energy transition that maintains the Mekong’s critical ecosystems while safeguarding the needs of communities.¹
- Thai ETO (Extra-Territorial Obligations) Watch Coalition support for communities adversely affected by Thai investment in Laos, Cambodia, and Myanmar to document human rights and environmental impacts and advocate for redress; successfully lobbying the Thai government to include Thai outbound investments as

a Human Rights and Business National Action Plan priority.

- Transnational litigation, including a UK Commercial court against the Koh Kong sugar concession in Cambodia, and a lawsuit by Cambodian farmers against the Thai Mitr Phol sugar company. This is the first class-action lawsuit filed in a Thai court by plaintiffs from another country against a Thai company operating outside Thailand.
- A first-ever meeting between local people and a Chinese investor regarding the potential impacts of hydropower on the mainstream Mekong following a lawsuit filed by fishing communities in the Thai administrative court regarding the Prior Consultation process for the Pak Beng Dam.
- Through collaboration with the NGO Forum Secretariat, Equitable Cambodia supported communities affected by a railway rehabilitation project to file a complaint with the ADB’s Accountability Mechanism, resulting in an ADB agreement to bring the project into full compliance with its safeguard policies.
- Sustained advocacy by Vietnamese CSOs leading to a revision of the national power development plan, decreasing coal by 20,000 MW and removing all proposed nuclear projects, along with commitment to a faster transition to renewable energy.
- Independent Lao campaigners have compiled information on the impacts of Chinese investment in hydropower dams, highway and railway projects, and SEZs at great personal risk, and have published anonymous reports through support from international allies who are cognizant of their security concerns.

CHALLENGES

Despite these successes, Mekong region CSOs face significant challenges in their efforts to promote transparency and accountability in development funding. Since the early 1990s, the ADB has promoted the Mekong Power Grid as a regional power-trading



scheme without public participation, failing to take into account the wide-ranging social and environmental impacts that would inevitably result from extensive hydropower development. The 11 large hydropower dams on the Mekong River's lower mainstream and 120 tributary dams planned by 2040 threaten the region's ecology and local food security.

While many markets have shifted away from coal, Chinese banks and companies are actively pursuing coal investments, and have committed to financing and building dozens of plants in Vietnam, Cambodia, and Laos.² Thailand and Vietnam are also increasingly looking to meet energy demands through construction of hydropower and coal projects in Laos, Cambodia, and Myanmar.

While the region has significant untapped wind and solar resources, continued discourse around "sustainable hydropower" within public and private sectors and development finance institutions precludes transition to non-hydro renewables. At the same time, energy planning services provided by development finance institutions along with policies promoting export-oriented power plans for regional interconnectivity continue to support vested interests in the hydropower and coal industries.

Utilities in the Mekong region are state-owned enterprises, as well as key investors in power projects, and in most cases, the sole purchaser of electricity from power generating sources. The resulting conflict of interest leads to resistance to decentralization and support for integration of non-hydropower renewables. While the Mekong countries have made initial commitments to reduce emissions through their National Determined Contributions (NDCs) for the Paris Agreement, the shift to renewable energy and implementation of energy efficiency policies is yet to be meaningfully reflected in national power development plans.

Even where renewable energy investments are expanding, industry watchdogs are re-

porting low levels of commitment to public consultation, gaps in access to remedies for affected communities, and lack of supply chain monitoring for human rights abuses.³ This is of concern to local CSOs in light of recent Thai investments in Vietnam's renewable energy sector,⁴ and Chinese investment in Laos and Cambodia, where state mechanisms to hold private actors accountable are lacking.

Shrinking political space in the Mekong region means that women, indigenous rights, land rights and other human rights defenders increasingly face violent retaliation, forced disappearance, death threats, arrests, strategic litigation against public participation suits (SLAPPs), and other tactics by political/business interests intended to silence dissent.

INDIGENOUS RIGHTS

Although indigenous peoples have contributed least to climate change, they are the first to face its impacts and suffer the most. Despite being directly impacted, indigenous peoples are often overlooked in negotiations and decision-making on climate change adaptation. Many Mekong region climate adaptation and development projects, such as National Adaptation Program of Actions (NAPAs) and National Adaptation Plans (NAPs), have been designed without indigenous peoples participation and implemented without their consent. Furthermore, many climate change adaptation policies and strategies in the Mekong region have undermined indigenous peoples' cultural and social identities, right to self-determination, and livelihoods.

Mekong indigenous peoples are taking the initiative to cope with climate change by drawing upon their rich knowledge systems to identify changing climatic patterns and resulting challenges. The regional organization Asia Indigenous Peoples Pact (AIPP) brings together indigenous peoples' movements from across fourteen countries in Asia, and with its base in Thailand, is active in promoting indigenous engagement in climate justice advocacy in the Mekong region. AIPP advo-

cates for the inclusion of indigenous peoples in designing culturally appropriate adaptation and mitigation development plans, and engagement in climate change policies and strategies such as the UN Framework Conference on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD).

Continuing to strengthen collaboration with AIPP and its member organizations will provide an avenue for the NGO Forum to support Mekong region indigenous peoples in their efforts to hold financiers accountable and to ensure the full and effective participation of indigenous people in climate justice agreements, policies and programs at local, regional and international levels.

GENDER AND ENERGY JUSTICE IN THE MEKONG REGION

Women are consistently marginalized in energy planning processes, and according to one estimate, represent only 6 percent, 4 percent and less than 1 percent of the technical, decision-making and top management positions, respectively, in the energy sector. Structural inequality in the energy industry, which manifests in the form of discrimination in law and practice, also poses barriers to women's participation. At the same time, solid-fuel use in the Mekong region continues to exacerbate income and gender inequality by forcing poor women and girls, particularly in rural Laos, Cambodia and mountainous regions of Vietnam, to spend long hours collecting biomass energy and to be exposed to its negative health impacts.⁵

In early the 2010s, the concept of energy justice emerged as a response to the need to address justice issues in energy access, use and policy making. The energy justice movement saw the development of indicators to assess energy policies from an integrated gender and energy justice perspective.⁶ Subsequent research as shown that energy access and gender are deeply entwined components of the global development agenda. Engaging women as active agents in deploying off-grid renewable energy solutions has proven to improve sustainability and gen-

der outcomes. The transformative effect on women of access to affordable, reliable and sustainable modern energy is well-known. The distributed nature of off-grid renewable energy solutions offers tremendous opportunities for women's engagement, and with their role as primary energy users at the family and community levels, women are ideally placed to lead and support the delivery of energy solutions.⁷

