



*Mekong River Commission*

# Strategic Plan 2006 - 2010

*Meeting the needs, keeping the balance*

## Note for the reader

This document is the Strategic Plan 2006-2010 of the Mekong River Commission (MRC). As the MRC is an inter-governmental body, this Strategic Plan is first and foremost a product of the MRC's four Member States. However, as stakeholder participation is a foundation principle of the MRC and IWRM, an extensive consultation process was carried out during the formulation of this Strategic Plan which included Member States, line agencies, donors, NGOs, and civil society. This document reflects to the highest degree possible the feedback received from our stakeholders during this process. The consultation process is outlined below with major milestones highlighted.

### May to December 2005:

- National consultations in the four countries (May-June)
- Informal Donor Meeting (June)
- Stakeholder Meeting (August)
- Regional consultation with the four Member States (August)
- 12th Meeting of the MRC Council

**On 1 December 2005, the MRC Council approved in principle the MRC Strategic Plan 2006-2010.**

### December 2005 to July 2006:

- Tenth Meeting of the Donor Consultative Group (December)
- Informal Joint Committee Meeting of the Strategic Plan (May)
- Informal Donor Meeting (July)

**On 5 July 2006, donors supported the revised draft of the MRC Strategic Plan 2006-2010.**

### July-August 2006

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- Mekong Region Water Dialogue - Stakeholder Meeting (July)
- Twenty-fourth Meeting of the MRC Joint Committee (August)

**On 30 August 2006 the MRC Joint Committee endorsed the final revisions of the MRC Strategic Plan 2006-2010.**

## Acknowledgments

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Sincere thanks also go to all MRC Member States, National Mekong Committees and line agencies, the MRC's donors and partners and representatives of civil society for their support and guidance provided during the formulation process of the MRC Strategic Plan 2006-2010.

## Message from the Chairman of the MRC Council for 2005-2006

It is my pleasure to introduce the MRC's Strategic Plan 2006-2010 to all our Mekong Partners.

As the Mekong River Commission moves into its second decade as a world renowned International River Basin Organisation, it gives me great pleasure to share with you the MRC Strategic Plan 2006-2010. This Strategic Plan builds upon the work and achievements from the MRC's first decade and presents clear roles, goals, objectives and organisational arrangements for moving toward our shared vision of an economically prosperous, socially equitable, and environmentally sound Mekong River Basin. This Strategic Plan sets forth the strategy for achieving a more comprehensive application of the 1995 Mekong Cooperation Agreement through the promotion of our Mekong Programme for sustainable development of water and related resources in the Mekong Basin.

There are many challenges facing the Mekong Basin in the coming decades. The population is growing rapidly and a large proportion of these people are still poor. As well as battling poverty they also have to contend with the regular devastating effects of severe droughts and floods which every year claim lives, property and cause substantial economic losses. In order to address these challenges, there will inevitably be a high demand for developing the economic potential of the river for food, energy and transport. Therefore, more investments in irrigation, navigation and hydropower are bound to occur. It is the role of the MRC, as an International River Basin Organisation, to ensure that these investments will be well-coordinated, sustainable, and of benefit to the poor.

We have developed the new Strategic Plan 2006-2010 so that its key orientations include the adoption of an Integrated Water Resources Management approach with emphasis on basin-wide development plans, fuller integration and cooperation with the work of our regional development partners, closer cooperation with our dialogue partners China and Myanmar, and an effective utilisation of MRC's knowledge base and expertise to turn the previous years of work and achievements into action. The comprehensive approach outlined here will require a deeper commitment of resources and effort, and it will require better coordination and cooperation with other regional initiatives and partners.

