

# Greater Mekong Subregion: Maturing and Moving Forward

- Having achieved a measure of success, ADB must now lead the GMS program to move to the next level of maturity where its members take on more responsibilities.
- Further adding value to the GMS program must be done gradually in consultation with member countries, taking into account their differing capacities and aspirations, and providing support where necessary to build the national capacities needed to enhance the sustainability of regional benefits.

## Background

The **Greater Mekong Subregion (GMS)** program, an activity-based subregional economic cooperation program, began in 1992 under the sponsorship of the Asian Development Bank (ADB). It covers six countries—**Cambodia, Lao People's Democratic Republic, Myanmar, Thailand, Viet Nam**, and Yunnan Province and Guangxi Zhuang Autonomous Region of the **People's Republic of China**. ADB assumed the role of the GMS Secretariat as well as facilitator, financier, honest broker, and technical adviser. An **impact evaluation study of the GMS program** by the **Independent Evaluation Department** in 1999 found overall progress in the first 7 years of operation satisfactory. Only a third of the study lessons have been adopted to date.

Since 1992, ADB has helped nurture the GMS program. Better awareness of the regional cooperation benefits and greater country involvement at the highest political level in the GMS has been seen recently. Member countries have benefited from subregional cooperation in the GMS although tangible progress in significant regional economic impact has been slow. ADB has effectively played a catalytic role in the GMS, encouraging and supporting member countries with technical expertise while providing its own funding and leveraging that of other agencies. This is the **first regional cooperation assistance program evaluation**<sup>1</sup> carried out by the Independent Evaluation Department, and it will provide directional inputs toward the next regional cooperation strategy and program for the GMS program. It evaluates the ADB-cofinanced GMS

operations during 1992–2007, using the **evaluation framework developed for country assistance program evaluations** involving a combination of "top-down" (strategic and institutional performance) and "bottom-up" assessments (project and operational performance).<sup>2</sup>

## Summary of Findings

For the ADB-sponsored GMS program, ADB provided 40% of the funds (about \$3.5 billion including GMS loan and grant projects and technical assistance), while another 35% came from member countries and 25% more from other development partners.

The overall assessment rating for the GMS program is "successful." It has fared well in its early phase of development. Its strategic focus on connectivity is aligned with ADB corporate strategies on infrastructure sector. The activity, rather than rules-driven cooperation, has worked well in this first stage of development, building trust among partners and allowing flexibility in understating subgroup activities as needed. ADB performance has been substantial, with room for improvement. The results of the top-down assessment are summarized in Table 1. The results of the bottom-up assessment in six GMS sectors are summarized in Table 2. Lessons learned from subregional experience include the importance of (i) an integrated approach in ADB involvement, (ii) a balanced program, (iii) developing tools to assess effectiveness, and (iv) improving the investment climate for private sector.

**Table 1: Results of Top-Down Evaluation**

Criterion	Overall Rating
Strategic Assessment	Substantial
Institutional Assessment	Substantial
Value Addition	Substantial
ADB Performance	Substantial
Administration and Internal Coordination	Modest
Coordination with Other Agencies	High
Financial Mobilization	High
Capacity Building and Technical Support	Modest
Portfolio Management	Modest
<b>Overall Top-Down Assessment</b>	<b>Successful</b>

Source: Operations Evaluation Mission.

**Table 2: Results of Bottom-Up Evaluation**

Criteria	Transport	Energy	Tourism
Relevance	Highly Relevant	Highly Relevant	Relevant
Effectiveness	Effective	Effective	Effective
Efficiency	Efficient	Efficient	Efficient
Sustainability	Likely	Likely	Likely
Impact	Substantial	Substantial	Not Assessed
<i>Overall</i>	<i>Successful</i>	<i>Successful</i>	<i>Successful</i>
Criteria	Environment	Agriculture	Social Sectors
Relevance	Relevant	Relevant	Relevant
Effectiveness	Effective	Less Effective	Less Effective
Efficiency	Efficient	Less Efficient	Efficient
Sustainability	Likely	Less Likely	Less Likely
Impact	Modest		Modest
<i>Overall</i>	<i>Successful</i>	<i>Partly Successful</i>	<i>Partly Successful</i>

Source: Operations Evaluation Mission.

Having achieved this level of success, ADB should now explore ways of adding even more value by encouraging the GMS program to move to the next level of maturity, where the members can take on more responsibilities. To this end, the differing capacities of the various member countries need to be strengthened through capacity development. For ADB to continue to add value, it (i) should promote focusing on the "regional" nature of the program; (ii) give ample support for connectivity in the past by providing additional support at the policy level; and (iii) facilitate the formulation of a strategy to gradually make the GMS institutional structure more dependent on the member countries. Going forward, ADB should develop a revised **GMS strategy** for ADB's role over the next 10–15 years. This should bring greater clarity to operationalize **regional cooperation** in line with the **Strategy 2020**, strengthening the capacities of GMS countries and regional institutions, expanding **opportunities for cofinancing**, and making coordination more effective.

## Recommendations

- **Bring greater clarity to translation of *Strategy 2020* for regional cooperation and integration (RCI).** Explicit guidance is needed on whether ADB should finance projects in sectors that are not specifically identified as core areas of operation, even if such sectors are considered by the GMS countries themselves as very important in advancing their RCI agenda.
- **Take stock and chart a revised GMS strategy with a holistic approach.** Drawing on the demonstration effects of connectivity through infrastructure development, private sector participation should be encouraged. ADB needs to focus more on regional public goods and mitigate the negative impacts of connectivity.
- **Develop and strengthen DMC and regional institutions under the revised GMS strategy.** The timing for establishing regional bodies to take on responsibility for institutional arrangements may vary by sector needs and capacity.
- **Identify other development partners, private sector, and the GMS member countries that can bridge the financing gap** that exists in the GMS program, especially for integrated multisector projects.
- **Strengthen coordination** between GMS sector working groups, between national and subregional projects within a country, between sector departments in ADB, and between the GMS program and the resident missions.
- **Emphasize regional benefits.** Focus on the subregional nature of projects, emphasizing the additionality of regional benefits in the design and implementation of subregional projects.
- **ADB should raise awareness, provide policy advice, and support enforcement** to reduce the negative impacts of RCI.
- **Support the implementation of policy and procedural reforms.** Address key "software" constraints to derive greater regional benefits from "hardware" in place.
- Establish baseline indicators, track progress, and compare costs and benefits of investments, focusing on a few indicators.

## Feedback

When these *Learning Curves* were prepared, **ADB Management's Response** and the **Chair's Summary of the Development Effectiveness Committee Discussions** were not available for disclosure to the public. The study was completed in December 2008.

<sup>1</sup> ADB. 2008. *Greater Mekong Subregion: Maturing and Moving Forward*. Regional Cooperation Assistance Program Evaluation. Manila. Available: [www.adb.org/Documents/CAPES/REG/CAP-REG-2008-73.pdf](http://www.adb.org/Documents/CAPES/REG/CAP-REG-2008-73.pdf)

<sup>2</sup> The analyses do not include the operations financed by other aid agencies or by GMS member countries, nor does it cover any GMS activities in Myanmar, where ADB has no operational activity.