

Toward 2008— Assessing the Strategy and Potential Risks

Collective action presupposes a regional mindset. Creating a regional mindset involves recognizing the regional effects of national policies. Collective action to solve regional problems requires carefully separating the types of public goods generated. Distinguishing transnational impacts from regional or global ones is crucial to effective policymaking. The practical implications for ADB are twofold. First, ADB must concentrate on issues it can most readily address by virtue of its membership and the geographical impact of the project or policies. Second, it must form partnerships with existing institutions—global or local—whose mission and specialization better places them to generate the desired benefits and outcomes.

A new, integrated master plan is needed to take regional cooperation to the next level.

Economic Corridors

The heart of the program is in the economic corridors, so progress there will have the earliest and most meaningful impact on reducing poverty. Economic activity in these corridors, when completed, will exceed that of the surrounding economies given the synergies they offer. Successful utilization of the corridors can be ascertained using indicators such as traffic counts. Should utilization of these corridors fall below expectations, future investments in the GMS will need to depend on government acceptance of changes needed to encourage cross-border markets to function successfully.

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Transport and economic corridors depend upon many factors for their viability: sources and magnitude of demand, trade flows, price movements, etc. Because almost a decade has passed since the initial master plan, a new, integrated master plan is needed to take regional cooperation to the next level. Equally important for the success of the economic corridors are national programs addressing issues such as access and feeder roads, urban management, health, education, and poverty eradication. National development programs will increasingly need to reflect regional dimensions as the corridors are completed.

Potential Risks

Despite national and regional efforts, a variety of risks remains. The RCSP takes account of them and offers effective means of mitigation.

- There is a risk that poverty reduction will bypass some communities and/or leave others vulnerable to unexpected changes. A range of studies is being undertaken to monitor and assess actual impacts and develop measures to enhance inclusive growth.
- Macroeconomic stability in light of external debt that is only now approaching sustainability, especially in the less-developed GMS members, must be assessed. These developments will be monitored through updates of the Mekong Region: An Economic Overview, prepared by ADB
- The capacity of some GMS countries to adequately implement regional projects is an important factor to be taken into account. Experience shows the need to give more attention to project monitoring and to social and environmental impact assessment.
- A key challenge is to ensure that the interests of smaller, less developed countries are not subordinated to those of larger countries. ADB continues to play a key role in ensuring a level playing field for all its cooperating member countries.
- There is a risk as connectivity improves of increasing hardships for women and children as a result of

exploitation, illegal trafficking, and of vulnerability to communicable diseases such as HIV/AIDS, particularly in border areas. Measures to address these issues will be built into project design.

- An equally important risk associated with the increased connectivity is environmental sustainability. Preserving the GMS commons is recognized by the RCSP as crucial to developing the sense of community which is one of the key objectives of the strategy.

The above risks are mitigated by measures built into the RCSP itself. The planning, design, and implementation of the GMS projects will further address these risks. Risks and the measures to mitigate them need to be placed within the context of the successful experience of the GMS program to date. With this as backdrop, the risks appear manageable. More importantly, experience demonstrates the substantial advantages of the GMS program. It is therefore critical that the momentum of the program is sustained and, where possible, accelerated.