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ADB



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# GMS E-UPDATES

## Recent and Upcoming GMS Events and Initiatives

This GMS E-News is a regular publication to provide readers with an update on activities and major developments in pursuit of accelerated development of the countries sharing the Mekong River.

### Upcoming GMS Events\*

#### February 2012

- **International Conference on GMS 2020: Balancing Economic Growth and Environmental Sustainability** (Bangkok, Thailand)

### **FOURTH GMS SUMMIT CONCLUDES; AGREES ON WIDE RANGING DEVELOPMENT FRAMEWORK FOR THE NEXT DECADE OF THE GMS PROGRAM** (Nay Pyi Taw, Myanmar, 19–20 December 2011)

The GMS Summit held in Nay Pyi Taw, Myanmar on 19–20 December, had as its theme “Beyond 2012: Towards a New Decade of GMS Strategic Development Partnership.” The Summit’s most notable outcome was the endorsement of the new GMS Strategic Framework, 2012–2022, which aims to boost growth, development and poverty reduction in the Mekong subregion, an area the size of Western Europe, with a combined population larger than that of the United States. The new framework marks a generational shift in the GMS program, moving it to the next level of cooperation encompassing multisector investments and knowledge-driven support to develop regional corridors. In a joint declaration issued at the conclusion of the Summit, the strategic framework endorsed by the GMS leaders called for a range of new measures to strengthen regional cooperation, including more effective resource utilization and more careful balancing of development with environmental concerns.

The central event of the Summit was a closed-door retreat where GMS leaders discussed, in a relatively informal setting, the progress, challenges and opportunities in their regional cooperation, and the mechanisms designed to enhance the effective implementation of the new framework. ADB President Haruhiko Kuroda participated in the retreat, where he reported on the progress of GMS cooperation since the last Summit, outlined the various threats and challenges to regional cooperation, and suggested directions for future action (*see next article for more details*). “These changing times bring grand opportunities, and also significant challenges,” said ADB President Haruhiko Kuroda. “The framework is intended to move the GMS to the next level through multisector investment projects, software development, and inter-sector coordination.”

### Featured Article\*

#### **Implementing the New GMS Strategic Framework, 2012–2022: Developing the Regional Investment Framework**

\*See inside pages for details



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*The Summit agreements signaled the start of a third decade of economic cooperation amongst GMS nations. Since 1992 they and their development partners have invested approximately \$14 billion in projects with sweeping subregional benefits*

*Asia's vibrant economic growth in recent decades has led to dramatic poverty reduction and improved quality of life for millions of people in the region. However, to maintain Asia's role as the engine of world growth, its policymakers need to be vigilant and ready to take effective and timely measures against the potential spillover from economic difficulties elsewhere, especially Europe*

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Conservation Corridor Initiative, 2012–2016). The Leaders also witnessed the signing of MOUs on cooperation to build the GMS information superhighway and joint action to reduce HIV vulnerability among migrant populations, and an MOA to establish a freight transporters' association to support transport and trade facilitation.

The Summit agreements signaled the start of a third decade of economic cooperation amongst GMS nations. Since 1992 they and their development partners have invested approximately \$14 billion in projects with sweeping subregional benefits ranging from cross border roads to the prevention of communicable diseases. Since the start of the economic cooperation program, gross domestic product growth in the subregion has averaged about 8% a year, while real per capita incomes more than tripled between 1993 and 2010. As of September 2011, ADB assistance for the program totaled about \$5 billion.

**ADB PRESIDENT'S REPORT TO GMS LEADERS: Proposed Directions Aligned with the New GMS Strategic Framework** (GMS Summit Retreat, Nay Pyi Taw, Myanmar, 20 December 2011)

ADB President Haruhiko Kuroda's report at the 4<sup>th</sup> GMS Summit Retreat stressed that Asia's vibrant economic growth in recent decades has led to dramatic poverty reduction and improved quality of life for millions of people in the region. However, to maintain Asia's role as the engine of world growth, its policymakers need to be vigilant and ready to take effective and timely measures against the potential spillover from economic difficulties elsewhere, especially Europe. He pointed out the major achievements in GMS cooperation and noted that the GMS countries are at the core of the Asian dynamo, having translated increased connectivity in the subregion into expanded markets, enhanced competitiveness, improved access to social services and greater protection of the environment.



