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# AN INVESTOR'S GUIDE TO RESPONSIBLE DEVELOPMENT

AN MPE PRIMER ON INVESTING  
IN THE MEKONG REGION

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**Mekong Partnership**  
**For the Environment**



Quality investment depends on everyone working together to ensure socially and environmentally responsible practices. There's an increasing awareness among government, business and citizens that effective public participation is key to long-term prosperity. Everyone wants to reduce the risks of social or environmental harm, conflicts, delays, lawsuits and reputational damage that can occur when investment goes wrong. The evidence is clear that effective public participation is the best way to do that – particularly during the Environmental Impact Assessment (EIA) processes required by law in all countries in the Mekong region.

Mekong Partnership for the Environment (MPE) has been working with governments, civil society and the private sector to reduce the social and environmental impacts of large-scale development projects. MPE is supporting the development of Regional Guidelines on Public Participation in Environmental Impact Assessment, working with regional stakeholders to improve EIA and public participation policy and practices, and supporting banks to adopt clear sustainable lending practices.

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# STAGE 1

## GET THE BANKS ON BOARD

You've got a project you want to develop – energy, mining, industry, agriculture, transportation. Depending on the scale, you may be looking for financing. Local partners are available in many cases, as well as regional and international banks.

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## THE CATCH

Large-scale development projects come with significant social and environmental risks – and banks often lack clear regulations or guidance on how to avoid them.

"Banks are starting to understand that social and environmental risks impact their customers, and customer risks impact the banks. If you're a local bank that has good social and environmental policies, then it's easier as well to borrow from international banks, and you get a better reputation all around."

- John McGinley, Mekong Strategic Partners

## MPE'S SOLUTION

MPE is working with the banking sector to develop industry-led standards for how banks should manage social and environmental risks. For example, the Association of Banks in Cambodia's recently committed to sustainable finance principles, enabling them to join the IFC's Sustainable Banking Network. A cleaner environment, healthier communities – and a better bottom – start with banks as partners in responsible development.

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## STAGE 2

### CHECK THE REQUIREMENTS

Talk to lawyers. And your accountants. And Ministry officials, EIA consultants and local NGOs. Learn about the rules and regulations of the country you plan to invest in. Your advisors will be flagging any need to trigger the Environmental Impact Assessment (EIA) and other licensing processes, before the government or public pressure forces your hand.

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## THE CATCH

There are many complicated rules and regulations to catch up on, especially for large-scale projects with trans-boundary impacts, and little guidance on how to avoid risks by meaningfully engaging the public.

"The real issue is these markets are hard to penetrate – local politics and rules aren't so clear, the courts are more complicated. You can spend years in court."

- John McGinley, Mekong Strategic Partners

## MPE'S SOLUTION

Bringing together civil society and government experts from Cambodia, Laos, Myanmar, Thailand, and Vietnam, MPE is developing a set of Regional Guidelines on Environmental Impact Assessments that promises to go a long way towards streamlining regulatory approaches in the five Mekong countries. These guidelines will clarify how to engage communities to ensure projects proceed smoothly, while minimizing risks to people and the environment – and to investors.

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## STAGE 3

### SIGN AN MOU

Meet with government officials – representatives from the ministries of environment and investment. Do a quick analysis of the potential impacts of your project. This is what's also known as the screening stage. It's the easy step. At least in theory.

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## THE CATCH

Government oversight varies from country to country in the Mekong region – and there's plenty of opportunity for circumvention of regulatory requirements. There are many quality investors who don't enter these markets because they feel they don't want to get involved in corruption... and the countries end up missing out on good investors.

## MPE'S SOLUTION

While public participation doesn't become a factor in most projects until the next stage, MPE's Regional Guidelines emphasize the benefits of public consultations beginning from the screening process and throughout the entire life of the project. Once the community has been engaged, it makes the path clearer and less risky.

"Through MPE we are learning and exchanging ideas between different countries, and all Mekong countries together are promoting this public participation rule."

- Ei Ei Min, POINT Director, Myanmar

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## STAGE 4

### SCOPE OUT YOUR PROJECT

This is the stage where you identify with some degree of precision the social and environmental impacts of the project – this is where the details come to life. What are the concerns of local communities? Will fish or agriculture be affected? Will the project require resettlement? How much land are we talking about? Who lives there? Will there be endangered species affected? Have alternatives been adequately considered?

