Finland's role and corporate accountability in the Mekong Region

Contested Futures in the Mekong Region
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Siemenpuu Foundation

www.siemenpuu.org

- Siemenpuu Foundation provides support to environmental work of local NGOs in Africa, Asia and Latin America.
- The supported projects advocate ecological democracy, good living ('buen vivir') and environmental protection, or aim to tackle environmental threats. The focus is also on human rights, social justice and cultural diversity.
- Siemenpuu's funding is channeled primarily through eight regional and thematic cooperation programmes.
- Mekong Energy and Ecology Network (MEE Net) as partner
- In Finland, Siemenpuu organises events and publish books
- Siemenpuu was founded in 1998 by 15 Finnish NGOs working with environmental and developmental issues.
- Funding from MFA; project funding ca 1.5 million € per year

Finland's Development Policy Programme 2012

- Development Policy Programme of the Finnish Government emphasises the Human Rights Based Approach (HRBA)
- Other guiding principles are democratic and accountable society, environmental protection, sustainable use of natural resources and food security
- Corporate responsibility also gets special attention
- In energy and infrastructure projects, social impacts have to be carefully assessed. Negative impacts must be minimized and assessments must be truly participatory.
- "Finland does not use its development cooperation funds to finance nuclear and coal power or large dams and advocates this position as far as possible in international organisations"

Finland in the Mekong Region

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Finland's Embassies' role in Bangkok and Hanoi is to

- Promote Finland's and EU's political, economic and global interests in the region
- Collect, analyse and report information on the countries for Finnish decision-makers
- Carry out active development cooperation both in regional and country-level project administration and policy advocacy

Finland's current and proposed ODA in Mekong countries (€)

	2013	2014	2016	2018
Myanmar	2,084,100	3,200,000	11,000,000	18,000,000
Laos and regional	19,055,900	11,300,000	8,500,000	7,500,000
Vietnam	9,700,000	6,750,000	4,000,000	1,000,000
Total (larger Mekong)	30,840,000	21,250,000	23,500,000	26,500,000