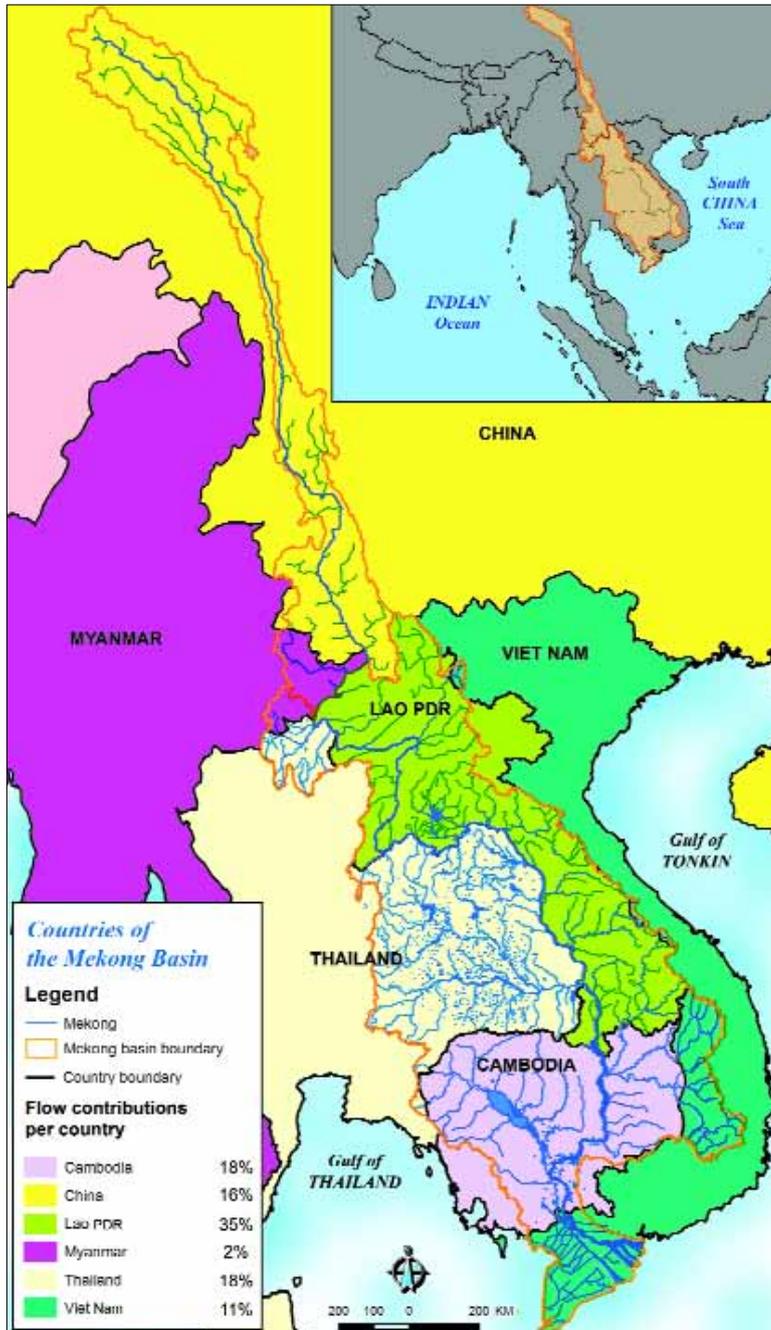
While this Strategic Plan is ambitious, so are the MRC Member States' plans for sustainable development. The central aim for the next strategic period is that our joint and well-coordinated efforts will result in real, on-the-ground impacts that positively affect the lives and livelihoods of the basin's people.

Perhaps, the most important development in this Strategic Plan is reflected in its poverty alleviation focus. This Strategic Plan was formulated to support development goals as articulated in such declarations as the UN's Millennium Development Goals, the Ministerial Declaration on Managing Water Resources in Southeast Asia, as well as goals discovered during the extensive consultation process undertaken for this Plan. The impact-oriented approach outlined in this Strategy, along with its emphasis on utilising the Mekong culture of cooperation, lends common guidance to lead us successfully on the path toward Sustainable Development of the Mekong River Basin for the benefit of its people.



H.E. Mr Yongyut Tiyapairat  
Chairman of the MRC Council for 2005/2006

## The Mekong River Basin



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## Table of Acronyms and Abbreviations