Among key threats and challenges President Kuroda cited were the uncertainties in Western economies (affecting the flow of development assistance), and global concerns such as climate change and related disasters, energy sufficiency, food safety, and international health hazards. In response to this challenging backdrop, he proposed the following directions for the future: (i) continued focus on infrastructure, but anchored solidly on the economic corridor approach, with greater attention on corridor deepening/widening efforts such as feeder roads and rural/urban development, complemented by ancillary facilities like logistics; (ii) adoption of innovative and practical approaches, such as promoting renewable energy and pursuing "carbon neutral transport corridors" in response to climate change; (iii) focusing on policy, institutional and capacity dimensions of GMS cooperation, building on information and knowledge platform for more informed choices especially for human resource concerns; (iv) ensuring effective engagement of all key stakeholders, including subnational authorities and the private sector; and lastly (v) mobilization of more resources to support new generation of undertakings to advance GMS cooperation and development, through innovative approaches to generate support from both public sector development partners and the private sector. He reaffirmed ADB's commitment to supporting GMS cooperation that has been built upon many years of success.

*The Workshop brought together recent analytical work in trade and trade facilitation for validation and strengthening the output of the analytical work*

#### **Workshop on Trade and Trade Facilitation in GMS** (Phuket, Thailand, 18 October 2011)



This workshop was organized under the regional technical assistance (RETA 6307) funded by the Australian Agency for International Development (AusAID). The workshop brought together recent analytical work in the area of trade and trade facilitation, relating to trade patterns in the GMS, analysis of the customs transit system (CTS) in the GMS, the results from firm level survey on trade facilitation related constraints to exporting from Cambodia and Lao People's Democratic Republic, and the findings from the recent assessments of time-cost-

distance along the Southern Economic Corridor. The workshop was attended by government officials from the GMS countries, representatives from transport and business associations, development partners, and private sector representatives from the GMS Business Forum. There was consensus to complement hard infrastructure investments with transport and trade facilitation. Of particular interest were the discussions of the future of the GMS trade transit regime and the discussion of the various options going forward which include re-engineering the present CTS, introducing interim procedures for the East-West Economic Corridor, or waiting for the implementation of the ASEAN CTS. The current framework of the CTS is not being used and may be put on the back burner. Taking a more pragmatic approach going forward— is to separate CTS from the cross-border transport agreement (CBTA) which means transport and trade facilitation agenda in the GMS be separated between transport facilitation, focusing on the CBTA implementation, and trade facilitation through support for customs, SPS and coordinated border management.

*An ADB workshop jointly organized with the ASEAN Transit Transport Coordinating Board discussed synergies between regional and subregional trade transit regimes in ASEAN countries*

#### **Subregional Transport and Trade Facilitation Initiatives: Building Blocks Toward AEC-2015?** (Phuket, Thailand, 19 October 2011)

The workshop was held at the request of the ASEAN Secretariat under the work plan of the ASEAN Transit Transport Coordinating Board. The workshop was attended by government officials from the ASEAN member states. The objectives of the Workshop were to: (i) share information between the ADB and the ASEAN Transport Facilitation Working Group on the ongoing efforts aimed at facilitating the cross-border transport of goods and people, including simplifying and harmonizing legislations, regulations, procedures, and requirements relating to the cross-border transport of goods and people in ASEAN as a whole as well as in the GMS, BIMP-EAGA, and IMT-GT subregions; (ii) synergize the works on transport facilitation between the ASEAN regional and subregional levels; and (iii) strengthen the coordination between ASEAN and ADB in this area. There was open discussion on whether the various bilateral and trilateral arrangements and subregional transport and trade facilitation initiatives are building or stumbling blocks toward ASEAN Economic Community-2015. The issues and challenges under the GMS and ASEAN transit regimes are similar and should therefore have the same solution. The participants discussed the institutional arrangements as well as the operationalization of the various trade transit regimes at the national level.



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#### **8<sup>th</sup> MEETING OF GMS WORKING GROUP ON AGRICULTURE (WGA-8): Charting Strategic Directions under the New GMS Strategic Framework** (Siem Reap, Cambodia, 25–26 October 2011)

The WGA-8 meeting, with the theme "Enhancing Competitiveness on Sustainable Sourcing and Tracing of Agri-food Products in the GMS", was attended by senior agriculture officials from the 6 GMS countries and representatives of development partner agencies, and private and academic sectors. The meeting reviewed the progress of regional activities implemented under ADB-funded technical assistance on Accelerating the Implementation of the Core Agriculture Support Program (CASP), including those on biotechnology and biosafety and rural renewable energy, further improvement and expansion of the GMS Agriculture Information Network Service, and

*The WGA-8 meeting discussed broad strategic directions under the new GMS Strategic Framework for 2012–2022 and implementation requirements for the agriculture sector, including development of a results framework for CASP II*

