



## Staying Afloat: River Basin Organizations in Transboundary Waters

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**The global development context is shifting. The BRICS and other emerging economies are increasingly providing investments and trading opportunities for developing countries with abundant natural resources. The Mekong and Zambezi river basins are at the center of these global transformations, where increasing investments in hydropower, mining and large-scale agriculture are challenging national and transboundary water governance.**

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### Cooperation in the Mekong and the Zambezi

The Mekong and the Zambezi have established river basin organizations (RBOs). The Zambezi Watercourse Commission (ZAMCOM) was established in 2012, almost twenty years after the Mekong River Commission (MRC). The older Mekong cooperation presents relevant lessons learnt for emerging international RBOs, including ZAMCOM. In the Mekong, controversy over hydropower development has exposed the governance limitations of the MRC, highlighting the disparities in national commitments to cooperation between downstream and upstream countries. This controversy has generated discussions over whether the current soft law-based governance framework should be replaced by stricter regulations and harder international environmental law. In the Zambezi, the pressure on water resources is currently less, but latent conflicts may surface as investments in mining, hydropower and large-scale agriculture accelerate, applying increasing pressure on this relatively more fragile and vulnerable river system.

### The political economy of water and transboundary cooperation

Transboundary water governance is political by nature: it requires much more than establishing organizational structures like RBOs and knowledge- and data-sharing. Acute attention to the political and economic interests of those

### POLICY RECOMMENDATIONS

#### River Basin Organizations should:

- **get out of the water box and into nexus development**
- **strengthen their governance functions through proactive conflict mediation**
- **package existing river basin knowledge strategically to support decision-making on controversial hydropower projects**
- **engage directly with investors and developers to facilitate greener and more sustainable investments**

involved is crucial. A political economy of water approach expands the 'water box' by focusing on the larger political and economic context of water resources management and development. In transboundary waters, this approach considers water governance through national constituencies. It clarifies how national economic interests, new development finance and regional geopolitics influence national devel-



## River Basin Organizations: old and young

### *The Rhine*

Europe's Rhine River is often referred to as the mature model for how riparian states in an international river basin should cooperate. The Central Commission for Navigation on the Rhine (CCNR) was established in 1815 and is the oldest European organization still active today. But a legal agreement including all Rhine basin countries was only recently agreed with the Adoption of the EU Water Framework Directive in 2010. Until then the Rhine waters were managed and developed without the involvement of all basin countries.

### *The Mekong*

Similarly, the cooperation arrangement for the Mekong River only involves the four Lower Mekong countries and excludes China and Myanmar. Cooperation in the Lower Mekong dates back to the 1950s and was organized under different committees until formalized under the UN-brokered Mekong River Commission Agreement in 1995 that includes Cambodia, Laos, Thailand and Vietnam.

### *The Zambezi*

Negotiations to establish the Zambezi River-course Commission for the Zambezi River date back to the late 1980s. Backed by the agreement on the Southern Africa Development Community's (SADC) Revised Protocol on Shared Watercourse Systems in 2004 and the donor-supported Zambezi Action Plan (ZACPLAN), the ZAMCOM Agreement eventually came into force in June 2012 after being ratified by six of the eight riparian states.

### *The Nile*

Although cooperation on the Nile River is not new, it has until recently been determined by Egypt and the Sudan. The ongoing donor-supported Nile Basin Initiative is a development framework for all Nile basin countries that is expected to be replaced by a legal agreement for a permanent Nile River Basin Commission. Six upstream countries, including South Sudan, have signed the agreement, while Egypt and Sudan are reluctant to sign.

opment spaces, and how these in turn influence hydro-politics and commitment to river basin cooperation. A political economy of water analysis can provide inputs to policy recommendations based on development realities. In transboundary waters it can highlight what RBOs can and cannot achieve, rather than what they should ideally be.

