Authors:

Title: Building Institutions for Sustainable Development - Complying with Environmental and Social Safeguards in Vietnam and Laos

International financial institutions such as the Asian Development Bank (ADB) claim that environmental and social safeguards are practiced in their projects. Yet, people still suffer from the weak environmental and social safeguards, in particular, in infrastructure projects that often worsen the environment and the livelihood of those affected. To advance sustainable development, I argue that compliance with environmental and social safeguards is essential, and that institutions at state, local and civil society levels that ensure the environmental and social safeguards should be further strengthened. My goal is to contribute to exploring the institutions that are effective, inclusive and accountable for sustainable development. Therefore, we need to understand how and to what degree the environmental and social safeguards are complied with, and to examine the factors that affect the institutions responsible for the safeguards. I chose the transmission line projects funded by ADB to examine the degree of the safeguards and the institutions that are responsible for the safeguards as the transmission line projects are not typical infrastructure projects that draw attention from advocacy groups. The field sites are in Vietnam and Laos situated in the ecologically diverse Mekong region, and at the same time, rapid development activities have been taking place since the late 1980s.

I used the theoretical frameworks of institutional organization theory, accountability literature, and policy analysis. My study finds the safeguards pushed by the ADB created the parallel system in Vietnam where their legal system and institutions were already established, thus, the ADB-promoted safeguard compliance was lower than expected. In contrast, compliance was high in Laos where the institutions and their capacities were relatively weak. The cases show the result against the hypothesis that is Vietnam’s compliance is higher than that of Laos as Vietnam has their legal system and institutions. The novelty includes that the influence by the international financial institutions over the local institutions has limit in the countries where institutions are already established. Therefore, in order to advance sustainable development, it is critical to fully internalize the safeguards by strengthening the legal and regulatory frameworks, and by building the local capacities of the institutions.