

East-West Economic Corridor (EWEC) Progress, Issues and Way Forward

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Progress 1998 - 2008

Sector	Achievements
Infrastructure	EWEC transport infrastructure mostly completed
	❖ Expansion of existing links and feeder roads underway
Transport Facilitation	❖ Implementation of CBTA: - Streamlining border controls; ❖ - Facilitation of cross-border movement of people ❖ Large traffic growth expected to follow full CBTA.
Tourism and Industry	❖ Promoting and marketing tourism in EWEC ❖ GMS tourism sector strategy (TSS) applied to EWEC ❖ Special economic zones in Mae Sot, Savannakhet ❖ Creation of industrial estates: Lao Bao & Dong Ha
Agriculture Agri-Bus.	❖ Agro-Industry Forum in GMS-BF

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Summary of New EWEC Strategy & Action Plan

- New strategy and action plan approved at 15th GMS Ministerial Conference in Petchburi on 17–19 June '09.
- Focus: facilitate transformation of EWEC into genuine economic corridor.
- Major difference from previous strategy & action plan:
 - ✓ Shifts vision to socio-economic development: poverty-based focus, linked closely to the other corridors, border-gateway nodes, secondary and feeder roads for market access.
 - ✓ Focus action plan on relatively few high-profile initiatives.
 - ✓ Broadens sector coverage to private sector, social & environmental development.



Lessons for New Strategy and Action Plan

Lesson from 2001 SAP

1. Limited port expansion in both gateway nodes
2. Few private sector activities implemented.
3. Continued impediments to cross-border investments
4. Service facilities gaps
5. Business use performance-based contracts with traditional suppliers
6. Financial proposals remain unimplemented.

.... applied to 2009 SAP

- ✓ Focus on commercial and interchange nodes
- ✓ Focus on *facilitating* private sector development
- ✓ Ensure *comprehensive* reforms and *cross-cutting* sector projects
- ✓ Provide comprehensive business development support
- ✓ Establish networking facilities for MSMEs
- ✓ Develop sustainable funding mechanisms



Private Sector's Interests

- ❖ Need to distinguish between the private sector's interest in EWEC as transport system, and its interest in economic opportunities of the area surrounding the Corridor.
- ❖ Commercial interests in interchange nodes (see next slide)
- ❖ Developmental aspects of the Corridor target some of the poorer areas of the GMS countries: so public sector and development partners need to introduce measures that facilitate the development of the private sector.

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Pro-Poor Private Sector Development

Constraints	Interventions	Expected Output
Infrastructure-related backlogs	Corridor Towns Development	Development of public & economic infrastructure in secondary & border towns.
MSMEs lack business know-how	BDS Centers	(i) improved production & market access; (ii) low cost finance; (iii) training...
Lack of financing mechanisms	SME Dev. Fund	Supporting development of MSMEs in the lesser developed areas of the EWEC.
Preponderance of micro-enterprises	SME links to value chains	Global value chains (GVCs) awareness workshops based on case studies.
Sourcing problems of foreign buyers	Mapping global value chain opportunities	Identify constraints in specific industries, including trade rules and regulations and inadequacies in the logistics systems.
Negative impact of econ development.	Pro-poor programs	Target communicable diseases in vulnerable populations.
Inadequate SEZs capacity develop.	SEZ Capacity Building	Capacity building for Lao PDR to promote special economic zone (SEZs)
Lack of coordination in contract farming	Policy Support for Cross-Border Contract Farm'g	Assessment study, workshops and dialogues, and the development of a regional strategy

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Institutional Requirements

1. The ECF will be closely linked to the GMS Business Forum (GMS-BF) and the Governors Forum, the GMS Ministerial Meeting, Senior Officials Meeting, and various forums and working groups.
2. Enhancing linkages established with CBTA and the operations of the National Transport Facilitation Committee (NTFC), GMS Freight Transport Association (FRETA), Mekong Tourism Development Project (MTDP), and the Environment Operations Center (EOC).
3. Role of ECF within the GMS/EWEC organizational framework needs to evolve as the existing situation gives way to increased need for collaboration and coordination among different sector initiatives in the Corridor.

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New Strategy and Action Plan 2009