### **The political economy of water**

*The concept of the political economy of water considers water resources in a broader nexus development and stakeholder context.*

*It identifies and analyses:*

- the interests vested in water resources by public and private stakeholders from multiple sectors,*
- the institutions established by authoritative stakeholders to secure these interests,*
- the processes that create, sustain and transform institutions and stakeholder relationships over time.*

## A shifting global development context

The global economy is in flux. The financial crisis has made the shifts in the international political and economic landscape more explicit. While Western economies freeze, emerging economies in Asia, Latin America and southern Africa have become business partners for developing countries. In parallel with this, the West is shifting towards pri-

vate investments and trade, as many governments cut aid disbursements to deal with national public deficits.

## More development space and sovereignty for Mekong and Zambezi countries

Natural resource-rich economies in the Mekong and Zambezi basins are at the center of these global transformations. Governments in both regions are embracing economic growth strategies fuelled by the capitalization of natural resources, including water. The increase in investments from the BRICS and transnational corporations provides unprecedented economic growth opportunities for least developed countries such as Laos on the Mekong and Mozambique on the Zambezi. In a ten-year scenario, the outcome of this development may be borderline industrial revolutions. More investments are empowering countries in the Mekong and the Zambezi to make more sovereign development decisions. Their development space is expanding and their political confidence being strengthened. A stronger sense of national sovereignty is emerging.

## Geopolitics and hydro-politics

Controversial hydropower projects along the Mekong highlight the transboundary repercussions of the new investment patterns. Governments are proceeding with hydropower projects in the face of criticism from downstream riparian countries and NGOs. Geopolitical legacies are exacerbating these hydro-political tensions. In the Mekong, animosities emanating from the Indochina wars

and the volatile geopolitics centered on China and Vietnam are echoed as the basin's emerging economies compete for natural resources and new markets in their poorer neighboring countries. In the Zambezi, the footprints of colonialism remain not least through the water resources infrastructure and governance realities of the Kariba and Cahora Bassa hydropower dams. The Zambezi also flows through a region scarred by political strife. In both river basins, politics creates a complex web of relationships between countries, closely interlinking hydro-politics and regional geopolitics, all of which influence the ability of RBOs to function.

#### **Mekong mainstream dams**

*Laos has nine hydropower projects on the Mekong mainstream on the drawing board. The Xayaburi project in northern Laos is the first to be built with a capacity 1.285 megawatts; construction started in 2012. Next in line is the Don Sahong project in southern Laos, construction of which is expected to start in November 2013. Both dams are designed as so-called run-of-the-river dams.*

#### **The MRC staying afloat**

Unilateral plans for hydropower development in Laos demonstrate how domestic economic growth takes priority over transboundary cooperation. The Laotian “hydro-power gold rush” includes nine mainstream and numerous tributary dams. Hydropower is expected to facilitate the country's graduation from the group of least developed countries by 2020. But this is likely to come at the cost of transboundary conflicts with downstream countries. The question is whether the MRC is able to handle these conflicts. One approach could be to commit MRC member states to negotiate future hydropower projects based on their transboundary trade-offs and benefit-sharing options – not an easy task given the imperative of national development and the weak governance position of the MRC.

#### **The Mekong at the crossroads**

The conflict over the Xayaburi hydropower project in Laos has turned the Mekong's water resources into high politics. The MRC's Strategic Environmental Assessment of planned mainstream dams, primarily in Laos, demonstrated the consequences of hydropower development for downstream Cambodia and Vietnam. When the MRC failed to reach a consensus on the Xayaburi project, it became clear to governments and other Mekong stakeholders that they face strong conflicts of interest over shared water resources. Decision-makers in the region, such as the Vietnamese and Cambodian governments and civil society, realize that the Mekong's ecosystem is not immune to the hydro-power adventure in the basin. The combined pressures of energy security, industrialization and economic growth are rapidly

