

**14th GMS Ministerial Conference
Development Partners' Meeting
Wednesday, 20 June 2007**

**Report of the Development Partners' Meeting¹
to the GMS Ministerial Meeting**

Excellencies, Distinguished Guests, Ladies and Gentlemen:

Please allow me to provide you a summary of yesterday's meeting which I co-chaired with Mr. Arjun Thapan, Director General of the Southeast Asia Department of the Asian Development Bank. The meeting was attended by 28 representatives of bilateral and multilateral development agencies, and other development partner organizations. Allow me to summarize the key points that were discussed.

The support for the GMS Program by the development partners was reviewed. Development partners provided for about 40% of the total funding for ADB-assisted GMS loan projects and about 43% of the total funding for ADB-assisted technical assistance projects. Development partners were particularly supportive of infrastructure projects and technical assistance activities in the environment and human resource development. The broadening participation to include cofinancing by GMS and neighboring Asian countries was noted as an encouraging sign of new regional cooperation efforts.

The development partners were pleased to hear the progress being made in each of the nine sectors of GMS cooperation. They actively participated in the discussions on strategic thrusts and priorities formulated by the sector working groups. They contributed to discussions of the key issues and prospective actions for each sector.

1. In the *Transport, Energy and Telecommunications* sectors, the highlights are as follows: (i) expediting the implementation of the GMS Cross Border Transport Agreement; (ii) facilitating the transformation of key transport corridors into economic corridors through improved logistics and more effective planning; (iii) developing the expanded GMS corridor network

¹ To be delivered by H. E. Sok Chenda Sophea, Secretary General, Council for the Development of Cambodia and GMS National Coordinator for Cambodia

through the implementation of the priority projects identified in the GMS Transport Sector Strategy; (iv) firming up subregional power trade operating arrangements and establishing mechanisms for cooperation in other energy sources to help ensure efficiency, supply security, and sustainable energy development; and (v) formulating a comprehensive subregional telecoms and ICT strategy and plan, supported by effective institutional mechanisms for cooperation.

Development partners supported the recommendation to increase the emphasis on the soft aspects of cross-border infrastructure. They stressed the importance of (i) capacity building to improve trade and transport logistics, such as customs modernization and CBTA implementation, (ii) better coordination of customs transit regimes between ASEAN and the GMS Program, and (iii) addressing the negative effects of greater connectivity, such as the spread of diseases and human trafficking. They called for measures to increase reliance on clean and sustainable energy supplies, integrated rural energy development, and promotion of ICT for poverty reduction.

2. In *Agriculture and Environment*, the highlights include: (i) generating stronger support for priority initiatives under the Core Agriculture Support Program; and (ii) strengthening coordination of the Core Environment Program (CEP), including the GMS Biodiversity Conservation Corridor Initiative, and effectively mainstreaming environmental concerns in GMS development planning.

For both agriculture and environment, development partners called for (i) exploring opportunities for expanding the private sector's role, (ii) tapping technology to resolve problems, and (iii) building capacity and sharing information and experiences especially from pilot activities. They expressed support for key areas of agriculture cooperation, such as contract farming, biofuels development and responding to agricultural emergencies, such as threats of transboundary animal diseases. They suggested incorporating climate change-related responses under the CEP. New and innovative financing mechanisms for environmental protection and management should be developed and mainstreamed in the GMS.

3. In Human Resource Development and Tourism, the highlights are as follows: (i) addressing negative externalities associated with increased connectivity, such as transborder spread of diseases and illegal trafficking; (ii) strengthening capacity building through an even stronger and broader

Phnom Penh Plan for Development Management; (iii) exploring other areas of HRD cooperation, such as labor migration and social development; (iv) intensifying tourism marketing efforts for the GMS brand and strengthening the Mekong Tourism Coordinating Office; and (v) stepping up activities under the Mekong Tourism Development Project, particularly efforts at pro-poor tourism development participated in by the private sector.

Development partners noted the remarkable success of tourism cooperation in the GMS. However, they noted the need to manage this carefully to keep in check the possible adverse social and environmental impacts from increased tourism.

4. In *Trade Facilitation and the GMS Business Forum*, the highlights include:
 - (i) implementing the Strategic Framework for Action on Trade Facilitation and Investment to help address key constraints to trade and business in the subregion; and
 - (ii) ensuring that the GMS Business Forum will continue with focused activities to enhance private sector interest and engagement in the GMS Program.

The meeting noted the subregion's efforts at overcoming constraints to business and noted the need for greater engagement of the private sector in customs reform and modernization for increased trade in the GMS.

Summary and Conclusions

The development partners noted with appreciation the findings of the Mid-Term Review of the substantial progress achieved under the GMS Strategy, particularly in enhancing connectivity, as well as its recommendation that equal attention be given to the soft aspects of GMS cooperation. This refers, in particular, to measures that will improve GMS competitiveness and accelerate poverty reduction. They agreed on the need to enhance resource mobilization and development coordination mechanisms for the GMS Program as emphasized by the Mid-Term Review, including the development of alternative means of generating resources for GMS development.

The critical importance of establishing strategic, long-term, and innovative alliances in support of sustained GMS development was indeed emphasized.

The Meeting expressed appreciation for ADB's work as catalyst and lead coordinator for the GMS Program. Development partners noted that since

the 13th Ministerial Conference in Vientiane in December 2004, further coordination meetings were held between ADB and representatives of development partner agencies, yielded additional support for priority GMS projects.

Excellencies, Ladies and Gentlemen:

To conclude, the Development Partners' Meeting has indeed been very fruitful. It has outlined the key roles that the partners have played and will hopefully continue to play in an enhanced manner under the GMS Program. The development partners have expressed strong interest in the various GMS initiatives and concluded on a note of increasing optimism, cooperation, and a sense of shared commitment to the development goals of the subregion.

Thank you for your kind attention.