

Resource Mobilization— An Enhanced ADB Role

GMS programs and projects with regional ownership and support now exceed ADB's resources to lead them. The evaluation study recommended that instead of acting as lead financier in every case, ADB should initiate, coordinate, and finance a strategic share of programs in consultation with governments and donors. This RCSP will initiate a new donor coordination approach that will require periodic sector strategies and coordination meetings for interested and contributing donors and line ministries of the GMS governments, development partners, and civil society when appropriate. Such meetings have already been held, but they will now need to be sequenced so that an annual donor coordination meeting can be held at the ministerial level.

Expanded Partnerships

Expanded partnerships will not only bring intellectual capital to the sectors and thematic areas but will also bring badly needed financial resources. The GMS governments have encouraged development partners to attend the working group meetings and to participate in sector debates and program formulation. Partners are also invited to identify their areas of interest from the development matrix and to support those activities through a choice of means that ranges from sole support in partnership with the governments

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to multipartner engagement. In addition, the development partners' meeting during the annual ministerial conference will be redesigned to ensure a more focused and inclusive discussion on issues that the partners wish to raise with the GMS governments and vice versa.

Resource Constraints

ADB's resource constraints imply that alternative financing must be sought to support even the flagship programs under implementation. ADB must therefore develop sector programs to which all donors, including ADB, would commit funds for individual programs and projects. This approach allows for flexibility in that individual contributions are based on each donor's assessment of the program. It also means that ADB is neither the main financier nor the residual financier of the program. ADB is, however, the most appropriate regional institution to provide the intellectual leadership to ensure that all GMS public goods are appropriately addressed.

The regional strategy covers 2004–2008 and is supported by a 3-year, rolling program initially covering 2004–2006. ADB's proposed lending pipeline for 2004–2006 consists of 15 firm and 4 standby loan projects totaling \$725 million. Overall financial needs for the program, including ADB's technical and investment pipeline, could exceed \$10 billion over the next 10 years if all 11 flagship program proposals are pursued. At present, there is a financing gap of about \$5 billion. The financial needs over the next decade are very large. Technical assistance, often small-scale, is needed in all dimensions to support regional cooperation. Connectivity projects in transport, energy, and telecommunications are costly and cannot be made at the expense of vital initiatives such as harmonized customs procedures, human resource development, private-sector development, and protection of the environment. Technical assistance financing is also required to deal with cross-border programs on communicable disease control and

poverty alleviation. A major focus is agriculture as the majority of people in the GMS live in rural areas and are dependent on agriculture for food security and livelihood. The indicative technical assistance program for 2004–2006 amounts to 45 initiatives totaling \$25.5 million.

ADB resources are inadequate for the proposed program due to constraints on Asian Development Fund resources and technical assistance funds. Implementation experience shows that continued momentum and progress in GMS projects were achieved only when adequate financial resources were committed on a timely basis. ADB has stimulated the interest of development partners and helped them to identify suitable investment opportunities and modalities. ADB has fielded missions to various European capitals and to Japan to mobilize public sector financing, and has sought private sector funds from the United States, Singapore, and Germany. Agence Française de Développement and the European Investment Bank have expressed interest in cofinancing GMS projects. At the development partners' meeting convened during the GMS ministerial meeting in September 2003, agreement was reached on closer cooperation between ADB and the World Bank. ADB also consults the PRC and Thailand concerning their regional project financing initiatives.

There must also be a parallel effort to involve private sector financing. The public-private partnership approach that was utilized in the Theun-Hinboun Hydro-electric Power Project needs to be replicated in other sectors. In services such as tourism, many of the activities have already been transferred to the Mekong Tourism Forum—the agency for coordinating Mekong tourism activities—and to the Pacific-Asia Travel Association, both of which are financed from national sources.

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