Despite structural barriers to women's leadership in energy planning, a number of women in the Mekong region have risen to prominence in both the civil society and private sectors. Ms. Wandee Khunchornyakon, Chief Executive Officer of Solar Power Company Group (SPCG), Thailand's biggest solar power operator, is credited for piloting Thailand's pivot towards clean energy. She overcame many obstacles to secure loans for her business plan, and since its inception in 2008, SPCG is gone from a small 7.35 MW solar farm to 36 solar farms producing a total of 260 MG, with plans to double its generating capacity in the next three years. Khunchornyakong was named entrepreneur of the year 2013 and in 2014 she was awarded the Lighthouse Activity Award by the United Nations Framework Convention on Climate Change (UNFCCC).⁸

2018 Goldman Prize recipient Ms. Khanh Nguy Thi founded the Green Innovation and Development Centre (GreenID) to promote sustainable energy development and good governance in Vietnam. Growing up near a coal plant in rural Vietnam, Ms. Khanh experienced firsthand the pollution and dust from coal operations and witnessed many people in her community develop cancer. She is deeply focused on engaging with experts and decision-makers on renewable energy and energy efficiency in order to reduce dependence on fossil fuels and coal power. Ms. Khanh's research and collaboration on a more environmentally sustainable national energy plan supported the Vietnamese government's March 2016 announcement of its revised Power Development Plan.⁹

Through continued collaboration with woman leaders in the Mekong regional energy reform movement, the NGO Forum can lend support to efforts to strengthen women's participation in energy policy dialogues and in the design and production of locally appropriate energy technologies. In addition, collaboration with feminist organizations such as the Thailand-based Asia Pacific Forum on Women, Law and Development (APWLD) to advocate for a feminist fossil fuel free future will lend support to Mekong regional grassroots feminist organizations' efforts to advance the principles of just, equitable, inclusive, accountable and rights-based climate financing in the region.

RECOMMENDATIONS

1. Strengthen support for Mekong region CSOs to conduct investigations and access advocacy channels

Support from the NGO Forum Secretariat in the form of regional analysis of energy investment trends, geopolitical interests and key advocacy targets is needed to strengthen CSO campaigns, along with research support on financiers to develop strategies to hold them accountable.

Secretariat member Toshiyuki Doi of Mekong Watch explains, "As the ADB and other IFIs are increasing their private sector lending, NGO Forum support for Mekong regional NGOs and CSOs to investigate the financial intermediaries in this more complex and indirect lending landscape is more important than ever. Analysis and advocacy strategies must be much more sophisticated now, as IFI involvement in both the private sector and public sector is more multifaceted. Moreover, the ADB and other IFIs are increasingly using the country system, attempting to relegate certain safeguards to recipient governments and private sector companies. NGO Forum support to open advocacy channels with these emerging actors is important, especially in Mekong coun-

tries where security concerns make it difficult for local CSOs or communities to advocate with their own governments and private companies directly."

"Investment chain mapping is increasingly important, but requires a high level of technical skills and tools to access information. Local organizations need much more support in this area," added Eang Vuthy of Equitable Cambodia.

2. Establish a stronger physical presence for the Secretariat in the Mekong region

The Secretariat's support for local CSOs has led to positive outcomes. "We've been working on a project in Southern Thailand funded through private companies with backing from the ADB. The community had no idea that the project was financed by the ADB, and really benefited when we invited NGO Forum staff to share their knowledge. They are the best people to explain how the ADB works, how to identify possible leverages and entry points, and who you need to contact to influence decisions." -A Thai member

However, many Mekong CSO representatives felt that a stronger Secretariat presence in the Mekong region is needed to provide more consistent support to members. This would open more space for local and regional groups in the Mekong to build internal capacity, share collective knowledge, and develop shared analysis of key issues in development finance to strategically advance joint campaigns.

"The Secretariat can only operate as well as its members are strong. To strengthen work in the Mekong, we need to increase our technical and coordination support to regional members. We also need to reach out to new members to increase monitoring work on the ground to support our advocacy with the ADB and AIIB." -Eang Vuthy, Equitable Cambodia

Many local activists interviewed for this report had either not heard of the NGO Fo-

rum on the ADB, or did not know what kind of support the NGO Forum might be able to provide. Others had worked with the NGO Forum, but desired more sustained support from the Secretariat. *“Follow-up has been difficult, as the Secretariat is very small and members’ resources are stretched thin. A stronger communications system to make sure that commitments are followed through would be helpful, as would additional funding support through small grants so that local CSOs can sustain their work with communities for a longer period.”* –A Thai member

3. *Increase accessibility for Mekong CSOs by providing information in local languages and simplifying English language communications*

The NGO Forum serves as a clearinghouse for information regarding the ADB, its policies and structures, and also provides Mekong region CSOs with training opportunities and communications support such as handbooks in local languages.

A considerable language gap remains, however, as English is not the working language in most Mekong countries. A Mekong region focal person was seen as critical to facilitate access to information in local languages.

“In the Mekong region, language is a barrier for smooth coordination with partners. Communications need to be accessible in everyday language, and to indigenous people who may not have literacy skills in the national language.” - Eang Vuthy, Equitable Cambodia

“People need to see faces of the Forum, and to learn the benefits of joining. It’s a two-way street- what the Forum can contribute to advocacy efforts, and what local groups can provide to the Forum. Language support is needed to access materials on the Forum website and to meaningfully participate in annual meetings.” - A Thai member

“The way the NGO Forum’s materials are written is very academic and technical. I

read their articles two or three times but still do not understand the content. When I attend their meetings, I feel alienated by the difficult language.”-A Lao campaigner

4. *Strengthen support for Mekong CSOs to engage with the AIIB and Chinese investors*

While the AIIB may not be up to the standard of the World Bank or ADB safeguards, it generally holds up IFC governance standards, due diligence, and safeguard policies as a reference point or benchmark. With its long history working on these issues, the CSO representatives interviewed for this report felt that NGO Forum is in a strong position to lend their experience and knowledge to regional advocacy efforts around the AIIB.

“There is a lot of interest in learning more about the connections between AIIB and BRI projects. People are frustrated so far by the lack of transparency and accessibility of the AIIB’s Project-Affected People’s Mechanism (PPM). We also want to develop a better understanding of safeguard policy reviews so that we can more meaningfully engage in policy advocacy, as this is a new process for most Vietnamese groups.” – A Vietnamese campaigner

“As there is limited information about the AIIB and Chinese investors available through official channels, we need support from partners with relevant language skills and contextual knowledge of Chinese investors.” - A Cambodian CSO representative

5. *Address the security concerns of members and allies in politically sensitive areas*

While there is a general increase in authoritarianism throughout the Mekong region, nowhere is this felt more strongly than in Laos. Lao activists lack legal channels to create civil society groups to voice concerns or support regional demands or transparency and accountability in development finance, and

are in need of safe media and campaign outlets outside the country for the information they gather from affected communities.

The Lao activists interviewed for this report were unanimous in their desire for support from the NGO Forum to bring evidence of impacts on local communities to light and to raise local concerns at the policy level. Due to security concerns, however, they indicated that a high level of trust would be a prerequisite to initiating a working relationship. *“We would need to know how they will use our information, and what security measures they have in place both for us and for the community members who have put themselves at risk by sharing their information,”* said one Lao activist.