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Lao coffee pilot project on paper-free trade. Invited resource speakers gave presentations and facilitated discussions on a wide range of topics, including organic agri-food products certification, regional harmonization of food safety standards, participatory guarantee systems for small holder farmers, traceability system for export of organic products, application of ICT for trade and trade facilitation of agri-food products, and space technology applications in agriculture for climate

change impact monitoring and disaster risk management. Broad strategic directions under the new GMS Strategic Framework for 2012–2022 and implementation requirements for the agriculture sector, including development of a results framework for CASP II, and approaches for strengthening multi-sector coordination with the tourism, environment, and transport and trade facilitation sectors were also discussed. A separate closed executive session was also convened to discuss preparations for a scoping exercise to move forward CASP II implementation.

*The RPTCC-11 meeting reviewed the earlier discussions on setting up the RPCC and firmed up the memorandum of understanding defining the role, structure and organization of the RPCC*

**11<sup>th</sup> MEETING OF THE GMS REGIONAL POWER TRADE COORDINATION COMMITTEE (RPTCC-11)/5<sup>TH</sup> SUBREGIONAL ENERGY FORUM (SEF-5): Nearing Agreement on the Regional Power Coordination Center and Pursuing the Program for Renewable Energy and Energy Efficiency** (Ho Chi Minh City, Viet Nam, 9–11 November 2011)

The RPTCC-11 meeting held on 9–10 November 2011, reviewed the earlier discussions on setting up the Regional Power Coordination Center (RPCC) and firmed up the memorandum of understanding (MOU) defining the role, structure and organization of the RPCC. The MOU will be further refined in the next RPTCC meeting and is slated for finalization before the GMS Ministerial Conference in 2012. The meeting also agreed on various eligibility and selection criteria for deciding on the location of the RPCC headquarters. The RPTCC also agreed to create two working groups on addressing regulatory barriers and on performance standards and the grid code, in order to expedite the process for technical interconnections in the subregion.

The SEF-5 meeting held on 11 November 2011 elected its Chair and Co-chair for a fixed two-year term to coordinate the forum's activities. The meeting also agreed on the implementation plan for RETA 7679- Promoting Renewable Energy (RE), Clean Fuels (CF) and Energy Efficiency (EE) in the GMS, which will support the GMS Energy Road Map by facilitating the investment and transfer of cleaner energy supply options in the GMS through training, consultations and piloting of RE, CF and EE technologies, practices and business models. Discussions during country presentations and knowledge sharing sessions focused on the various policy instruments for promoting RE and EE, particularly in the use of feed-in tariffs for raising the share of RE to total energy use, and in building the RE industry.

*The meeting reviewed the status of implementation of projects and activities under the refocused GMS Tourism Sector Strategy's 3 priority programs—tourism-related human resource development, pro-poor sustainable tourism development, and subregional marketing and product development*

**28<sup>th</sup> MEETING OF THE GMS TOURISM WORKING GROUP (TWG-28): Pursuing Pro-Poor, Sustainable Tourism Development** (Bagan, Myanmar, 29 November 2011)

Attended by representatives from the National Tourism Organizations of the 6 GMS countries, the Mekong Tourism Coordinating Office (MTCO), development partners including the ADB, and other officials, the TWG-28 meeting reviewed the status of implementation of projects and activities under the refocused GMS Tourism Sector Strategy's 3 priority programs, namely, tourism-related human resource development, pro-poor sustainable tourism development, and subregional marketing and product development. Also discussed were plans for the Mekong Tourism Forum 2012 (MTF 2012), with the proposed theme "Protecting the Jewels of the Mekong", scheduled on 11–14 June 2012, in Chiang Rai, Northern Thailand. MTF 2012 will be held after the Thailand Travel Mart Plus (TTM+) scheduled on 6–8 June 2012.

Three other side events were held back-to-back with TWG-28. A Travel Leaders' Symposium on Sustainable Tourism held on 27 November discussed the strengths, opportunities, challenges and threats of poised tourism growth in Myanmar. A meeting of the Sustainable Tourism Development Project Steering Committee on November 28 reviewed the status of project implementation in Lao PDR and Viet Nam, and a closed meeting of the MTCO Board on November 29 discussed various aspects of MTCO administration and operation.

