



Major Change in Scope and Amount

Project Number: 38075
Technical Assistance Number: 6262
September 2007

TA 6262-REG: Enhancing the Development Effectiveness of the Greater Mekong Subregion Economic Cooperation Program

Supplementary Grant from the Technical Assistance Special Fund and the People's Republic of China Regional Cooperation and Poverty Reduction Fund

1. TA 6262-REG was approved 11 October 2005 for \$2.5 million. It is financed by TASF, and to be implemented from October 2005 to January 2008. The intended impact of the RETA is to sustain and accelerate the benefits from subregional projects and initiatives, and its envisaged outcome is an improvement in the results orientation of the GMS Economic Cooperation Program (GMS program). The expected outputs of the TA are as follows: (i) establishment of a formal and quantitative impact evaluation and monitoring framework for the GMS program, (ii) preparation of work programs for GMS institutional structures that are focused on a clear and manageable set of priorities, (iii) strengthened capacity for rapid assessment of and timely response to emerging subregional developments and issues, (iv) identification of projects in key sectors with potential for private sector investment, (v) stronger mobilization and coordination of development partners' resources to support the GMS program, (vi) enhanced coordination capacity by the GMS national secretariats, and (vii) an improved and well-managed information dissemination system.

2. To date, the implementation of the TA has been highly satisfactory. It has effectively supported the coordination and monitoring of subregional initiatives under the nine GMS sector working groups. These initiatives include the GMS Plan of Action (POA) adopted by the 13th GMS Ministerial Conference in Vientiane, Lao People's Democratic Republic (Lao PDR) in December 2004. The TA has also supported the holding of GMS Senior Officials' Meetings in 2006 and 2007 to review the POA, the Mekong Development Forums in New Delhi in November 2005 and Singapore in March 2006 to help raise the awareness of the private sector about opportunities for greater involvement in the GMS program, and the convening of the 14th GMS Ministerial Conference in Manila on 19-21 June 2007. It has also supported the preparation of a

results framework for the Regional Cooperation Strategy and Program (RCSP) update (2007-2009).

3. Under the TA, a Midterm Review of the 10-year GMS Strategic Framework was carried out from November 2006 to June 2007 to (i) assess whether the Framework is still relevant and appropriate, considering the progress made and the significant changes that have been taking place in the regional and global environment; and (ii) recommend needed adjustments, if any, on the strategic priorities and components of the GMS program to ensure their continued responsiveness and effectiveness. The Midterm Review was endorsed by the 14th GMS Ministerial Meeting held in Manila on 21 June 2007. Following the recommendations of the Midterm Review, the GMS sector working groups, supported by the TA, have been preparing a results-oriented plan of action for the period 2008-2012, which will be presented for consideration by the Third GMS Summit of Leaders to be held in Vientiane, Lao PDR on 30-31 March 2008.

4. Recent developments have created added demands on TA 6262-REG, namely: (i) the GMS countries' request for ADB support in the organization of the Third GMS Summit; and (ii) the request of GMS senior officials to reinforce and accelerate subregional infrastructure development in line with the directive of the Second GMS Summit held in Kunming, the People's Republic of China (PRC) in July 2005. These new demands have necessitated an expansion in the scope of the TA and a corresponding increase in the TA budget. The new activities necessary to respond to these demands are part of the list of TA project concepts included in the 2007 program of nonlending products and services in the RCSP update (2007-2009) endorsed by the Board in September 2006, specifically: (i) supplemental funding for TA 6262-REG, and (ii) GMS Project Preparation Facility. During the TA prioritization exercise in February 2007, it was decided to include the components of the proposed TA for a GMS project preparation facility in the scope of the proposed supplemental funding request for TA 6262-REG, given that such components were found to complement and support the objectives of TA 6262-REG.