Finnish ODA and Mekong Dams

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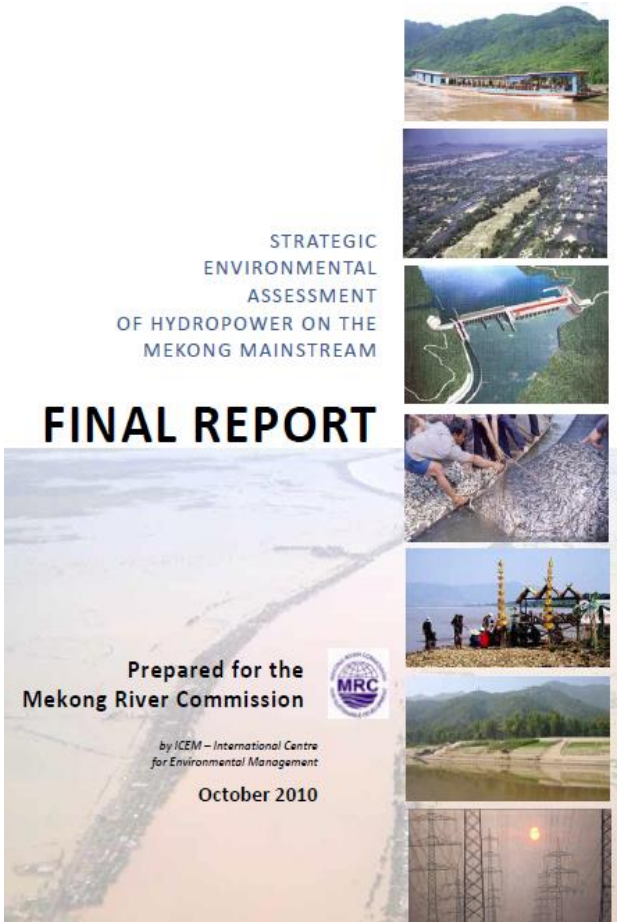
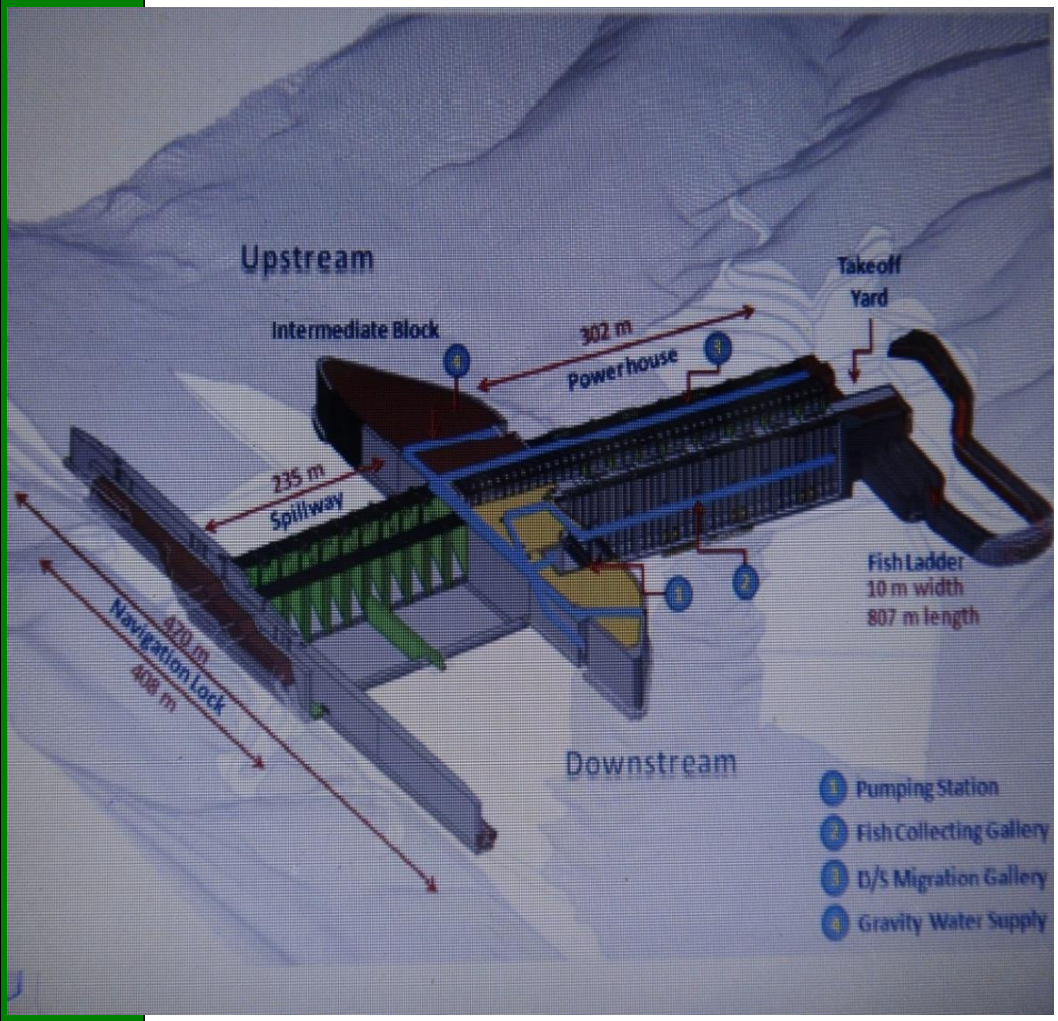
- Finland aims to promote such water resource management, which is sustainable, fair and promotes poverty reduction
- Finland is a key funder of the regional cooperation body Mekong River Commission (MRC)
  - PNPCA: Procedures of Notification, Prior Consultation and Agreement
  - Finland and other MRC donors have had unified stance on Mekong dams, even though MRC has been toothless regarding Xayaburi dam construction
- Finland funded the Strategic Environmental Assessment (SEA) of Hydropower on the Mekong Mainstream

Strategic Environmental Assessment 2010

- Report for MRC by ICEM
- If built, Mekong mainstream dams could cause 26-42% loss in fisheries, worth of USD 500 Million per year
- Livelihoods and food security of 30 million people threatened
- Cambodia would be hardest hit
- Biodiversity and agriculture impacts
- Impacts on sediment regime changes
- “Decisions on mainstream dams should be deferred for a period of 10 years”
- Cambodia, Vietnam, MRC donors and World Bank have endorsed the SEA findings



Xayaburi Dam details



- First of the planned dams in Lower Mekong mainstream, located in Northern Laos
- 3.8 Billion USD project
- Length 820m, height 33m
- Power output 1285 MW
- Built by Ch.Karnchang and financed by Thai commercial banks
- Thailand to buy 95% of electricity
- Laos to receive revenue
- Transboundary impacts