## DEVELOPING THE GMS INVESTMENT FRAMEWORK UNDER THE NEW GMS STRATEGY, 2012–2022

### Introduction

The Greater Mekong Subregion Economic Cooperation Program (GMS program), a flagship regional cooperation initiative supported by ADB, is entering its third decade in 2012.<sup>1</sup> Since 2002 the Program has been implemented under a strategic framework adopted by the first GMS Summit and ending in 2012. To guide the program in its next decade, a new GMS Strategic Framework (SF) 2012–2022 has been developed by member countries with ADB assistance and was adopted at the 4<sup>th</sup> GMS Summit meeting in December 2011. The new SF marks a major shift in the GMS program, reflecting changes in the regional environment as well as achievements of the program to date. Under the new framework, the Program will need to increasingly shift focus from conventional infrastructure to multisector investment projects, along with greater emphasis on infrastructure “software” or policy and institutional reforms to build on physical connectivity, and increased coordination across sectors.

A substantial regional investment program aligned to priorities of the new SF now needs to be developed, which will comprise the next generation pipeline for the GMS program. Continued country ownership in the GMS program, anchored on the new investment program, will in turn facilitate further regional cooperation in policy and institutional reforms that complement physical infrastructure as also in provision of regional public goods. At the third GMS Economic Corridors Forum (ECF-3) in Vientiane on 30 June 2011, a minister-level forum, the GMS countries agreed that the next phase of regional cooperation in the GMS program will require carefully planned investments addressing the evolving program priorities. Member countries also requested ADB to initiate preparation of a regional investment framework to foster the development of GMS corridors and to develop an appropriate program of investments aligned to the implementation of the new GMS SF. The ECF-3 recommendations were endorsed by the 17<sup>th</sup> GMS Ministerial Conference in Phnom Penh in August 2011, which requested ADB to present substantive outcomes of the regional investment planning exercise at the 2012 Ministerial Conference.

### Technical Assistance (TA): Support for Regional Investment Framework for GMS Development Phase I

ADB approved in December 2011 a regional TA that aims to strengthen the GMS regional cooperation program encompassing multi-sector investment approaches and coordination, eventually leading to enhanced development of GMS economic corridors. The TA costing \$2 million, will enhance the GMS Program by identifying sectoral/multisector regional priorities for investments and policy cooperation, having working groups adopt multisector indicators for corridor development, and mainstreaming multisector investment approach and coordination in the GMS Program.

A comprehensive regional investment planning approach would require several steps, namely: (i) diagnosis, (ii) macro-framework building, (iii) sectoral planning, (iv) intersectoral coordination, (v) plan finalization, (vi) action program formulation and (vii) planning for implementation. To enhance its manageability while also promoting flexibility, the plan is to undertake this task in two phases, with the first phase focusing on thorough diagnostics, analytical studies, and formulation of a macro framework along with initial elements of sectoral planning, including needed institutional elements.<sup>2</sup>

The recently approved regional TA, covering the first phase as described in the preceding paragraph, will therefore include four outputs as follows: (i) Series of analytical reports on subregional economic, social and environment trends; (ii) Regional investment framework (RIF) (first phase); (iii) Comprehensive sector and program-level results framework for improved monitoring and evaluation; and (iv) Piloting of GMS Knowledge Platform. The analytical reports (output i) will include a desk review of GMS economic, social and environmental trends and forecasts, specific analytical studies on sector, national and subnational levels, assessment of status of first generation projects based on existing strategy and action plans by sector and subsector, and conduct of national workshops for validation of findings. Phase I of the RIF (output ii) will include among others, identification of regional investment priorities at sector and multisector levels, identification of areas of cooperation in policy/institutional reforms to enhance multisector approaches, and setting up a Steering Committee to provide guidance in preparing the RIF. The results framework for monitoring and evaluation (output iii) will include identification/agreement on indicators at sector, multisector and program levels, along with targets, and their validation at working group and senior officials’ meetings. Piloting of GMS knowledge platform (output iv) will entail tapping of national planning agencies and regional institutions in developing the RIF, and assessment of capacity gaps and development of capacity building and institutional strengthening initiatives especially at subnational levels.

**Diagnostics.** The TA will build and pull together primary and secondary diagnostics for the GMS subregion that will also provide a benchmarking of the status on the ground. In addition to facilitating development of a sound results-monitoring framework, this will also provide useful inputs into the analytical assessments. The diagnostics will include empirical assessments of economic (e.g., total product at province level, sectors of activity, trade links, market access, labor force quantity and quality, poverty incidence and distribution), social (e.g., population profile, ethnic classification, literacy and education achievement), and environmental (e.g., stock and usage of resources, past and present trends in degradation, landscape and ecosystem boundaries, land use planning) data and indicators for the GMS.

