

Annual Report 2009
on Activities and Financial Reports
(April 1, 2009 - March 31, 2010)



Mekong Watch

June 2010

Table of Contents

| | |
|--|----|
| Introduction | 1 |
| About Mekong Watch | |
| Mekong Watch’s Long-term and Medium-term Goals | |
| Activities during April 1, 2009 - March 31, 2010 | 2 |
| A. Investigative Research | 3 |
| B. Locally-Based Projects | 5 |
| C. Outreach | 8 |
| D. Advocacy | 11 |
| Board/Staff/Interns and Volunteers | 14 |
| Financial Reports | 15 |

Introduction

About Mekong Watch

Mekong Watch envisions a Mekong Region in which its people enjoy the region's natural environments and sustain lifestyles that are rooted in the integrity of their environments, without falling victim to the harmful impacts of destructive development. Through dialogue with the people impacted by development projects, we seek to understand the problems facing those people and work to make sure their concerns are reflected in policies and planning by discussing them with those who formulate and implement aid policies.

Organization History

Mekong Watch was established in June 1993 to monitor the impact of development projects and development policy on the Mekong River basin countries (Burma/Myanmar, Laos, Thailand, Cambodia, Vietnam, and China's Yunnan Province). At the time, Vietnam had recently ended its occupation of Cambodia after more than ten years, marking the end of Cambodia's civil war and the start of a more peaceful era. With peace came a dramatic expansion of development assistance to Cambodia as well as the greater Mekong River region, including Laos and Vietnam. Japanese Non-Governmental Organizations (NGOs) with experience backing grassroots movements in this region since the 1980s, concerned that the expansion of aid would destroy local lifestyles and damage the environment, formed Mekong Watch as a network to monitor the negative effects of development and advocate for policy improvements. Later, in 1998 this network was dissolved to form a membership-based volunteer group, and in October 2003 reorganized again as a certified Non-Profit Organization (NPO).

Mekong Watch's Long-term and Medium-term Goals

Long-term Goals

Our goal is to create a framework at all stages of development projects in the Mekong River basin in which the lessons of past development are reflected and the opinions of those affected by development respected.

Medium-term Goals (2009-2012)

Mekong Watch's current medium-term goals are as follows:

- 1) Increase the number of cases in which the lessons of past development are applied to projects in various stages of progress in the Mekong basin countries and surrounding areas and the views of those affected are respected.
- 2) Create cases in the Mekong basin countries in which environmental/social policies and programs improve to reflect the past lessons of development, the natural environment, and people's lifestyles rooted in the integrity of their environments.
- 3) Through Mekong Watch's outreach efforts, increase the number of people who know about the past lessons of development, the natural environment, and people's lifestyles rooted in the integrity of their environments in the Mekong basin countries.

Activities during April 1, 2009 – March 31, 2010

Results and Overview of Fiscal Year (FY) 2009 Activities

Investigative Research: With the cooperation of local NGOs, residents, and others, we researched development projects promoted with the involvement of various aid institutions, including hydroelectric and thermal power plants, natural gas field development, and highway improvements. We used the results of this research to offer policy proposals to related institutions and the Japanese government. We also participated in an international campaign to sound a strong warning over the rapidly progressing plans to construct a hydroelectric power plant in the lower Mekong region. In our field research, our work focused on the impact of “measuring” the people of Thailand and Laos.

Locally-Based Projects: In Laos, we supported the joint efforts of local residents and officials to preserve their forests, thus helping strengthen the activities of their Watershed Forest Management Committee and the redistricting of land and forest areas. To determine a method to balance people’s livelihoods with forest preservation, we researched the watershed forest environment together with government officials and the National University of Laos (NUOL). Also in Laos, we supported the production of original environmental programming by a provincial television station. The series, now shown regularly, has contributed to environment education along with translations of the programs into the languages of ethnic minorities and the distribution of CD kits to universities, NGOs, and public facilities mainly in farming villages.

Outreach: We provided information to Japanese citizens, media institutions, and policymakers in the form of seminars, movie screenings, published materials, periodicals, the operation of a resource center, an e-mail newsletter, a website, and field study trips. From May to July 2009, we sent seven notices through our e-mail newsletter connected with the *Save the Mekong Campaign*. We also worked with other NGOs to hold a seven-part seminar series *People and Biodiversity* on the value of ecosystems to the people who use them. In January 2010, to coincide with events including the Mekong-Japan Summit Meeting, we held a seminar *Examination: Questioning ODA—Impact on the Environment and Human Rights as Seen from Mekong Development*.