Identifying a point person with well-established relationships with Lao activists would be a first step in strengthening trust and solidarity between the NGO Forum on the ADB and Lao civil society groups. Ideally, this person would possess the language skills necessary to build strong relationships in the country, and would be sensitive to the political context in Laos and the security concerns of Lao colleagues.

“While The NGO Forum may not have capacity to address security concerns, they could work with groups with existing capacity like Protection International and Frontline Defenders, ensuring that members have their contacts, and are aware of what resources and support they can provide. If local CSOs are not confident that their participation will be safe, they are not going to participate.” -A Thai member

Summary

The NGO Forum is in a strong position to help Mekong regional campaigners access information from ADB and AIIB management and to set up meetings with senior bank officials as well as US, Chinese, European and Japanese government representatives. This support has been crucial in past campaigns, and is all the more relevant given the emerging

financing landscape. The following sections on Thailand, Laos, Cambodia, and Vietnam highlight the national development agendas of each country, and explore the ways in which Mekong region CSOs are influencing the direction of national and regional policy and planning through their advocacy efforts.

THAILAND Civil Society Movements and the Development Finance Sector

Thai CSOs have made remarkable progress in advocating for transparency and accountability in development finance through strategic community-led campaigns with support from academics, media, NGOs and public interest lawyers. As safeguards in Thailand are strengthened, however, Thai investors and development planners, particularly in the energy sector, have drawn upon ADB power grid and connectivity plans to export Thai investments in hydropower and coal to neighboring countries with weaker regulatory frameworks and accountability mechanisms. Thai NGOs have responded by exporting their campaign efforts, utilizing the Thai legal system and national human rights commission to campaign for stronger oversight and accountability in Thai overseas investment.

Throughout the 1990s, the ADB gained notoriety among Thai civil society groups and affected communities for funding destructive development projects such as the Mae Moh coal-fired power plant and the Klong Dan Wastewater Treatment Plant. These concerns culminated in mass rallies at the 2020 ADB annual general meeting in Chiang Mai, where protesters accused the ADB of violating citizens’ rights to use and manage local resources, polluting and destroying environments, and undermining citizens’ food and livelihood security.

The NGO Forum on the ADB provided strong support for local campaigns against the Mae Moh coal-fired power plant and the Klong Dan Wastewater Treatment Plant, the latter of which became the first to test the Bank’s accountability mechanism since the inspec-



tion panel was created in 1995. Importantly, community leaders Ms. Dawan Chantarahesdee of Klong Dan and Ms. Maliwan Nakwirot of Mae Moh have passed lessons learned on to other communities facing the impacts of destructive development, as well as to successive generations of student activists, strengthening the capacity of Thai civil society to investigate and pressure financiers. Over the past decade, Dawan has drawn upon her experience with the Klong Dan case to mentor the Loei community, providing strategic advice on their campaign to address the health impacts a gold mine,¹⁰ while Maliwan regularly hosts visitors to Mae Moh such as a Mae Sot community whose health and livelihoods were affected by cadmium poisoning.¹¹ These cases show how the benefits of interactive learning between community campaigners and the NGO Forum and its members have had a profound and lasting impact on popular movements.

The World Bank-funded Pak Mun Dam galvanized Thai civil society opposition to the adverse social and ecological ramifications of neoliberal globalization, giving rise to the Assembly of the Poor in 1995. The grassroots movement of communities directly affected by destructive development coalesced nation-wide to denounce “state policies that promote industrial development at the expense of the environment, the small-scale agricultural sector, and urban laborers.”¹² The movement provided a space for local communities to confront power and authority within the global economy, connect the hardships they were suffering to national development policy, and to demand restitution and access to resources crucial to their livelihoods.

This strong civil society resistance effectively marked the end of hydropower and coal development in Thailand and the beginning of an era of Thai outbound investment to meet its growing energy needs, in line with Thai Prime Minister Chatichai Choonhavan’s policy to transform the Mekong region ‘from battlefield to marketplace’ through expansion

of the neoliberal development agenda. As the social and environmental risks of development finance were shifted to Thailand’s neighbors, many Thai campaigners turned their attention to supporting their counterparts in neighboring countries who face greater personal security risks and fewer environmental and weaker human rights safeguards.

Established in 1991, the Thai NGO Towards Ecological Recovery and Regional Alliance/Foundation for Ecological Recovery (TER-RA/FER) drew upon their knowledge of development finance to support civil society movements Myanmar, Cambodia, Laos, and Vietnam through trainings, exchanges and alliance building. Though no longer operational, former TERRA staff continue monitoring Thai overseas investment and advocating for greater accountability through newer groups such as Mekong Butterfly and MEE Net (Mekong Energy and Ecology Network).

Thai ETO (Extra-Territorial Obligations) Watch Coalition was founded in 2015, bringing Thai campaigners together to support communities adversely affected by Thai investment in Laos, Cambodia, and Myanmar to document human rights and environmental impacts and advocate for redress through meetings with the National Human Rights Commission of Thailand and the Neighboring Countries Economic Development Cooperation Agency (NEDA). In addition, the coalition engages in policy advocacy and litigation aimed at strengthening rule of law and safeguard mechanisms, successfully lobbying the Thai government to include Thai outbound investments as a Human Rights and Business National Action Plan priority.

While transportation and energy-sector planning services provided by the Asian Development Bank and the World Bank’s International Finance Corporation promoting export-oriented plans for regional interconnectivity continue to inform Thailand’s investment planning, direct IFI support for individual projects has declined over the past two

decades in favor of private-sector finance. In 2020, China displaced Japan as Thailand's top source of foreign direct investment, owing mainly to belt and road-linked projects, overspill from the US-China trade war and Thai government incentives.¹³

Though Thailand has benefited from declining poverty rates and the implementation of universal health coverage, unequal distribution of wealth and technology and rising emissions challenge the country's ability to balance economic growth with human security and environmental sustainability. In addition, Thailand's political climate has become increasingly authoritarian since the 2014 military junta and suspension of the constitutional rule of law.

Thai campaigners face threats in the form of attacks on personal security, prosecution under the country's draconian lese majeste law, and frequent strategic lawsuit against public participation (SLAPP) suits intended to censor, intimidate, and silence critics by burdening them with the cost of legal defense. Despite these challenges, Thai CSOs enjoy a relatively less restrictive political climate than their counterparts in the Mekong region, including access to functioning legal institutions, an independent national human rights commission, a range of media outlets, and space in urban centers to organize public forums and protests.