ACMECS	Ayeyawaddy-Chao Phraya-Mekong Economic Cooperation Strategy
ADB	Asian Development Bank
AIFP	Agriculture, Irrigation and Forestry Programme
ASEAN	Association of Southeast Asian Nations
BDP	Basin Development Plan
CEO	Chief Executive Officer
DP	Drought Programme
DSF	Decision Support Framework
EIA	Environmental Impact Assessment
EP	Environment Programme
FMMP	Flood Management and Mitigation Programme
FP	Fisheries Programme
GDP	Gross Domestic Product
GIS	Geographic Information System
GMS	Greater Mekong Sub-region
IBFM	Integrated Basin Flow Management
ICBP	Integrated Capacity Building Programme
ICCS	International Cooperation and Communication Section
IKMP	Information and Knowledge Management Programme
IWRM	Integrated Water Resource Management
JC	Joint Committee
LMB	Lower Mekong Basin
MDG	Millennium Development Goals
MRC	Mekong River Commission
MRCs	Mekong River Commission Secretariat
MW	Megawatts
MWRAP	Mekong Water Resources Assistance Program
NAP	Navigation Programme
NECF	Neighboring Countries Economic Development Cooperation Fund
NGO	Non-governmental Organisation
NMC	National Mekong Committee
OCEO	Office of the Chief Executive Officer
OEB	Operating Expense Budget
RAM	Resources Allocation Model
RBM	River Basin Management
RBO	River Basin Organisation
SEA	Strategic Environmental Impact Assessment
SIA	Social Impact Assessment
TB-EIA	Trans-boundary Environment Impact Assessment
TOR	Terms of Reference
USD	United States Dollar
WUP	Water Utilisation Programme

## Visions and Mission

### VISION for the Mekong River Basin

An economically prosperous, socially just and environmentally sound Mekong River Basin

### VISION for the Mekong River Commission

A world class, financially secure, International River Basin Organisation serving the Mekong countries to achieve the basin Vision

### MISSION of the Mekong River Commission

To promote and coordinate sustainable management and development of water and related resources for the countries' mutual benefit and the people's well-being.

# Executive summary

## Introduction

The Mekong River Commission (MRC) is an international river basin organisation built on a foundation of nearly 50 years of knowledge and experience in the region. On the 5th of April 1995, Cambodia, the Lao PDR, Thailand and Viet Nam, signed the “Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin”

The 1995 Mekong Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin outlines the legal mandate for the MRC. The 1995 Mekong Agreement is an intergovernmental treaty, which relies on the cooperation and compliance of the signatory countries for implementation. The first three articles of the Agreement define the scope of the core mandate for the MRC.

With the 1995 Mekong Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin, the Mekong River Commission (MRC) was created as an inter-governmental body to serve the Mekong countries in realising their desires for economic prosperity, environmental soundness and social equity. Subsequently, the MRC adopted a Strategic Planning approach to implement the 1995 Mekong Agreement. The formulation and implementation of cyclical strategic plans is now fully engrained as part of the organisation’s identity. Following a review of the previous Strategic Plan 2001-2005, three broad issues were identified as central to the development of the Strategic Plan 2006-2010:

- Tangible results focused on poverty reduction through sustainable development
- Creating ownership and value-added with a broadened interpretation to include better integration of MRC and national development plans
- Adopting an integrated water resource management approach which is necessary for the MRC to jointly promote development and conservation to ensure sustainable cooperation for the utilization of the Mekong’s common resources.

## Mekong development context

The most pressing priority for all the Member States is to achieve higher levels of economic and social development. The proper use and development of water and related resources will be a key driver in this regard. This will require a strong partnership of the basin’s stakeholders which can effectively link development and natural resource conservation. The Member States’ goals for sustainable economic growth and development are inextricably linked with poverty alleviation and environmental protection.

Due to potential basin-wide and transboundary impacts, as well as potential

impacts on the lives of the basin's people, the MRC has roles to play in irrigation and agricultural water management, hydropower, navigation, flood management and mitigation, drought management, fisheries, tourism and environmental management. However, the scope and depth of actual involvement by the MRC in these areas varies greatly due to the scale of typical projects and ongoing activities of other organisations.

The ministerial Council of the MRC at its Twelfth Meeting in November 2005 provided its views on the direction of the MRC. Two points of particular importance were expressed. Firstly, the Council expressed agreement in seeing the MRC move toward a more comprehensive implementation of the 1995 Mekong Agreement. The second important point was the recognition that the work of the MRC is complementary and avoids duplication with other development partners.