Advocacy: Based on the information gathered and analyzed from our project monitoring efforts, we called on relevant institutions and the Government of Japan to improve the environmental and social aspects of individual development projects. As a result, issues of relocation and compensation for local residents were improved in some projects. We also informed the Japanese Ministry of Foreign Affairs (MOFA) of problems with the Japanese government’s excessive emphasis on infrastructure in its development policy, notably its handling of forcible relocations in Cambodia and development of the Mekong basin. We also urged MOFA and the Japan International Cooperation Agency (JICA) to strengthen their environmental and social guidelines. These efforts resulted in revised guidelines that now include greater information disclosure.

A. Investigative Research

Mekong Watch is engaged in two types of investigative research. The first is monitoring of projects and programs for potential threats to people who rely on natural resources. The second is field research (not limited to specific development projects) conducted in cooperation with local residents to collect basic data and deepen overall understanding of the connection between the environment and people's lives. The information and knowledge gained from this research form the basis of our advocacy work.

● Project Monitoring

We monitored Japan's bilateral aid projects administered through JICA and the Japan Bank for International Cooperation (JBIC), as well as hydroelectric and hydrothermal power plant projects and highway construction/improvement projects in which the World Bank and Asian Development Bank (ADB) provided loans. In FY2009, we cooperated with local NGOs on issues of relocation and compensation of local residents surrounding the improvement of Highway 1 in Cambodia (in both the section funded by Japanese grant assistance and the section funded by ADB loans). In the ADB section, we supported the citizens' group who filed a formal objection with the ADB to demand the restoration of their livelihoods. The ADB has started coming up with proposals to resolve the issue.



Left: ADB-funded section of Highway 1; strategy workshop for affected residents.
Right: Japanese grant-funded section of Highway 1; interview with residents.

There has been a surge in development financing in the Mekong basin that does not involve Japanese official development assistance (ODA), notably lending activity by China, Thailand, and Vietnam, and private-sector investment. This year, we cooperated with NGOs active in the area to perform a study of the fishing industry in the proposed location of the Don Sahong Dam, where a Malaysian firm is conducting a feasibility study.

Below is a list of the principal cases that Mekong Watch monitored during FY2009 (countries/organizations providing or considering providing funds are in parentheses):

China:

- Mekong mainstream dam development (China)

Burma:

- Salween River dam development (Thailand, China)
- Irrawaddy River dam development (Chinese private sector)

- Yetagun natural gas field development (50:50 joint project between Nisseki Myanmar Oil Development, Japanese government)

Laos:

- Nam Theun 2 Dam (World Bank, ADB, Japanese private sector)
- Xe Katam Hydropower (Japanese private sector)
- Lower Mekong River dam (Malaysian, Thai, etc. private sector)

Thailand:

- Northeast Thailand water diversion project (JICA)
- Map Ta Phut industrial park (JICA, Japan External Trade Organization=JETRO)
- J-Power LNG power plant (Japanese private sector)

Cambodia:

- Second Mekong bridge (JICA)
- Cambodia Highway 1 (MOFA)
- Cambodia Highway 1 (ADB)
- Railway rehabilitation project (ADB, Australia)

Vietnam:

- A Vuong hydroelectric plant (private sector)

Regionwide:

- Lower Mekong dam on Thai-Laotian border (private sector)

● **Surveys**

We conducted the following surveys in FY2009:

- Information collection on Mekong dam development (China)
- Survey of resource development in conflict areas (Thailand)
- Power sector analysis (Vietnam)
- Information collection on forced eviction cases (Cambodia)

B. Locally-Based Projects

Mekong Watch's locally-based projects are aimed at understanding the relationship of residents of countries along the Mekong River with their natural resources, maintaining records of people as they live together with nature, and supporting the management of natural resources by residents of the region.