Xayaburi tests regional cooperation

- In Oct 2010, Lao government informed Mekong River Commission (MRC) about Xayaburi plans
- As Mekong Agreement states that no any country can proceed in mainstream dam construction unilaterally, MRC held a PNPCA consultation process in Cambodia, Thailand and Vietnam in 2010-11

  → neighbouring countries and communities are against the plan
- Laos is pushing the project forward: preparatory construction began in 2011, power purchase agreement was signed, groundbreaking ceremony in Nov 2012
- Cambodia, Vietnam and MRC donor countries have repeatedly asked Laos to stop construction
- In January 2014, the dam was claimed to be 21% complete

Pöyry's role in Xayaburi

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- In May 2011, Lao Government hired Pöyry Energy AG to review dam design and reports (compliance report)
  → Pöyry reported that by adjusting the dam design the negative impacts can be mitigated
- Pöyry saw that the consultation process was finished
  → against the Mekong agreement and donor positions
- Pöyry has business relationship with the dam constructor Ch. Karnchang in another dam project in Laos
- Lao Govt and Ch.Karnchang used Pöyry report to justify dam construction, receive funding and sign the PPA
- In Nov 2012, Pöyry was awarded with the role of main supervisory consultant for the Xayaburi project for 8 years
- Pöyry claims it has no decision-making power and responsibility, but only provides services to Lao government and constructor

CSO concerns and actions

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- Save the Mekong Coalition members (local and intl. NGOs, grassroots groups) campaign together and lobby their respective governments (except in Laos)
- Thai communities along Mekong sued Thai power authorities in Administrative Court with the support of EarthRights → case pending
- Several Finnish, Mekong and intl. NGOs prepared a complaint on Pöyry to OECD's Finnish contact point on Multinational companies
- Pöyry's involvement is in conflict with Finland's Development Policy Programme (human rights based approach, corporate responsibility, no support for big dams)
- Late 2012, human rights situation deteroriated in Laos with the expulsion of a foreign NGO worker and disappearance of a senior Lao NGO leader

Fortum's coal power plant investment in Thailand

- Thailand opened up electricity production in 1990s → foreign companies proposed coal power plants
- Finnish state-owned Imatran Voima (later Fortum) had 28 % stake in Union Power Development Co's 1400 MW project in Hin Krut, Prachuap Khiri Khan province
- Two other coal plants were planned in the province, famous for its beaches, seafood and coconut plantations
- Power purchase agreements in 1997, but projects were delayed due to Asian financial crisis, but not only…

Local coal power resistance and NGO support in Thailand and abroad

- Local people were poorly informed about the coal plans → demands to authorities and companies
- Local movements joined together and organized mass protests
- Thai and intl. NGOs helped with information, analysis and contacts

  → Kepa and other Finnish groups brought activists to Finland, petitioned Fortum and the Minister of Industry
- Local groups could point out failures in EIA, power planning and companies' dirty tactics

Outcome of the Prachuap campaign

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- Fortum withdrew from UPDC in 2001, citing ”changed investment plans”
- Thai government scrapped all coal plants in 2003, and instructed companies to change fuel and power plants’ location
- Main reasons for the success, according to Hin Krut activists:
  - Local people trusted to their local knowledge. They knew their rights and learned new things about the technical issues and environmental problems
  - Although locals opposed the power plants very emotionally, they used the arguments that made it easier to cancel the projects
  - Networking with other communities and support groups (NGOs, academics, lawyers and media)
  - Movements were based totally on voluntarism (incl. food self-sufficiency during the long protests)
  - Finally, they decided not to give up. The famous demonstration banner stood: “If you build [the power plant], we will burn [it]”.

Comparison of the two campaigns

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Hin Krut coal power plant project

- Local communities spearheaded the campaign → NGOs acted on background: provided information, analysis and contacts to media, academics and other countries
- Fortum listened to criticism (also from the Finnish government) and withdrew, albeit citing the changed investment plans
- Thai government scrapped the project as the only way out of the situation

Xayaburi hydropower project

- Local communities and NGOs in Laos cannot oppose the project → Campaign is coordinated by Thai and international NGOs
- Pöyry has claimed it has no decision-making power over the project, thus it intends to stay
- Lao government is fixed with the Mekong damming as the only way to develop, even by risking the regional and international relations
- Thailand avoids criticizing its neighbour, is eager to have ”cheap” electricity

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Thank you!