*The role of the MRC in serving the joint interests of its Member States is to promote sustainable development in the Mekong River Basin.*

## The role of the MRC

The role of the MRC in serving the joint interests of its Member States is to promote sustainable development in the Mekong River Basin. The primary value-added of MRC as an International River Basin Organisation is to focus on the joint and basin-wide issues, including development scenarios, identification of important joint and basin-wide projects and programmes, and the analysis of implications (economic, social and environmental) of ongoing and proposed developments in the basin including the cumulative impacts of national developments. In this role, the MRC will work to find long-term solutions to common problems in the region.

The mission of the MRC will be achieved through an Integrated Water Resources Management (IWRM) approach within the framework of the 1995 Agreement which combines the value-added capabilities of the MRC, namely, knowledge management and capacity development, a framework for regional cooperation, and environmental monitoring and protection. These capabilities, developed over the past 10 years, support the promotion of sustainable development in the Mekong River Basin.

With its unique legal mandate, knowledge base and expertise in the areas of water and related resources management together with its effective regional cooperation framework in these areas, MRC is particularly well-placed to provide guidance and support to sustainable development. In particular, the MRC will focus its efforts on:

Basin-wide projects and programmes, initially including the four riparian states of the LMB, later, hopefully, also the two upper riparian countries China and Myanmar.

Transboundary projects, or suites of complementary projects, between two or three riparian states.

National projects, or land and water policies, with significant or cumulative basin-wide implications.

*The MRC aims to support Member States for more effective use of the Mekong's water and related resources to alleviate poverty while protecting the environment.*

Given this emphasis, the MRC will avoid dispersing its efforts over a large number of small projects that have no significant impacts.

Through the BDP, the MRC has an important role in registering all developments in the basin. This will enable: i) the comprehensive development and analysis of scenarios; and ii) the analysis of implications of projects, including the cumulative effects of national developments. The MRC will also play a role in the screening of suites of smaller projects in a broader basin context, hence assisting in identifying and prioritising projects to be further developed by national agencies and their donors.

The role of the MRC in promoting sustainable development will remain limited to the functions for which it has value-added and capacity as compared with other key development partners in the region. However, there are clear roles for the MRC which can enhance project quality with an emphasis on joint and basin-wide projects.

## Goals and objectives

Future MRC work will consider water resources development activities which enhance achievement of the MDGs. MRC will also aim at adopting an IWRM approach, which is defined as "a process which promotes the co-ordinated development and management of water, land and related resources, in order to maximize the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems." (GWP TAC Paper 4)

In 2005, the MRC has defined IWRM Strategic Directions as the conceptual basis for supporting the joint development and management of water and related resources in the Lower Mekong Basin. The IWRM Strategic Directions set out long-term perspectives for the management of the basin and provide a framework for the development of the Strategic Plan 2006-2010. They respond to the main challenges and opportunities identified at the basin level, and are defined in order to inform actors on principles and key priority areas for IWRM in the Lower Mekong Basin.

This Strategic Plan sets forth an overarching Strategic Goal and four specific Strategic Goals, which build on strengths of the MRC over the coming five years in an appropriate and meaningful manner (see figure 1). They imply both strong commitment on the part of member states, donors and stakeholders and the mobilization of sufficient funds in support of the MRC's work programme and activities.

## Implementation strategy

The guiding principle of the MRC Strategic Plan 2006-2010 is that the MRC's role is within the MRC's mandate, complement the comparative advantages of others, avoid duplication of efforts and reflect the expressed interest of the Member States.