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<sup>1</sup> The GMS program started in 1992 and includes Cambodia, Lao People’s Democratic Republic, Myanmar, Thailand, Viet Nam and People’s Republic of China, focusing on Yunnan Province and Guangxi Zhuang Autonomous Region. Details about the GMS program are available at <http://www.adb.org/gms>.

<sup>2</sup> The second phase will be undertaken as a separate project whose design and scope will be determined by the outputs of the technical assistance. Similar comprehensive planning was undertaken near the start of the GMS almost 15 years ago. Both the GMS program and the GMS subregion have evolved considerably since then.

**Analytical assessments.** The analytical assessments will shape and interpret the diagnostic outputs, along with analyzing policies, constraints and opportunities at sector and subnational levels. Special topics may also be covered such as, for example, modeling subregional tradeoffs in resources utilization across energy sufficiency and food security. The starting point for these assessments will be existing plans and strategies such as the Strategy and Action Plans for corridors and GMS sectoral strategies/papers (e.g., transport,<sup>3</sup> railways,<sup>4</sup> agriculture,<sup>5</sup> environment<sup>6</sup> and others). An important part would involve mapping existing national and subnational plans to identify potential regional synergies for corridor development.

**Cross-cutting themes.** Three cross-cutting themes will be central to the analytical assessments, namely, competitiveness, private sector investment and involvement, and green development. These are central to the effective implementation of the new GMS SF and to the program as a whole that has been described in terms of the 3 “C’s” of connectivity, competitiveness and community building.

**Macro framework.** The diagnostics and analytical assessments will be used to help assess and prioritize growth opportunities vis-à-vis impediments and constraints at sector level as well as in terms of multisector approaches. The regional approach would look at maximizing regional potential subject to national priorities and existing plans at both sector and provincial or subnational levels. Regional macro framework formulation would include identifying high level sectoral and multisectoral regional initiatives for both investment and for policy and institutional reforms that could be further explored in subsequent work to select or propose specific projects for further development. The macro framework and associated diagnostics and analytical assessments will comprise the first phase of the RIF.

**Institutional elements.** The TA will include two institutional elements. First, to strengthen ownership and implementation of projects subsequently developed from the investment framework, it will be necessary to build partnerships amongst diverse stakeholders, including sub-national entities, private sector, and civil society through inclusive consultation workshops and to a limited extent building capacity. As the GMS program moves into multisector approaches under the new SF, inter-sector and multi-stakeholder coordination will also be strengthened by the inclusive partnerships initiated under the TA. The GMS program has a fairly comprehensive institutional structure and flexible approach that can support such an approach, which will be augmented by greater decentralization through more active involvement of provincial and local authorities (being pursued through recent institutional innovations such as Governors Forum and Corridor Task Forces). The second institutional element of the TA would implement a recommendation from the 17<sup>th</sup> GMS Ministerial Conference in August 2011 to pilot a knowledge platform for GMS, by bringing into the proposed analytical work regional institutions and specialists wherever possible, while also ensuring the generation of high quality analytical outputs to inform GMS policymakers.

## Upcoming GMS Events

**International Conference on GMS 2020: Balancing Economic Growth and Environmental Sustainability**  
(Bangkok, Thailand, 20–21 February 2012)

The Conference will benchmark economic growth spanning 2001–2010, its impact on inclusive development, and its overall effect on the environment. This is to inform GMS program implementers, development partners, civil society (particularly research and development community), and ADB about the significant economic and environmental challenges for food, water and energy security in the next decade (2011–2020). Among the conference’s expected outcomes is the provision of guidance and baselines for CEP-BCI (2012–2016) implementation, monitoring and evaluation, and provision of guidance on the implementation of the new GMS Strategic Framework, 2012–2022. The Conference will be co-hosted by the GMS Working Group on Environment (WGE) and ADB, and organized by the GMS CEP-BCI program supported by the PRC Poverty Reduction Fund and the Governments of Finland and Sweden, and ADB.

### Links:

- [GMS Tourism Sector Strategy Midterm Review & Road Map 2011-2015](#)
- [GMS Core Environment Program](#)
- [Development of Economic Corridors](#)
- [GMS Road Map for Expanded Energy Cooperation](#)

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<sup>3</sup> ADB. 2007. *GMS Transport Strategy 2006–2015: Coast to Coast and Mountain to Sea: Toward Integrated Mekong Transport Systems*.

<sup>4</sup> ADB. 2010. *Connecting GMS Railways: A Strategic Framework*.

<sup>5</sup> GMS Core Agriculture Support Program Phase II 2011-2015.

<sup>6</sup> Core Environment Program Biodiversity Conservation Corridors Initiative (CEP-BCI) Phase II 2011-2015.