Power Sector Planning and Development

Thailand's electrical generation and distribution system is the most advanced among the lower Mekong countries, and per capita electricity consumption the highest in the region.¹⁴ In its 2015-2036 Power Development Plan, the state-owned Electrical Generating Authority of Thailand (EGAT) aims to raise the percentage of electricity supply of "clean" coal, largely through the construction of new plants in southern Thailand, increase imports- mainly hydropower- from neighboring Laos and Myanmar to 20%, increase non-hydropower renewables, and introduce nuclear electricity into the national power

grid.¹⁵ While EGAT announced its intentions in 2017 to overhaul its investment strategy and diversify into renewable energy, details of this update remain unclear.¹⁶

Thailand's shift to renewable energy is frustrated by that fact that power sector planning is dominated by EGAT, which acts as the sole purchaser of electricity, an investor in electricity projects, and negotiator of power purchase agreements. As MEE Net director Witoon Permpongsacharoen explains, "EGAT's monopoly on power production under a centralized system has proven unresponsive to changes in energy demands and the availability of clean and cost efficient renewables."¹⁷

EGAT has a history of over-estimating the country's power reserve targets, with reserve margins in the 2015 Power Development Plan ranging from 25% to 39% higher than projected demand.¹⁸ Many analysts tie this to EGAT's conflicts of interest, as EGAT officials often also serve on the board of private power companies, and EGAT's cost-plus organizational model ensures that it will receive a fixed rate of return on any new investments while passing costs on to the consumers, thereby incentivizing overcapacity and promoting over-investment in power reserves.¹⁹

Thai investment in hydropower on the mainstream Mekong is of particular concern to regional food security, as inland fisheries along the Mekong supply local communities with up to 80% of their animal protein needs.²⁰ Recognizing that Thai national power development plans provide policy makers, Thai companies and financial institutions with justification for continued investment in cross-border hydropower projects, Thai CSOs have promoted public scrutiny and participation by bringing cases to the Thai administrative court and to the Thai Human Rights Commission, leading to the stalling and suspension of mainstream Mekong hydropower projects.

Chinese Investment



Thailand's increasing reliance on Chinese investment, coupled with China's tacit support of military coups in Thailand and Myanmar, has led to increasing distrust of China among CSOs and the Thai public. Chinese control over the flow of the Mekong through upstream dams has added to public perceptions of an unequal power dynamic. In 2017, local Thai communities living along the Mekong filed a lawsuit in the Thai Administrative Court regarding the Prior Consultation process for Pak Beng Dam on the mainstream Mekong in Lao PDR.²¹ Following the lawsuit, the Chinese project developers contacted the campaigners to arrange a first-ever meeting between local people and a Chinese company regarding the potential impacts of a dam project on the Mekong mainstream. The dam has since been delayed, awaiting a decision from Thailand on signing the power purchase agreement.

Local Thai communities also drew strong public support for a campaign against a Chinese-led commercial navigation project on the Lancang-Mekong River, conveying their opposition to Thai parliamentary committees, national security bodies, and Chinese project developers. Their efforts culminated in a rare victory in February of 2020, when the Thai Cabinet formally called for cancellation of the project. With the past year's dramatic increase in Chinese investment set to continue, Thai communities and CSOs will be looking for ever more support to navigate AIIB policies and open advocacy channels.

Renewable Energy

The burden that Thailand's over-supply of electricity places on the Thai public has come under increasing scrutiny with COVID-19,²² and the pandemic has highlighted the importance of access to the Mekong's farmlands, forests, rivers, wetlands and fisheries as a safety net during times of crisis.²³ As Witoon points out, "the growth of small-scale renewables in Thailand is inevitable. This will favor distributed generation rather than a centralized system, and these small-scale, de-centralized options are more flexible, and

responsive to changes in demand."²⁴

Pressuring the Thai government to consider climate change emissions and the sustainability of energy sources when signing power purchase agreements to import electricity from neighbor countries must go hand-in-hand with domestic energy sector reform. Currently, both Vietnam and Thailand prioritize imports based only on price, and do not account for carbon emissions or other environmental, social, or health impacts when investing in projects abroad and purchasing from them. The ADB's recent announcement not to fund coal projects along with regional civil society advocacy to remove reference to 'sustainable hydropower' as a renewable energy source will support efforts to hold the Thai energy sector to higher environmental and social standards.

LAO PDR Introduction

The Lao government's fast paced expansion of large-scale infrastructure and agribusiness projects is threatening access to land and forests for the roughly three quarters of the population who live in rural areas and whose livelihoods depend on natural resources.²⁵ Most Lao land users have customary rights with no formal title or documentation, and despite a preliminary legal framework, land deals in Laos continue to be carried out with little transparency or accountability. A significant share of the lending for Laos's infrastructure boom has come from loans through Chinese state-owned banks, with China accounting for nearly half (47%) of Laos's total external public debt in the year 2020.²⁶

The one party Lao state places severe restrictions on the rights to freedom of expression, association, and peaceful assembly, making efforts to campaign for transparency and accountability in development funding exceedingly difficult from within the country. A small group of Lao civil society activists are nevertheless engaged in investigating and documenting the negative impacts of investment on affected communities, and face sig-



nificant security risks in sharing information with outside allies. Much support is needed to access channels for dialogue with Chinese financiers, and to advocate for stronger social and environmental safeguards.

Background

While Laos experienced an average of 7.5% growth in GDP annually between 2004 and 2018, the distribution of benefits has been uneven, as this growth has been driven primarily by expansion of resource-based development in the form of hydropower and mining. Income inequality has risen over the past decade, as the mining and hydropower sector provide few employment opportunities for local residents.

With the expansion of agribusiness, agro-industrial plantations, special economic zones, and large-scale infrastructure projects, the Lao government has conceded more than 1 million hectares of land- 5 percent of the national territory- to investors.²⁷ Large-scale land leases are continuing to increase as the government pushes for graduation from least developed country (LDC) status by 2024, largely by inviting foreign investors to tap the country's natural resources. At the same time, few practical legal provisions are available to protect the rights of affected communities.

Lack of clarity and rule of law is leading to increasing conflicts between community members, local authorities, and foreign investors. As one government officer explained, "Chinese investors are initiating projects in areas that have yet to be designated by land use type, and in areas with no land title. The governor approves the projects without following the legal requirements for an environmental impact assessment (EIA), and the projects are nearly complete before the District Office of Natural Resources and Environment (DONRE) even learns of them. This is not the right process. We are frustrated because we can't do our duty."²⁸

Lao CSOs are working to raise awareness of the legal protections available to citizens under the laws and regulations of the Lao PDR and through the internal accountability mechanisms of financial institutions through trainings and educational materials targeted to both land users and local authorities. While these trainings have made difficult legal concepts more accessible and helped local residents to gain confidence in negotiating with foreign investors for more equitable contracts, local demands are likely to fall on deaf ears without accompanying reform at the national government level.