● Forest preservation in northern Laos

Starting in FY2005, we have been engaged in research in coordination with NUOL to investigate the country's land and forestry programs and issues faced by villagers who make use of the forests, focusing on Pakbeng district, Oudomxai province in northern Laos. With the aim of encouraging villages to take an active role in the management of their land and forests, we support the activities of the local watershed forest management commission comprised of government officials from villages and districts with land on small dams in watershed forests located near rivers. We also conducted a redistricting of land and forests in concert with villages and districts in villages where there had been confusion over land and forest usage as a result of forest designations and the relocation or merger of villages. We held workshops and study tours to increase villagers' awareness of the need to protect the environment. Finally, we are also conducting research on the environment of watershed forests together with government officials and NUOL to seek ways to balance the villagers' livelihoods with the interests of forest preservation.



Left: Environmental study on watershed forests.

Right: Meeting of the watershed forest management committee.

● Broadcasting TV programs to help maintain ecosystems that can sustain food supply (Laos)

In Laos, each province has a television station responsible for local broadcasting. However, due to a lack of funding and experience, the stations almost never run original programming and instead show only programs from the central TV network. This project was started in FY2004 by giving support to four provinces' local TV stations in south-central Laos to produce environment-themed programming for the region. In FY2007, we expanded this project to two more provinces in the north. So far around 60 programs have been produced, and local production continues to this day.



In the current period, we worked with a local coordinator to produce a new program about exploitation of Mekong River algae in Luang Phabang Province. While more people are harvesting the river algae as a result of increased tourism in the area, algae

growth has been damaged by China's construction of a dam upstream. We also created a program on the negative environmental impact of development on the Sekon River, a Mekong tributary. We compiled these two programs onto VCD and provided them to Laotian universities, children's centers, and NGOs active in Laos. For use in our *People and Biodiversity* seminar, we produced a Japanese-subtitled version of the river algae program. Finally, we have also finished an English version, which we plan to use in future outreach activities.



River algae in Luang Phabang Province, the subject of one of our media projects

- **Protecting biodiversity for people's livelihoods (Laos)**

In southern Laos, a region known as *Siphandon* ("4,000 islands"), the Mekong River widens, playing host to a great many islands. People there make their living growing rice and catching freshwater fish. In recent years, the rise of commercial fishing and various development projects have reportedly damaged people's livelihoods, with fishery resources hit especially hard. We worked with Japanese experts to investigate local residents' use of fishery resources. We also cooperated with the NUOL Faculty of Sciences to propose simple, sustainable monitoring, such as surveying eating habits and methods to work with local people to collect samples. We also donated fish samples to the university, which will be put to use in encouraging sustainable exploitation of resources going forward.

- **Preventing ecosystem deterioration by residents sharing experiences (Thailand, region-wide)**

The construction of Pak Mun Dam in Mekong tributary Mun River has had a serious impact on the river environment. The dam construction has also fundamentally changed the way of life of the local residents who live off the river. When a dam is built, much is made of the benefits to local residents, but it is often difficult to estimate how the dam will actually change the living environment. In the case of Pak Mun Dam, the residents were not sufficiently informed beforehand, so debate has dragged on over the possible removal or opening of the already completed dam. We have researched the experience of the Mun River residents and produced a video record to give information to residents of others areas where dam construction is being planned. Now that the Thai version is finished, in FY2010 we plan to translate the video into several other languages and show it to communities throughout the Mekong region.



Fishermen on Mun River, site of Pak Mun Dam (taken in 2001).

C. Outreach

In our outreach efforts, we seek to present the information collected and analyzed through our investigative research to civil society in Japan and elsewhere in the world, particularly the Mekong basin countries.

● **The Mekong Dialogue**

The Mekong Dialogue is Mekong Watch's series of public seminars to give Japanese audiences a better understanding of the development and environmental issues facing Mekong countries. We have held 51 seminars so far. We held two Mekong Dialogue seminars in FY2009, including staff reports. The participants' backgrounds varied depending on themes and included students, researchers, government officials, those directly involved in administering assistance, company employees, and engineers.

● **Published booklet, *The Impact of Measuring on People's Lives***

Whether it's measuring height, satisfaction, or economic growth, in our lives we both measure and are measured by others. Measurement takes place every day when people make assessments or compare one thing to another. We may wonder if it is all necessary, but it is rare for people to think deeply of the real impact of all this measurement. Especially in the realm of development, outsiders often make a series of "measurements" to assess the relative merits of development projects. However, in many cases, this method fails to take the people's interests into account, often destroying their way of life. In our interactions with local residents in various countries in the Mekong region, we have come to suspect that "measuring" is threatening the way of life of people living in Asia's agricultural villages.