#### **Civil society as river basin stakeholders**

Civil society in the Zambezi and Mekong river basins exerts limited influence on water governance decisions. Since these groups often question environmental and social development impacts, they are seen by some as obstructive to development. The enabling environment and capacity of NGOs vary between countries and river basins. In the Mekong, civil society in Laos and Vietnam is tightly controlled, while Thailand's civil society, with its international NGO partners, has the strongest potential for influencing governance in the Mekong. Civil society in the Zambezi, despite numerous and scattered efforts, still has a longer way to go in building capacity and constituencies before it can have a real voice in transboundary water governance. International NGOs such as WWF have been instrumental in knowledge production and information sharing. In the Zambezi, WWF has been engaged in the ‘Joint Zambezi River Basin Environmental Flows Programme’, and in the Mekong it has undertaken a scientific study of sand and gravel mining in the Mekong mainstream. Other NGOs such as Justicia Ambiental (Mozambique), TERRA (Thailand) and International Rivers (international, US-based) engage in environmental and social justice campaigns.

eroding the traditional sources of livelihood for large parts of the population in the basin, shifting the benefits towards urban elites and foreign investors.

#### **Latent tensions in the Zambezi**

As the river flow is already being regulated and as ecosystems are being altered by the Kariba and Cahora Bassa dams, the steam has been taken out of Xayaburi-like conflicts in the Zambezi. Although World Bank studies and climate scenarios project water shortages if all national development ambitions are realized, governments still consider the Zambezi a “free for all”, at least for the time being. Plans for the expansion of hydropower in Zambia and Mozambique are therefore far less contentious, and some of the major projects feature strong bilateral benefit sharing, possibly involving more riparian countries through power exports. However, the less tense hydro-political situation in the Zambezi may also be related to the huge knowledge gap regarding environmental flows and basin-wide impact assessments of new hydropower dams, mining projects and irrigation for large-scale land concessions. Conflicts may yet erupt with increasing demands for Zambezi water as riparian countries realize their development projects and investments over the coming decades and as the competition for water between sectors, where energy typically takes precedence, increases.



## POLICY RECOMMENDATIONS

### From idealism to realism

Member state commitment to cooperation is a crucial determinant of the possible future role of RBOs in basin management. Therefore, policy recommendations relevant for donors, RBOs, riparian governments and civil society on how to strengthen commitment to transboundary cooperation and sustainable basin-wide development are critical. After almost twenty years of existence, lessons from the MRC are a useful benchmark for the emerging governance modalities of the ZAMCOM and other RBOs in international river basins. The following policy recommendations emerge:

#### RIVER BASIN ORGANIZATIONS

- RBOs should get out of the water box and into nexus development by engaging the sectors and ministries of energy, agriculture and foreign affairs.
- The governance functions of RBOs could be strengthened by making them effective conflict managers to address controversies between member countries.
- Strategic Environmental Assessments, economic trade-offs and benefit-sharing arrangements developed by RBOs should be integral to transboundary decisions on specific development projects.
- RBO procedures for the notification of new projects should become conflict management tools by creating a space for the negotiation of transboundary impacts, trade-offs and benefits between governments and stakeholders.
- RBOs should give priority to development diplomacy and conflict resolution expertise in their technical secretariats.

#### WHAT DONORS SHOULD RECOGNIZE

*Donor assistance to RBOs needs to be based on what is realistic rather than what is ideal, while still working towards internationally recognized water governance principles. When considering support to RBO capacity development, donors should recognize:*

- *the reality of a wider political and economic context of river basin cooperation*
- *that national sovereignty is the strongest element in the MRC and ZAMCOM agreements*
- *that national sovereignty and geopolitics are the key challenges to cooperation*

This policy brief is based on *DIIS Report 2013:20*, "Transboundary Water Governance in a Shifting Development Context", September 2013, by Kurt Mørck Jensen and Rane Baadsgaard Lange. It summarizes the trends in and lessons from RBOs in transboundary water governance. It also presents policy recommendations on how RBO governance may be strengthened by adapting more realistically to the shifting development context.

*The opinions expressed in this policy brief are those of the author alone and do not necessarily reflect the official opinion of the Danish Institute for International Studies.*