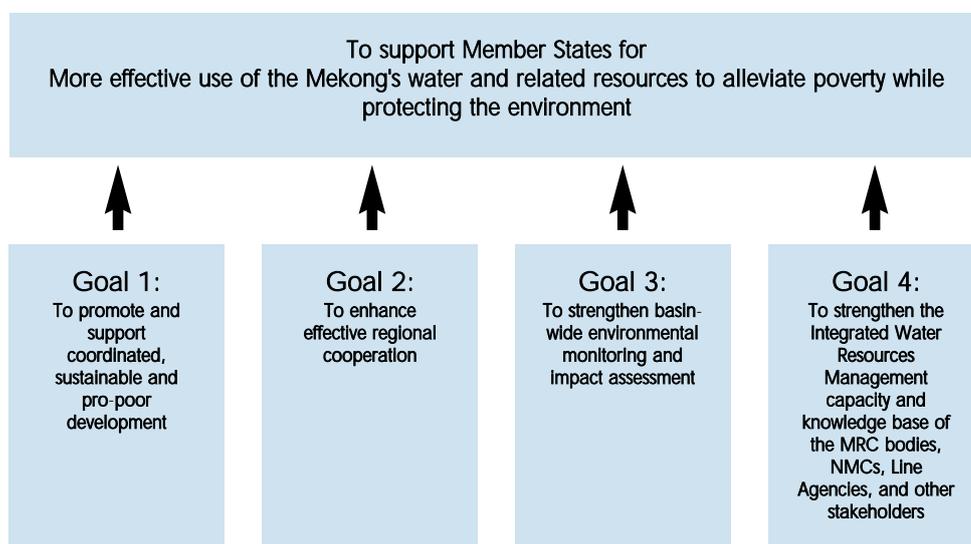


Figure 1: MRC Strategic goals 2006-2010

To effectively carry out its roles, it will be crucial that the MRC forges effective links with other regional economic cooperation initiatives including ASEAN, the ADB's GMS Economic Cooperation Programme and the emerging World Bank/ADB Mekong Water Resources Assistance Programme (MWRAP). Efforts will be made to minimize overlap based on a mutual assessment of each partners' comparative advantages. Links will be built on the principles of cooperation and coordination and be guided by the need for the MRC to maintain its independent status as an impartial International River Basin Organisation.

The integrated programme structure of the MRC will comprise the following: Flood Management and Mitigation; Drought Management; Agriculture, Irrigation and Forestry; Navigation; Hydropower; Fisheries; and Tourism. This cohesive set of programmes will be cross-cut by four programmes in Environment Management, Information and Knowledge Management, Integrated Capacity Building and Water Utilization (see figure 2). A previous distinction of programmes into core, sector and support programmes will be discontinued.

Within this structure, the basin planning function through the Basin Development Plan (BDP) will take on a pivotal role in a highly integrated and coordinated manner. This planning function will use acquired knowledge from the MRC Programmes to build an overall perspective of what the development needs and knowledge gaps are, and that will eventually set the agenda of the MRC Programmes. The BDP will further ensure that project programming is done in harmony with the IWRM Strategic Directions.

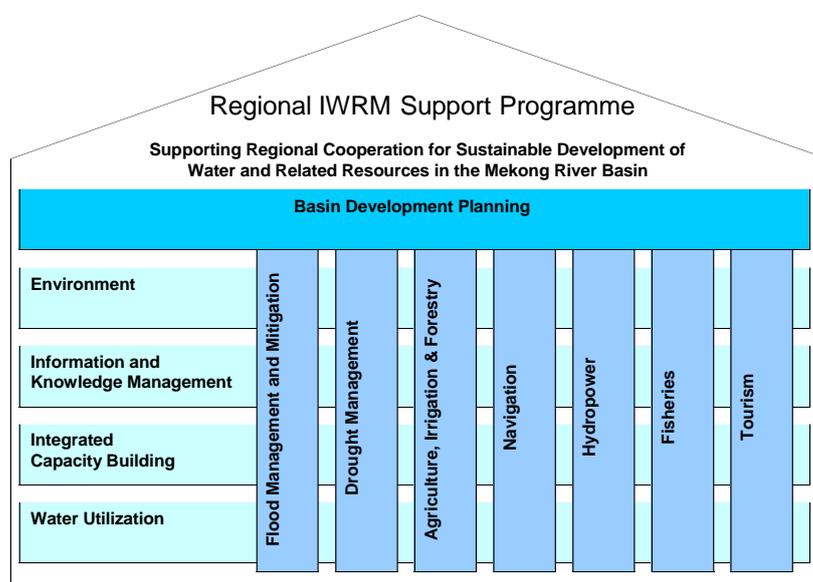


Figure 2: MRC programme structure

The Integrated Basin Flow Management (IBFM) process is another important and effective vehicle for implementing IWRM in MRC. IBFM is a set of multi-disciplinary activities providing information and knowledge to decision makers on economic benefits and environmental and social impacts of development as related to changes in the flow regime.

Programmes implemented by the MRC will provide support to a regional cooperation programme for sustainable development of water and related resources in the Mekong River Basin jointly implemented by the Mekong Countries in cooperation with donors and development banks, referred to as the Mekong Programme.