Up to now, there have been many studies of the methodology for how to "measure" people's livelihoods. However, no one has noted problems with the basic function of measurement; in other words, what "being measured" does to a community. This booklet focuses on the functions of measuring, introducing case studies of areas where we have been active: a land and forest allocation (LFA) project conducted in Oudomxay Province, Laos, and Pak Mun Dam, constructed in Ubon Ratchathani Province, Northeast Thailand. We distributed the booklet to researchers, students, and members of aid organizations. It is also available on our website.

● **Seminar series: *Humans and Biodiversity***

Together with international environmental NGO FoE Japan and Global Environmental Forum, we co-sponsored a series of seven seminars on the importance of ecosystems as the foundation for people's livelihoods for 20 cooperating groups (seventh seminar held in April 2010).

Themes included the following: forests in Laos, Mekong River development, Indonesian forests and the paper/pulp industry, tigers and indigenous peoples in the Russian Far East, the Mekong River in images, oil palm and Japan, and indigenous peoples and timber production in Sarawak, Malaysia. Mekong Watch staff members gave a presentation at the second session, entitled *Aquatic Zones and People's Livelihoods: Mekong River Development and Japan* (October) and the fifth session, *The Mekong River in Images: Biodiversity, People's Lives, and Development* (January). Portions of the seminars can be accessed on the Web.



A seminar in progress

- **Mekong Library**

At our office in Ueno, Tokyo, Mekong Watch maintains the Mekong Library, a collection of books on Mekong regional development and environment, JBIC and JICA, (organizations who implement Japan's large-scale aid programs to the region), the World Bank, and ADB policies. In FY2009, our collection shrank to 1,424 volumes after returning some individual donations. Following a large-scale reorganization, we have received an increasing number of inquiries from university students and others seeking to learn more about the region.

- **Quarterly magazine, *Forum Mekong***

Starting in FY2009, we have reduced the publication of *Forum Mekong* from four issues a year to two. The decision came as a result of discussions on the appropriate direction for the magazine to maximize the quality of content, including reconfiguring the division of content distribution among online and paper media, and switching our emphasis to feature articles. We released one issue during the fiscal year, but publication was significantly delayed as it was the year before. In FY2010 we began taking steps to improve the situation, such as outsourcing editing.

- **E-mail newsletter**

Mekong Watch disseminates news on development and environment issues in the Mekong region via an e-mail newsletter. We issued 28 news items in Japanese during FY2009. We also issued formal requests and press releases on dam development in the Mekong River mainstream, the Mekong-Japan Summit Meeting, the Japanese government's budget-screening process, and revisions to ODA policy. We canceled *Catfish Tales*, our English-language e-mail newsletter for Mekong Watch's original information and analysis, in favor of distributing information via the Web and e-mail going forward.

- **Website**

Mekong Watch consistently updated its website, but we unfortunately could not create and update new sections to cover all monitoring and field projects. We partially updated the English site and plan to post fresh content by translating some of our Japanese-language updates.

- **Dispatching lecturers**

Mekong Watch staff members participated as lecturers in symposiums and seminars on Mekong River development and ODA. Mekong Watch staff members gave 12 lectures in FY 2009.

- **Media outreach**

The goal of our media outreach is not to attract coverage of Mekong Watch's activities; it is to increase coverage of the development issues we are concerned about. We were involved in 15 media stories in FY2009. The Japanese government's declaration of 2009 as the Japan-Mekong Exchange Year gave us the opportunity to provide information to TV and other video media.

- **Field school**

In FY2009, Mekong Watch again organized a field trip to Laos to visit the Nam Theun 2 Dam project site and the Laos offices of the World Bank and ADB that finance the dam project. We held another trip this year as well, taking a group consisting mainly of student interns to visit the planned site of Kawabe Dam in Kumamoto Prefecture, Japan. The interns presented the results of the trip at *Global Festa*.



Student interns at the field school

D. Advocacy

Our advocacy has three objectives: (1) improve individual aid projects; (2) question development in the Mekong basin countries; and (3) encourage the Japanese government to reflect past experience in ODA and other policies and processes.

● Improving individual projects

We held meetings (detailed below) with JICA, MOFA, and the Ministry of Finance (MOF) on individual aid projects, with the aim of pushing for improvements to problems we identified through our project monitoring activities.