The Lao PDR depends more on international public finance and less on domestic public resources in proportion to the Mekong countries as a whole.²⁹ China is the main investor in Laos, followed by Thailand, Vietnam, France and Japan.³⁰ Ready access to concessional bilateral funding via China's Belt and Road Initiative (BRI) has enabled rapid development, while also exposing the country to financial risk. A significant share of the lending for Laos's infrastructure boom has come from loans through Chinese state-owned policy banks- the China Development Bank (CDB) and Export-Import (Exim) Bank of China.³¹

Key among these projects is the \$5.9 billion Lao-China Railway project, financed through China's Exim Bank under the umbrella of the BRI. Other major BRI infrastructure projects include the Nam Tha 1 hydroelectric project near the Lao-China border developed through China Southern Power Grid Company, and the \$2.7 billion Nam Ou hydropower cascade being built on the Ou River by China's Sinohydro Corporation in a joint venture with the Lao state electricity corporation Electricite Du Laos (EDL). In signing the project contract, the Lao government granted the Chinese enterprise planning and development rights over the entire Ou River basin. Although the Ou River dams will permanently alter the ecosystem of Laos' country's longest Mekong tributary, limited information is

publicly available, and few Lao citizens know the details of this project.³²

This focus on large, capital-intensive infrastructure projects has been accompanied by a steady accumulation of government debt. Even before the COVID-19 pandemic, in 2017 the World Bank and IMF identified Laos as at a high risk of debt distress. In 2020, the World Bank estimated that the impact of the COVID-19 pandemic would increase the fiscal deficit to between 7.5 and 8.8 percent of GDP, with debt levels expected to increase to between 65 and 68 percent of GDP in that year. This public debt burden is posing a high risk to macroeconomic stability as debt default by Laos would place increased pressure on borrowing costs, and reduce the scope for public investment in social welfare and poverty reduction.

By mid-2020, China accounted for nearly half (47%) of Laos' total external public debt, with the remainder consisting of multilateral concessional loans (split between the Asian Development Bank and the World Bank, 17%), 17% through the commercial bond market, ex-China bilateral loans (11%) and other non-concessional loans (8%).³³ This has led to widespread concern that the country could fall into the so called "Chinese debt trap," being forced to hand over to Beijing control of some important national assets.

The rapid development of hydropower is driven by the Lao government's plan to promote national development through the sale of hydro-electricity to consumer markets in neighboring countries rather than supporting domestic needs. This focus on exports has prevented build-out of a strong and flexible national grid, as most large projects feed power directly across the border to Thailand. As of 2017, the government of Laos had signed bilateral MOUs to supply 9,000 MW of electricity to Thailand by 2025, 5,000 MW to Vietnam by 2030, and 1,500 MW to Cambodia by 2025 through more than one hundred dams in Laos's portion of the Mekong basin.³⁴ The Lao government's power

export commitments have effectively tied the country to large-scale coal and hydropower projects for the foreseeable future, despite the fact that non-hydro renewables such as wind and solar energy are increasingly economical.

Unmanageable levels of interest and debt and higher-than-usual power grid and hydropower project costs have brought State-owned Lao electric power provider Electricite du Laos (EDL) under specific scrutiny.³⁵ EDL's bidding process is characterized by a lack of transparency and checks and balances, and the former director general was fired after amassing a personal fortune in real estate.³⁶ Transparency International reported in January 2021 that Laos' corruption ranking had worsened, dropping from 130 in 2019 to 134 in 2020 out of 180 countries.³⁷ Though corruption in large-scale investment is well known within Lao civil society, the country's state-controlled media and provides no opportunity to promote transparency.

The 2012 forced disappearance of prominent civil society leader Sombath Somphone raised worldwide concerns about the Lao government's commitment to the rule of law. The government has since placed severe restrictions on the rights to freedom of expression and the media, association, and peaceful assembly, and a 2014 Internet decree sharply limits the types of information that can be shared publicly.³⁸ Both local and international civil society groups remain under close scrutiny. Organizations must first obtain a written agreement from authorities before entering a community, and are commonly accompanied by officials. This means that in practice, permission to visit communities displaced by development projects is typically not granted.

I spoke to a group of Lao activists working independently to collect information on the impacts of large-scale hydropower, mining, highway, railway, and transmission line projects on local communities for publication through international news agencies with

support from allies outside the country. Several had attending trainings led by the NGO Forum on the ADB, and continued to receive regular emails and updates. Still, none of them have linked with the NGO Forum to share information or discuss advocacy strategies. They attributed this to the lack of an NGO Forum focal person or presence in Laos, security concerns, language barriers, and the technical nature of NGO Forum communications and materials.

“We are in contact with communities across the country that are experiencing negative impacts, particularly from Chinese funding, and need an outlet to address these issues,” one activist explained. “There is a strong sense of hatred in areas affected by Chinese investment. When the villagers attempt to bring complaints to Chinese project staff, they are often met with violence, slapped and kicked, and beaten with sticks. They are told to ‘talk to your own government.’ But when they go to their village chiefs, the chiefs don’t dare to take the issue further. Support to access channels for dialogue with Chinese financiers would be very beneficial for our work with local communities.”

A Lao researcher expressed frustration at the common reluctance of foreign consultants with vested interests in the country to support Lao civil society efforts to promote transparency. “I worked as an assistant for a foreign consultant on an ADB transmission line project, gathering information on project impacts- particularly lack of compensation- from local villagers. When I presented a draft of the report to the consultant, he said, ‘this is very good information and would be helpful to communities, but you must understand that if I publish this, I’ll be expelled from the country and will not be allowed to work in Laos again.’”

The Lao civil society representatives interviewed were unanimous in their desire for support from the NGO Forum to bring evidence of impacts on local communities to light and to raise local concerns at the poli-

cy level. Due to security concerns, however, they indicated that a high level of trust would be a prerequisite to initiating a working relationship. “We would need to know how they will use our information, and what security measures they have in place both for us and for the community members who have put themselves at considerable risk by their sharing information.”

“If I’m the only Lao person, or if I don’t know and trust the other Lao attendee(s), I don’t dare to attend NGO Forum meetings or share politically sensitive information,” shared another.

The activists I spoke with indicated that personal security was a primary concern. *“Bringing data out of field is extremely difficult and sensitive, let alone using it for policy advocacy. We need a trusted contact person to whom we can send encrypted information then delete it immediately while still in the field. There are only one or two people who we trust with this.”*

While the Lao civil society representatives interviewed did not feel secure working directly with the government sector, they agreed that regional groups like the NGO Forum could help by identifying and building relationships with people within the government who are concerned about the impacts of Chinese investment so as to promote legal awareness and bringing authorities into the conflict resolution process with foreign investors and local communities.