5. The change in scope of TA 6262-REG involves the inclusion of the following activities: (i) support for the preparations for the Third GMS Summit, and the conduct of the Summit itself; and (ii) the arrangements and preliminary feasibility assessments to implement high-priority subregional projects. The specific outputs of this supplemental funding for TA 6262-REG are: (i) organization of and logistical arrangements for the Third GMS Summit; (ii) agreements, plans, and directions that will be produced by the Third GMS Summit; (iii) consistent approaches and harmonized standards adopted by Lao PDR, the PRC, and Thailand in the project design and implementation of the North-South Economic Corridor International (Houayxay-Chiang Khong) Bridge;¹ and (iv) established subregional rationale and completed preliminary technical and feasibility assessments for other high-priority subregional projects in the transport and energy sectors. To enable the implementation of the additional activities under TA 6262-REG,

¹ The bridge is the "missing link" in the North-South Economic Corridor. Its completion will allow all-weather road access from Kunming to Bangkok. The GMS Transport Sector Strategy, endorsed by the GMS countries in March 2007, classified the bridge as the highest priority subregional transport project for immediate implementation. At a meeting among the Governments of the PRC, Lao PDR, and Thailand, and ADB in Vientiane, Lao PDR in March 2007, country representatives requested ADB for assistance in coordinating the design and implementation of the bridge project. A memorandum of understanding on the implementation of the bridge was signed by the GMS ministers of the PRC, Lao PDR, and Thailand in Manila on 21 June 2007.

the Director General of Southeast Asia Department approved the extension in the completion date of TA 6262-REG by 36 months from January 2008 to December 2010, pursuant to para. 68 of Project Administration Instructions (PAI) No. 5.11.

6. In view of the foregoing, and in accordance with PAI No. 5.11, paragraphs 32, 37 and 40, and PAI 5.04, paragraphs 4-7, the President approved (i) a change in scope of TA 6262-REG to include the additional activities described in para. 5 above; (ii) a corresponding increase in the total cost of TA 6262-REG by \$950,000 to be allocated in accordance with the table shown in the Appendix and financed as set out in para. 6(iii) and para. 6(iv) below; (iii) ADB administering technical assistance not exceeding the equivalent of \$450,000, to be financed on a grant basis under the Regional Cooperation and Integration Fund; and (iv) ADB administering technical assistance not exceeding the equivalent of \$500,000, to be financed on a grant basis by the Government of the People's Republic of China under the PRC Regional Cooperation and Poverty Reduction Fund. The revised cost estimates and financing plan is attached as an appendix.

REVISED COST ESTIMATES AND FINANCING PLAN
(\$ 000)

| Item | ADB TASF ^a | GMS Governments | Supplemental Funding | | Revised Total Cost |
|--|--------------------------|--------------------|-------------------------|--------------------------|--------------------------|
| | | | RCIF ^a | PRC Fund ^b | |
| 1. Consultants | | | | | |
| a. Remuneration and Per Diem | | | | | |
| i. International Consultants | 842 | | 200 | 250 | 1,292 |
| ii. Domestic Consultants | 351 | | 35 | 15 | 401 |
| b. International and Local Travel ^c | 135 | | 15 | 35 | 185 |
| 2. Equipment ^d | 8 | | | | 8 |
| 3. Third GMS Summit, Ministerial and Working Group Meetings, Workshops, and training and other seminars | 900 | | 200 | 200 | 1,300 |
| 4. Information and Communication Materials | 10 | | | | 10 |
| 5. Miscellaneous Administration and Support Costs | 30 | | | | 30 |
| 6. Contingencies | 224 | | | | 224 |
| Subtotal (a) | 2,500 | - | 450 | 500 | 3,450 |
| 7. Office Accommodation and Transport | - | 375 | | | 375 |
| 8. Others | - | 250 | | | 250 |
| Subtotal (b) | - | 625 | | - | 625 |
| Total | 2,500 | 625 | 450 | 500 | 4,075 |

ADB = Asian Development Bank, PRC = People's Republic of China, RCIF = Regional Cooperation and Integration Fund

^a Financed by the Regional Cooperation and Integration Fund (\$450,000).

^b Financed by the People's Republic of China Regional Cooperation and Poverty Reduction Fund funded by the Government of the People's Republic of China (\$500,000) and administered by the ADB.

^c Includes international travel of the ADB headquarters-based domestic consultants.

^d This will be in the form of basic office equipment (e.g., microcomputers, servers) and will be procured in accordance with ADB's *Guidelines for Procurement*. The equipment will be turned over to ADB as ADB property upon completion of the TA project.