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## THE CATCH

When a large scale project runs into opposition, the roots of the problem can usually be traced to incompetence or bad faith at this stage. With land grabbing common across the region, the first thing a community may think when they hear of your project is that they might lose their land or livelihoods. Trust is a rare commodity in these circumstances – and there is a price to pay for squandering it.

## MPE'S SOLUTION

Foster an environment of mutual trust where public participation is foundational, instead of an afterthought. This collaboration reduces risks at the earliest stages. MPE has also created an EIA manual that outlines step-by-step how to identify the social and environmental opportunities and costs of a project.

"It is important to have meaningful public participation in the early stage of project development. This helps to identify potential problems and build good relationships with affected communities, which leads to obtaining community support for project operations. As a developer, we do not need only an operating license but also public acceptance. To earn trust from the communities, we need to communicate well with them!"

- Mr. Prapard Pan-Aram, Deputy Managing Director, Nam Ngiep 1 Power Company

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## STAGE 5

### UNDERTAKE THE INVESTIGATION

This can last six months; it can last two years. Luckily, your EIA consultant is there to undertake the investigations for you – conducting site surveys and species surveys, consulting communities, looking at pollution control mechanisms, evaluating remediation and resettlement plans.

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## THE CATCH

The headline “EIA report flawed” is only too familiar for anyone following Southeast Asian media. Conflicts. Lawsuits. Even violence. Having a meaningful relationship with the community is going to determine the fate of a project for the next ten or twenty years – not to mention the company’s reputation. Too often the company doesn’t consider those long term risks, and the EIA consultant only thinks about what their client wants their report to say.

## MPE’S SOLUTION

MPE has led EIA consultant workshops outlining best practices – drilling home the importance of avoiding risks through meaningful engagement with communities. Following the Regional Guidelines developed by MPE, all EIAs would need to be peer-reviewed.

“By this stage, the project proponent feels this project is something that could happen once it gets approval. But it’s also the phase which has the most potential for the community to feel they are not involved, or that tricks are being played with them. So the need to maintain good communications is paramount.”

- Matthew Baird, Environmental Counsel

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## STAGE 6

### BUILD YOUR PROJECT

Make the report available to the public for feedback. Submit it to government. Do the revisions as required. Get everyone's blessings, make sure your paperwork is in order, and start your project. Congratulations.

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## THE CATCH

A good EIA process needs follow up – monitoring, auditing and grievance mechanisms that actually work. And communities need continual involvement to ensure plans are followed and risks are avoided.

"Often, once the project starts, the community doesn't know who to complain to. Project proponents say it's the government's responsibility, government says the project proponent is responsible. There's so many problems that arise where people don't know who is responsible."

- Ei Ei Min, POINT Director, Myanmar

## MPE'S SOLUTION

Even the best rules ultimately prove ineffective if those in power do not follow them. It is this impasse that MPE's approach is designed to bridge. The MPE solution is to get people to buy in to the concept of public participation through extensive multi-stakeholder engagement – not as a concession, but as recognition that it truly is in their best interest. It's a long process, but everyone benefits by doing it right – companies, governments, communities, and the environment.

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# STAGE 7

## IDENTIFYING THE NEXT PROJECT

Now you and other stakeholders should see the value of public participation. Your interests and the public's will be better aligned and your reputation will be solid – meaning your project won't be such a hard sell. By engaging communities from the very start of the process, you won't need to deal with constant skepticism about what you might be up to. By conducting an exhaustive EIA with meaningful community participation, you'll avoid nasty surprises and save money in the long run. And through engagement with MPE, you'll have a wide network to draw from to understand developments in this rapidly changing region. Most importantly, through public participation, you'll be doing a better job for people and the environment – all while improving your project, your bottom line, and your reputation.

"MPE provides resources. The network of partners is beneficial to us as well. When we're developing environmental standards for banks, we can start speaking to Ministry of Environment officials or conservation groups who are experts and can advise us."

- John McGinley, Mekong Strategic Partners

"Through MPE we get a better understanding of how the government is thinking. It's important as well to know from the project proponent what their view is on regional collaboration – how can we get on the same page on public participation, because they are the ones who will need to bear the costs and will need to execute this. And MPE is how we can get on the same page."

- Ei Ei Min, POINT Director, Myanmar

"By taking things to a regional level, MPE is starting to strengthen communities by giving them experiences of things that have happened in other places, showing that if there's some specific impact of a project in one area, it's likely to be the same here – that you can apply the experience of one project in one country to other projects in other countries."

- Matthew Baird, Environmental Counsel

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**USAID**  
FROM THE AMERICAN PEOPLE



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