Cambodia Highway 1, Cambodia (Japan providing grant aid)

In meetings with the Japanese government and JICA, we pointed out that in the already completed portion of the Cambodia Highway 1 improvement project (for which Japan is providing grant aid), many residents who were relocated have yet to be provided sufficient compensation and are having trouble making ends meet. In addition, we proposed that the government cease approving future aid cooperation until these issues are resolved. However, in July 2009 the government decided to once again provide grant aid for the third year of the project.

Nevertheless, thanks to the long-running advocacy and investigations by local NGOs and Mekong Watch, the issue of insufficient compensation has come to light, resulting in the payment of additional compensation (albeit after relocation). Also, while still far from complete, we have seen slight improvement in information disclosure, such as the distribution of relocation plan outlines to residents.

Cambodia Highway 1, Cambodia (portion funded by ADB loans)

To help 63 households who filed formal complaints against the ADB, we provided them with information and technical support to ensure their relocation and compensation issues with the ADB and Cambodian government can be resolved for the maximum benefit for the residents. In addition, we communicated the status of the objecting residents to MOF and offered proposals and requests on the appropriate involvement of the ADB's special project facilitator.

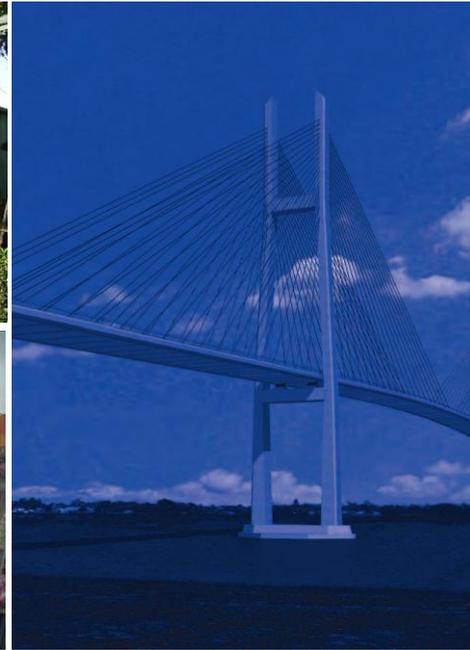
Second Mekong Bridge construction, Cambodia

We made the following proposals to the Japanese government and JICA: (1) grant aid should not be provided for this project; (2) it is questionable to support this sort of infrastructure project in light of the serious forced relocation problems within Cambodia; and (3) even as the relocation problems of the closely related Cambodia Highway 1 projects remain unresolved, the lessons from that experience are not being sufficiently applied. Unfortunately, the Japanese government decided to provide grant assistance for the project's detail design. This project came up for discussion at a meeting of the Japanese government's budget-screening process held in November 2009. The budget-screening has reached the conclusions that (1) the Japanese government should cut its grant budget for large-scale public works by one third, and (2) the government should not use grant aid to offer support economic infrastructure projects.

Upper left: Region to be affected by Second Mekong Bridge

Lower left: Current Mekong crossing

Right: Artist's rendition of completed Second Mekong Bridge (JICA study)



Nam Theun 2 hydroelectric plant construction, Laos

Using information gathered on the region affected by the dam, we requested MOF to make improvements and disclose information on the dam's impact on the environment and society, as well as the challenges to restoring the long-term livelihoods of the affected people. We particularly focused on the March 2010 opening of the dam for commercial use, writing a formal letter jointly with US NGO International Rivers to aid institutions the World Bank and ADB citing that promised measures to lessen environment and social impacts are not functioning sufficiently. We met directly with ADB board members from Europe, the US, and Japan at the headquarters in Manila.

● **Development in Mekong countries**

Forced relocation in Cambodia

Although World Bank, ADB, and other donor institutions have expressed concern over the escalating problem of forced relocation in Cambodia, the Japanese government has not only declined to join in showing concern, it has continued to provide support for Cambodia Highway 1, Second Mekong Bridge, and other large-scale infrastructure projects. We communicated this issue to the Japanese government. We also explained to MOF that the World Bank and ADB's has had little success in efforts to improve land policy and relocation policy through technical assistance to Cambodia.