CAMBODIA

Over the past two decades, Cambodia has enjoyed high economic growth and diminishing poverty rates, and the country aspires to attain upper middle-income status by 2030. Cambodia recorded its highest ever FDI in 2019, at USD 3.7 billion, mainly due to strong investments in manufacturing and services. The main investing countries are China (43%), South Korea (11%), Vietnam (7%), Japan and Singapore (6%).³⁹



Using income as the sole indicator, Cambodia's poverty has decreased from around 40 percent two decades ago to a current 13.5 percent. These gains belie growing inequality, however, particularly unequal access to land for the country's majority rural population. This discrepancy is reflected in a 2018 report by the United Nations Development Program (UNDP) and the Oxford Poverty and Human Development Initiative that put Cambodia's poverty rate at a much higher 35 percent using the Global Multidimensional Poverty Index to measure health, education, and living standards as well as income.⁴⁰

The promotion of investment in capital-intensive agriculture by granting large-scale economic land concessions to foreign investors is central to the Cambodian government's vision to modernize agriculture, based on the belief that large-scale agriculture is more efficient than smallholder farming, and that privatizing land will increase productivity by encouraging investment.⁴¹ Furthermore, Cambodia has facilitated foreign investment by creating special economic zones (SEZs), providing companies with ready access to land, infrastructure and other services. With limited formal recognition of land tenure, the granting of large concessions to powerful actors for agribusiness, industry, and resource extraction has led to widespread land disputes and dispossession.

To address growing land conflicts and facilitate market access, the ADB, World Bank, and a number of bilateral donors assisted in the implementation of a 2001 Land Law which established a framework for the recognition of property rights and a Land Management and Administration Project to facilitate systematic land registration. The project was unable to secure land tenure for poor households most at risk of dispossession by powerful interests, however, and was discontinued in 2009 when the World Bank Inspection Panel found that safeguard policies had been violated, denying communities threatened with eviction the opportunity to claim their rights.⁴²

The watchdog group Global Witness has found that over the past 15 years, 45 per cent of the country's land has been purchased by private interests.⁴³ A relatively small group of tycoons with political, business or familial ties to senior officials benefits from the allocation of concessions on forests, land, mineral deposits, and fisheries as valuable public assets are placed under the private control of individuals.⁴⁴ This powerful oligarchy not only enjoys control over political and economic resources, but also has influence over the judiciary, impeding attempts by communities and CSOs to make use of legal and regulatory frameworks to advocate for accountability and transparency in development finance.

In Cambodia, the average microloan debt per borrower is the highest average amount in the world, and a 2019 NGO report entitled Collateral Damage documented a vast array of negative impacts of microfinance institutions in the country, including human rights abuses such as child labour, coercion of poor farmers to sell land, lost housing, debt bondage, and food insecurity.⁴⁵ Within this context, ADB's assistance through the Inclusive Financial Sector Development Program to improve access to finance poor and rural households⁴⁶ is an additional area of concern.

Transparency International's 2020 Corruption Perceptions Index ranks Cambodia 160 in the global ranking among 180 countries and territories. From a regional perspective, Cambodia continues to occupy the third lowest spot in the Asia Pacific, coming above only Afghanistan and North Korea, and the lowest spot in the ASEAN region.⁴⁷ CSOs that attempt to investigate conflicts of interest in development finance face human rights violations including threats, intimidation, legal harassment, and excessive use of force and arrests of protesters. Anti-corruption campaigners killed in recent years include prominent activist Chut Wutty,⁴⁸ whose investigation of illegal logging and land seizures posed as a direct threat by the country's military, business and political elites.

Compounding these threats are The 2015 Law on Associations and Non-Governmental Organizations has decrease civil society space in the country by increasing surveillance of domestic and international NGOs. Under the law, orders to disband can be issued to groups if their actions "jeopardize peace, stability and public order or harm the national security, national unity, culture, and traditions of Cambodian society."⁴⁹ The 2015 Law on Telecommunications further restricts freedoms by granting the government unchecked spying powers and criminalizing any electronic communication deemed detrimental to public order or national security.

In spite of these challenges, Cambodian CSOs have engaged with regional and international processes and mechanisms to hold investors accountable for human rights and environmental violations. Equitable Cambodia (EC), a Cambodian organization formed out of the localization of the international solidarity organization Bridges Across Borders Cambodia (BABC), worked closely with the NGO Forum on the ADB to assist communities affected by a railway rehabilitation project file a complaint with the ADB's Accountability Mechanism. The communities suffered from inadequate consultation, access to information, and compensation, as well as inadequate facilities at the resettlement site. Through collaboration with the NGO Forum Secretariat in Manila, Equitable Cambodia brought community representatives to speak directly with ADB management staff and board members. In 2014, as a result of these advocacy efforts, the ADB agreed to bring the project into full compliance with its safeguard policies following a report by the bank's Compliance Review Panel.

In 2010, the local NGO Community Legal Education Centre (CLEC) filed a case with the Thai National Human Rights Commission against Thailand's investment in the Khon Kaen Sugary Industry. In 2013, pro-bono lawyers representing families affected by the concession filed a lawsuit in the UK Commercial court against UK-based Company

Tate & Lyle, which purchases its sugar from the Koh Kong Sugar Concession. Finally, in 2018, 3,000 Cambodian farmers filed a lawsuit against the Mitr Phol sugar company with the Thai civil court. The lawsuit sets an important precedent as the first class-action lawsuit filed in a Thai court by plaintiffs from another country against a Thai company operating outside Thailand.⁵⁰

While multi-scale, multi-jurisdictional approaches could have far-reaching implications for the potential of transnational litigation in the region, Cambodian CSOs are in need of support to strengthen their capacity to fight abuses arising from foreign investment. EC Director Eang Vuthy explains, "*Investment chain mapping is increasingly important, but requires a high level of technical skills and tools to access information. EC has investigated company supply chains by engaging with partners such as Inclusive Development International (IDI) and the Centre for Research on Multinational Corporations (SOMO). Local organizations need much more support in this area.*" Increased collaboration with international and regional groups would strengthen the ability of CSOs to bring cases to foreign courts, access IFI complaint mechanisms, and make submissions through UN mechanisms.

Chinese Investment

Chinese economic influence in Cambodia is perhaps the strongest in the Mekong region, particularly as the Cambodian government's relations with the United States and Europe become more strained following the 2018 election. Since the inception of the BRI in 2013, the Cambodian government has pinned its hopes on China to spur national development. China has become the country's largest foreign investor, largest bilateral donor, largest trading partner, largest buyer of Cambodian rice, and the largest source of foreign tourists in the country.⁵¹

The government sees Chinese investment as key to realizing its aims to strengthen Cambodia's industrial sector by enhancing

connectivity in transport and logistics as laid out in the country's most recent economic growth strategy, the Industrial Development Policy 2015–2025. The \$1.9 billion expressway Phnom Penh-Sihanoukville Expressway, to be built by China's state-owned China Communications Construction Company (CCCC), is an example of the increasing importance of public-private partnerships in Cambodian's development planning.⁵²

There is growing fear that overdependence on China poses certain constraints on Cambodia's foreign policy options. There are also unfavorable views among the locals toward Chinese investments in terms of quality and transparency. NGOs and civil society groups have raised concerns on issues ranging from resettlement and compensation to environmental damage to land grabbing.