The goals of the MRC Strategic Plan 2006 - 2010 specify a continuation of MRC's important role in all areas of river basin management. The approach of the Strategic Plan 2006 - 2010 orients MRC funding towards two main purposes:

1. Support for sustainable development of water and related resources in the Mekong River Basin.
2. Support to strengthening the MRC as an International River Basin Organization.

The MRC will work with donors to develop new and appropriate budget aid mechanisms in order to move further from project aid to programme aid.

Donors will thus be encouraged to provide budget aid to the overall MRC programme.

Country ownership and commitment is evident in the Member States' annually increasing contribution to the MRC (see Figure 3).

The present general organizational structure of the Secretariat will be continued. There will be four Divisions reporting to the CEO, each headed and managed by a senior riparian officer (one from each country). These four Directors, together with the CEO, form the "Executive" or senior management team of the MRCS.

The MRC will be guided by several management principles and approaches during the 2006-2010 strategic period. These are:

- Programme coordination, through a stronger integration of the various MRC programmes following an IWRM approach;
- Sustainability, ownership and riparianisation, through a regular increase in member country contributions and a strengthened profile in the management and guidance of the MRC;
- Building capacity of MRC staff, through the development of a Human Resources Strategy and policies;

*Country ownership and commitment is evident in the Member States' annually increasing contribution to the MRC.*

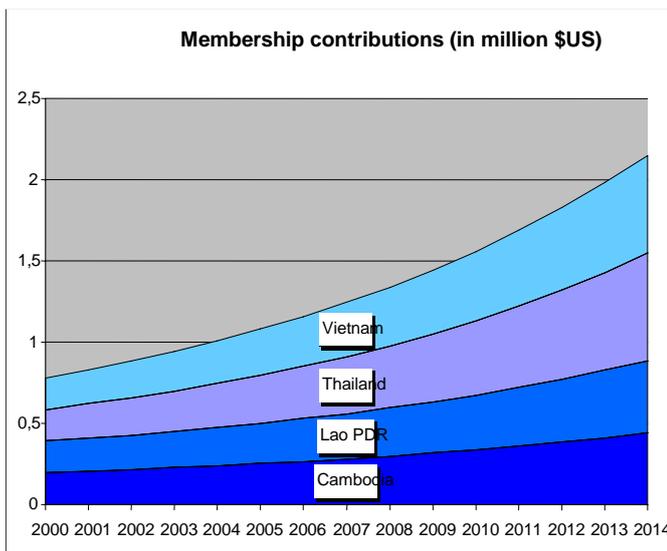


Figure 3: Membership contributions to the MRC budget

*The basin  
planning  
function is  
central to the  
MRC's work.*

- Stakeholder participation, through close communication and collaboration with civil society, NGOs and emerging River Basin Organisations;
- Transparency and openness, through pro-active efforts in communication with the MRC's stakeholders;
- Integrating gender perspectives in MRC's actions, through the development and dissemination of comprehensive gender guidelines and policies.

By the year 2010 the MRC aims to have made major progress towards:

- Being acknowledged as a leading International River Basin Organisation operating by the best practice principles of sustainable development and management of the basin's resources and in organizational processes and practices.
- Being accepted as a 'centre of excellence' for information and knowledge backed by excellent analytical and management systems pertaining to the water-related and environmental resources of the basin.
- Compiling a list of feasible and justifiable development projects that reflect the social and environmental aspirations of the riparian countries, and grouping priority projects into a basin-wide Mekong Programme.

Building awareness and understanding throughout the basin of the MRC as a world-class International River Basin Organisation that contributes to poverty alleviation and sustainable development.

The MRC Strategic Plan 2006-2010 will provide the basis for enhancing the MRC's support to the sustainable development of water related resources in the Mekong Basin and thus be a major step forward in contributing to poverty reduction in its riparian countries.



# Introduction



MRC Strategic Plan 2006-2010

## General

It has long been recognized that development of the Mekong River's water and related resources is an essential element of broad-based regional socio-economic growth. However, development of the Mekong's water and related resources lags far behind its potential. Despite impressive economic growth over the past decade within the countries, much of the Mekong Basin still remains among the world's poorest areas, where many parts of the basin have poverty rates ranging up to 40 percent of the population.