Mekong region development: Policy support over infrastructure

Japan is the largest aid donor to the Mekong nations—it has expanded ODA based on the Japan-Mekong Regional Partnership program, and continues to provide support for a raft of infrastructure projects, including the so-called Development Triangle and the East-West Economic Corridor to facilitate logistics in the regions. Mekong Watch worked jointly with 17 other NGOs and NPOs to send a formal request calling on the Japanese government to: (1) comprehensively examine the past problems with ODA projects and support resolutions; (2) rather than infrastructure development, prioritize measures to protect the environment and society and support the development of legal systems; and (3) when examining ODA and formulating ODA strategy, listen not only to regional governments but also to the civil society in each country. In addition, we held opinion exchanges with the Vice Minister of Foreign Affairs and MOFA.

- **Forming rules for ODA: JICA's guidelines for environmental and social considerations**

We participated in an expert committee to formulate JICA's guidelines for environmental and social considerations. We used the experience gained in our project monitoring and other activities to actively contribute to the debate to make the guidelines stronger.

In addition, we worked with other NGOs to complete a case study and submit a proposal on rolling plans, public disclosure of preparatory surveys, and the role of the exchange of notes system for grant aid. The debate took place with MOFA and JICA both within and without the committee. As a result, we achieved the following results:

1) Expansion of scope of information disclosure: The scope and details of information disclosure were enhanced, both for disclosure of information locally by the institution implementing the project and for information disclosed by JICA.

For instance, resident relocation plans will now be disclosed for projects that will require the large-scale relocation of residents, and plans for dealing with indigenous people will be disclosed for projects that will impact indigenous peoples.

Another major accomplishment was the decision to release JICA's preliminary survey reports for projects expected to have a large environmental/social impact (Category A projects) before conducting the environmental review.

2) Public disclosure of rolling plans: To increase ODA transparency, the NGOs strongly requested JICA to publicly disclose rolling plans, the documents at the very top of the project cycle. However, we discovered in the process of discussion that the MOFA bears sole responsibility for rolling plans. Therefore, we again requested and encouraged MOFA to disclose the plans. As a result of those efforts, MOFA will soon publish rolling plans on its website.

3) Consideration for ecosystems: Before these discussions, the only formal consideration for ecosystems consisted of the following regulation: "Projects must not be implemented within or impact a protected area as stipulated by law."

The revised guidelines now stipulate, "Projects must not cause significant shifts or significant deterioration of important natural habitats or important forests," thereby prohibiting destruction of important natural habitats even outside of legally protected areas.

4) Compensation at repurchase price: Processes to deal with involuntary relocation were also strengthened. In addition to stipulating the creation and public disclosure of resident relocation plans and meeting with affected residents, the revised guidelines add rules for compensation, an area that previously went unmentioned. They now state, "Compensation must be made in advance, based on the repurchase price to the extent possible." In the guidelines, "repurchase price" is defined as the cost of purchasing assets with the same value as those to be lost upon relocation.

Board

【Directors】

| | |
|-----------------------|--------------------------------|
| Doi, Toshiyuki | Representative Director |
| Fukuda, Kenji | Deputy Representative Director |
| Higashi, Satomi | |
| Kiguchi, Yuka | |
| Matsumoto, Ikuko | |
| Nagase, Riei | |
| Onizuka, Chase Madoka | |
| Shimizu, Noriko | |
| Shine, Toshihiko | |

【Auditor】

Kawamura, Akio

Staff

| | |
|-----------------|--|
| Akimoto, Yuki | Burma Program Director (part-time) |
| Doi, Toshiyuki | Representative Director/Cambodia and Thailand Program Director (full-time) |
| Higashi, Satomi | Laos Program Director (full-time) |
| Iida, Takako | Administrative Officer (full-time) |
| Kiguchi, Yuka | Executive Director/Lao Field Program Director (full-time) |
| Mitsuta, Kanna | Policy Manager (part-time) |

Interns and Volunteers

5 interns

(as of March 31, 2010)

Financial Reports

Financial Statements

FY2009 (April 1, 2009 - March 31, 2010)

Revenue

| | |
|-----------------------------|-------------------|
| Membership fee | 370,351 |
| Donations | 118,591 |
| Operation revenue | 1,303,825 |
| Monitoring and research | 0 |
| Policy analysis | 1,206,178 |
| Resource development | 97,647 |
| Grants | 25,181,705 |
| Contract income | 3,210,498 |
| Interest gain | 19,819 |
| Miscellaneous income | 12,483 |
| Total revenue | 30,217,272 |