While the Cambodian government has formulated laws and regulations such as Standard Operating Procedures (SOP) for Externally Financed Projects in Cambodia to serve as a guideline for land acquisition and resettlement,⁵³ implementation depends on governance. Accountability, rule of law enforcement, and corruption remain concerns.

Energy Sector Reform

Overall electricity demand in Cambodia has grown an average of nearly 20% per year since 2010. At the same time, the country suffers from a significant energy shortage, making electricity in Cambodia the most expensive in the region. To date, nearly all investment in Cambodia's power sector has focused on hydropower (60%) and coal (29%).⁵⁴ Recent droughts and growing concern around the impacts of hydropower on the country's vital fisheries has led to a halt on hydropower development on the Mekong River until 2030.⁵⁵

While there is hope that the moratorium on hydropower will buy time for investment in renewable energy, Cambodia's immediate response has been the construction of several new coal and heavy fuel plants. The Sihanoukville CIIDG Power Station, scheduled for completion in 2022, has drawn concern over its large carbon footprint as well as the origin of its core equipment. Over 45,000 tons of industrial components for the project will come from China's retired Hunan Chungyuan coal plant, which was dismantled after found to be violating Chinese environmental laws.⁵⁶

Cambodia enjoys 5.8 peak sunlight hours a day and an estimated potential of 8,000 megawatts generated by solar energy, one of the best solar resources in the world.⁵⁷ In cooperation with the European Union (EU), Cambodia's Ministry of Mines and Energy (MME) prepared a National Policy, Strategy, and Action Plan on Energy Efficiency in 2017.⁵⁸ The Plan set a target to reduce national energy consumption by 20% compared to business-as-usual projections and to reduce national CO2 emissions to 3 million tons annually by 2035. Furthermore, the Cambodian utility company EDC has recently set solar targets as high as 1,815 MW (or 17% of peak demand) by 2030.⁵⁹

Rivers Coalition in Cambodia has contributed recommendations to incorporate clean energy for and energy efficiency into the country's National Strategic Development Plan 2019-2023, and is using consultation opportunities with the ADB to make recommendations on alternative, renewable energy sources and investments. As the ADB is strongly involved in scaling up Cambodia's energy sector, lobbying for the removal of 'sustainable hydro' from the bank's draft energy policy will help ensure that after the 2030 moratorium on hydropower, the Cambodian government prioritizes the introduction of renewable and decentralized technologies, driving a sustainable energy future that prioritizes preservation of the country's rich fisheries resources.

VIETNAM

Vietnam has experienced strong, uninterrupted GDP growth since 1990, accompanied by social and developmental progress across various sectors. The manufacturing and processing sectors account for the high-

est proportion of FDI inflows, with electricity production and distribution ranked second. As of early 2021, the main investor countries in Vietnam were Singapore, Japan, and South Korea. International private finance constitutes a greater share of total financing (27 percent) in Viet Nam than in other ASEAN states.⁶⁰

Climate Change

Vietnam is among the countries most affected by climate change, ranking eighth in the world according to the Global Climate Risk Index, which is based on the cost in human lives and gross domestic product losses from climate extremes over the past 20 years.⁶¹ The impacts of climate change are steadily becoming more severe in Vietnam, with saline intrusion in the Mekong Delta, and drought, flood, and storm disasters in the central region. While the government has developed a comprehensive set of policies to respond to climate change,⁶² the country has the margin to improve its energy efficiency substantially, and its strong renewable energy potential has yet to be realized.

Vietnam receives the largest amount of international public climate finance in the region,⁶³ with ADB, UNDP, JICA, and the World Bank among the large institutions supporting the government's climate change adaptation and mitigation measures. In addition to climate change, the country faces significant environmental and social risks resulting from its intensive pursuit of high growth rates.

Energy Sector Reform

Vietnam is a fossil fuel-intensive economy that derives nearly two-thirds of its energy supply from coal, oil, and gas.⁶⁴ The domestic market's increasing demand for energy has made the country a coal importer since 2015. Vietnam's energy sector is led by the Ministry of Industry and Trade (MOIT) and dominated by large State-owned Enterprises which jointly control most power generation and distribution as well as coal mining,

import, export and distribution, and oil and gas exploration, refinement, import, export and product distribution.⁶⁵

Vietnam's abundant sources of renewable energy, particularly wind power, solar power and biomass, remain substantially untapped. While Vietnam has introduced a number of mechanisms to support renewable energy, there is of yet no comprehensive policy for equitable energy transition. The country's previous power development plans relegated wind and solar power to a marginal role.

Civil society groups such as Vietnam Rivers Network, Green ID and Vietnam Sustainable Energy Alliance (VSEA) are working in coalition to advocate for reductions in coal and hydropower in Vietnam's national energy mix, and increased targets for renewable energy sources.

Vietnam Rivers Network is an open forum whose membership comprises a broad set of actors concerned with river protection and sustainable development, including CSO representatives, researchers, academics, government officials, and local communities. The network played a key role in the 2013 cancelation of a planned hydropower cascade on the Dong Nai River threatened to violate environmental laws, destroy critical wetland and forest habitats, and displace ethnic minority communities.

The Vietnamese non-profit organization GreenID focuses on governance and the energy sector, advocating for the country's energy planners to adapt a more sustainable development model through locally grounded, evidence-based research. Vietnam Sustainable Energy Alliance (VSEA) consists of 23 organizations with critical analysis of the risks of large-scale hydro, nuclear and fossil fuel and the benefits associated with energy efficiency and investing in renewables. The alliance supports the shift to renewable energy by sharing information, technical support, and funding



opportunities with members throughout the country.

Over the past ten years, these advocacy groups have joined together to engage in a review and analysis of the Vietnam's 7th national power development plan (PDP VII). The plan entailed a significant increase in power sourced from coal-fired plants by 2030, along with two potential nuclear power plants.