Expenditure

(Unit: JPY)

| | |
|---|-------------------|
| Monitoring and research | 7,312,996 |
| Project monitoring | 1,797,503 |
| Research project of environmental and social policies and procedures , Lao | 12,620 |
| Research project of natural resource development in conflict-ridden areas, Thailand | 1,412 |
| Analysis on Energy sector, Vietnam | 131,450 |
| Staff salary | 5,370,011 |
| Field projects | 8,773,028 |
| Forestry project, Laos | 3,011,892 |
| Environmental education programs, Laos | 1,102,645 |
| Biodiversity preservation project, Laos | 2,400,624 |
| Exchanging experiences among local communities, Thailand | 216,549 |
| Staff salary | 2,041,318 |
| Policy advocacy | 2,363,327 |
| ADB safeguards | 129,266 |
| Staff salary | 2,234,061 |
| Resource development | 5,020,207 |
| Film session <i>Crossing Mekong River</i> | 23,000 |
| Mekong Field School | 497,881 |
| Library/Resource center | 540,000 |
| Periodical <i>Forum Mekong</i> | 417,442 |
| Website management | 43,927 |
| Listserv | 18,577 |
| Public relations | 60,588 |
| Staff salary | 3,418,792 |
| Administration | 6,564,994 |
| Tokyo office management | 2,760,728 |
| Overseas office management | 504,308 |
| Staff salary | 3,299,958 |
| Exchange loss | 179,942 |
| Total expenditure | 30,214,494 |

| | |
|----------------|--------------|
| Balance | 2,778 |
|----------------|--------------|

| | |
|--------------------------|-------------------|
| Beginning of year | 29,515,313 |
| End of year | 29,518,091 |

Balance Sheet

(as of March 31, 2010)

(Unit: JPY)

| Assets | | Liabilities and surpluses | |
|-----------------------------|-------------------|--|-------------------|
| Current assets | | Current liabilities | |
| Cash equivalents | 33,469,457 | Accounts payable | 74,290 |
| Accounts receivable | 806,615 | Advance receipt | 4,848,875 |
| Guarantee deposit | 412,000 | Deposits received | 246,816 |
| | | Total current liabilities | 5,169,981 |
| | | Surpluses | |
| Total current assets | 34,688,072 | Surplus to FY 2010 | 29,518,091 |
| Total assets | 34,688,072 | Total liabilities and surpluses | 34,688,072 |

List of Properties

(as of March 31, 2010)

(Unit: JPY)

| Accounts | | |
|---|------------------------------------|-------------------|
| Assets | | |
| Current assets | | |
| Cash on hands | Tokyo Office | 289,968 |
| Ordinary deposits | Bank of Tokyo-Mitsubishi UFJ (JPY) | 9,202,926 |
| | Sumitomo Mitsui Bank | 5,105,477 |
| | Mizuho Bank | 5,101,246 |
| | Japan Post Bank | 5,977,438 |
| | Bank of Tokyo-Mitsubishi UFJ (USD) | 4,200,352 |
| P.O. transfer savings account | | 2,094,203 |
| Cash equivalents | Bangkok Office | 649,118 |
| | Ubonratchathani Office | 54,022 |
| | Vientiane Office | 794,707 |
| Total cash equivalents | | 33,469,457 |
| Accounts receivable | | 806,615 |
| Guarantee deposits | | 412,000 |
| Total current assets | | 34,688,072 |
| Total assets | | 34,688,072 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | | 74,290 |
| Advance receipt | Mott Foundation | 3,308,875 |
| | AEON Environment Fund | 540,000 |
| | Japan Trust for Global Environment | 600,000 |
| | Nippon Koa Omoiyari Club Fund | 400,000 |
| Total advance receipt | | 4,848,875 |
| Received deposits and withheld income tax and insurance | | 246,816 |
| Total current liabilities | | 5,169,981 |
| Total liabilities | | 5,169,981 |
| Net assets | Net assets at end of year | 29,518,091 |

Audit Report

I have audited the FY2009 financial reports of Mekong Watch, a specified non-profit corporation, and hereby acknowledge that Mekong Watch's activities were conducted in appropriate ways and that financial statements and a balance sheet are made according to standards that are widely accepted as fair and sufficient.

June 1, 2010
Akio Kawamura
Auditor

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