To gain traction in Vietnam's authoritarian, top-down political system, network members first built relationships with academics, media, political representatives, and policy-makers, positioning themselves as experts in energy planning. They conducted extensive research on the country's energy needs, alternative energy options, and relevant legal frameworks, building up evidence to show how the external costs of coal and other fossil fuel projects far exceed the start-up costs associated with renewable energy. Through their research, they showed how transitioning to renewables would reduce impacts on public health and the environment, moving the country towards implementation of the Paris Agreement, and at lower investment and generation costs.⁶⁶

As a result of this advocacy, the Revised Power Development Plan 7, adopted in 2016, entailed cutting 20,000 MW of coal out of the original plan for 2030, and all proposed nuclear projects. In addition, a top-level advisory board has been formed to look at how to transition faster to renewable energy. Already, solar projects moving forward in the coming two years are scheduled to generate 5,000 MW annually.⁶⁷

Chinese Investment

Vietnam is the world's number three recipient of coal-fired power finance from China, having received US\$7 billion in coal finance from China between 2000 and 2019.⁶⁸ One Vietnamese campaigner explained that with financial institutions and

investors in Japan and Korea pulling out of fossil fuels, **"everyone in the network agrees that China is the last target in our efforts to shift finance from coal. We have set up several working groups to discuss strategy and develop action plans."**

While the network collaborates with some international groups such as the Sunrise Project and Asia Energy Network, Vietnamese campaigners emphasized that stronger support from Chinese NGOs and regional groups is needed to conduct deeper investigations and develop clearer understandings of safeguard policies. *"We need to communicate this information to the Vietnamese government, both at the central and provincial levels. There is a lot of concern and opposition to coal, particularly at the community and provincial levels, but we lack the connections to communicate with financiers directly."*

Vietnamese CSO representatives noted the importance of working as a coalition, basing all activities- including investigations, letters, petitions, and communications- on a common network action plan. As such, regional and international allies interested in supporting the network's actions would best do so through the working group meetings, ensuring that all actions are consensus-based. In addition, sufficient distance must be maintained by outside allies to ensure that advocacy efforts are not perceived by authorities as being driven by outside interests.

There is more hesitancy surrounding Chinese investment in Vietnam compared to neighboring countries due to lingering distrust between the two countries in the wake of the South China Sea dispute. Given Vietnam's cautiousness, implementation of the BRI in Vietnam has been relatively slow.⁶⁹

In mid-2020, AIIB approved its first loan to a Vietnamese Bank in the form of \$100

million to a Hanoi-based commercial bank aimed at helping the nation recover from the COVID-19 pandemic. Analysts posit that the loan is closely linked to AIIB's lending goal to support its Belt and Road Initiative.⁷⁰

“There is a lot of interest among Vietnamese CSOs in learning more about the connections between AIIB and BRI projects. People are frustrated so far by the lack of transparency and accessibility of the AIIB's Project-Affected People's Mechanism (PPM) policy. There is keen interest in developing a better understanding of safeguard policy reviews so that they may engage in policy advocacy, as this is a new process for most Vietnamese groups,” said one Vietnamese CSO representative interviewed for this report. *“There is also a desire to build networks and access technical support for tracking AIIB investment, connecting Vietnamese CSOs to internal accountability mechanisms, and reaching out to the AIIB.”*

Future Directions

Karine Hoang of International Accountability Project (IAP) explains, “There is a huge interest and potential in Vietnam for collaboration to strengthen human rights and business principles and track financial intermediaries. Many local partners approach IAP for assistance in these areas, but we are not able to focus specifically on Vietnam or handle all of these requests.” Vietnamese CSOs are now focusing their advocacy efforts on Vietnam's Power Development Plan VIII, which will lay out national energy goals up to 2030, and in less detail, to 2045. The plan appears to retain a substantial role for coal, including continued investment in several new plants. Hydropower is also predicted to remain a mainstay of the nation's energy budget. However, PDP-8 places a significantly increased emphasis on rapid deployment of solar and wind power.⁷¹

To take on the challenges expected in the

coming years, advocacy groups hope to deepen knowledge and analysis of the implications of bilateral/ multilateral/regional relations on their work, including ASEAN and trade agreements that could make it more difficult to call for planned coal or other destructive development projects to be cancelled. At the same time, Vietnamese CSOs will continue to advocate for State agencies to develop policies for a just energy transition with the meaningful participation of affected communities.

RENEWABLE ENERGY SOLUTIONS

This paper has profiled some of the of local, national, and regional civil society groups advocating for the adaptation of renewable energy solutions into national energy development plans with the goal of expanding equitable and sustainable energy access in the Mekong region.

Unequal distribution of power resources in the region is leading Thailand and Vietnam to meet increasing energy demands through construction of large-scale hydropower dams and coal-fired power plants in Laos and Cambodia. CSOs such as ETO (Extraterritorial Obligations) Watch are addressing this dynamic by pressuring their governments to strengthen environmental and human rights protections in adherence with the UN Guiding Principles on Business and Human Rights (UNGPs) and the ASEAN Human Rights Declaration when signing power purchase agreements to import electricity from neighbor countries. Adapting mechanisms to hold power purchasers such as Thailand and Vietnam to account for the climate impacts of energy investment in neighboring countries is an effective means of leading the region towards a more sustainable energy future.

The promotion of a Mekong regional power trade has been a key component of the ADB's Greater Mekong Sub-region program's energy sector since the mid-1990s. The economic and environmental benefits of this plan are modeled on offsetting coal

production with hydropower, however, and both the Association of Southeast Asian Nations (ASEAN) and the AIIB appear to be adhering to this paradigm.

Multilateral development banks such as the ADB and AIIB, along with ASEAN, should be urged to develop revised Mekong regional energy sharing plans based upon sustainability and inter-dependence. Doing this would support the replacement of coal and large-scale hydropower projects with non-hydropower renewables and the development of a regional grid based upon efficiency and smart grid technology. While providing Mekong countries access to reliable power sources, a more equitable model for regional energy interdependence would address the problem of over-inflated energy reserve requirements and reduce the pressure on domestic energy producers to respond to infrequent periods of peak electricity demand.⁷²

The cost of solar and wind is decreasing globally, however, this change has yet to be felt significantly in the Mekong region. Multilateral development banks should be urged to provide preferential loan treatment for emerging solar and wind technologies in to help offset the relatively high upfront costs as these projects pay out in benefits over decades of operation. An increase in renewable energy technologies such as wind and solar will lead to a decline in hydropower in the regional energy mix, therefore effectively reducing the number of environmentally and socially destructive dams planned in the Mekong basin.

The ADB and AIIB play a key role in financing mechanisms and loan terms that support competitive pricing of renewables

and the infrastructure necessary to support a more sustainable Mekong regional energy trade. Lobbying development banks to provide master-planning support for alternative power mix scenario analyses and system scale planning could help to free Cambodia and Laos from being locked into project-driven development models, and allow room for consideration of alternative scenarios and more sustainable options.⁷³

At the same time, research shows that off-grid renewable energy solutions such as stand-alone systems and mini-grids promote equitable access to energy through delivery models focusing on community ownership and engagement in the development and operation of systems. To achieve this, policy and regulatory frameworks must be revised to provide incentives and risk coverage to private investors and alleviate the barriers to financing for the off-grid renewable sector. Regulations are of particular importance in the case of renewable energy mini-grids where governments have the dual role of ensuring economic viability for developers while ensuring tariffs are not too high for underserved communities.⁷⁴ Economic pay offs of off-grid solutions include reduced fuel spending and increased energy affordability, income generation and poverty alleviation, while social benefits include increased gender equality, improved health and education, inclusive growth, and improvements in food security and access to clean water. The distributed nature of these systems will allow them to be tailored to local conditions, tap into the Mekong region's available renewable resources, deliver diverse energy services and utilize local capacity to ensure long-term sustainability.⁷⁵



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