Wise, environmentally sound and carefully targeted investments in the water sector hold the potential to have significant pro-poor impacts; having a direct role in raising the level of food security and real incomes of the rural poor. Well-coordinated investments are still needed not only for infrastructures but also for the development of human and institutional capacities. The pro-poor impacts from developing water resources are not automatic, however, and must be part of broader regional and national pro-poor socio-economic growth and development agendas.

Because of the strong interdependency of different users and countries within the river basin, the role of the Mekong River Commission (MRC) as a promoter and coordinator of sustainable development of the Mekong's water and related resources is extremely important. The MRC has been created as an inter-governmental body to serve the Mekong countries in realising their desires for economic prosperity, environmental soundness and social equity. It is in the interest of the Member States that the organisation maintains its fundamental functions and its ability to make impartial, basin-wide recommendations concerning sustainable development options and scenarios.

The purpose of Strategic Planning is to implement the 1995 Mekong Agreement. The formulation and implementation of cyclical strategic plans is now fully engrained as part of the organisation's identity and a guarantor for sustained interest of the Member States and all stakeholders. This Plan constitutes a succession of the previous plans and builds upon the accomplishments since the 1995 Mekong Agreement was signed.

This Strategic Plan gives significant attention to improved organizational strategies in order to make the MRC a more mature, effective and efficient knowledge-based River Basin Organization, based on assessed needs, future challenges and with adequate reference to the organisation's weakness and strengths.

### History of cooperation and development

The history of the cooperation and development planning of the Mekong riparian states dates back to 1957. Under the auspices of the United Nations, the Committee for the Coordination of Investigations of the Lower Mekong

*Wise, environmentally sound and carefully targeted investments in the water sector hold the potential to have significant pro-poor impacts.*

Basin or Mekong Committee was established. The Mekong Committee comprised the four lower Mekong Basin riparian countries: Cambodia, Lao PDR, South Viet Nam and Thailand. At that time, the Mekong Committee was given a coordinating role for the management of resources in the Basin. It also served as a mechanism for channelling development assistance. Between 1975 and 1995, the Mekong Committee was able to survive serious geo-political challenges in the region, although development progress was quite limited. With the onset of peace and stability, the four countries were again able to move positively toward cooperative and sustainable development of the Basin.

The commitment to cooperative development was formalized with the signing of the Agreement on The Cooperation for The Sustainable Development of The Mekong River Basin on April 5, 1995 by Cambodia, Lao PDR, Thailand and Viet Nam. With this agreement, the Mekong River Commission (MRC) was established. The MRC Member States agreed to cooperate in all fields of sustainable development, utilisation, management and conservation of the water and related resources of the Mekong River Basin, such as navigation, flood mitigation, fisheries, agriculture, hydropower and environmental protection.

Since the signing of the Agreement, the MRC, with China and Myanmar as active Dialogue Partners, has been able to contribute to the sustainable development of the basin.

## Legal mandate of the MRC

The 1995 Mekong Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin outlines the legal mandate for the MRC. According to the Agreement, the Mekong River Commission was created as the institutional framework for regional cooperation for sustainable development of the basin. The 1995 Mekong Agreement is an intergovernmental treaty, which relies on the cooperation and compliance of the signatory countries for implementation. The importance of regional cooperation for the successful implementation of the 1995 Mekong

Agreement should not be underestimated. This process is supported through a regional cooperation programme for the sustainable development of water and related resources in the Mekong River Basin, called the Mekong Programme, under the guidance of a regional cooperative governance structure.

The first three articles of the Agreement define the scope of the core mandate for the MRC.

### **Article 1 of the 1995 Mekong Agreement defines the areas of cooperation:**

The Member States agree to “cooperate in all fields of sustainable development, utilisation, management and conservation of the water and related resources of the Mekong River Basin including, but not limited to irrigation, hydro-power, navigation, flood control, fisheries, timber floating,

recreation and tourism, in a manner to optimise the multiple use and mutual benefits of all riparians and to minimise the harmful effects that might result from natural occurrences and man-made activities.”

**Article 2 relates to projects, programmes and planning:**

The Member States agree to “promote, support, cooperate and coordinate in the development of the full potential of sustainable benefits to all riparian States and the prevention of wasteful use of Mekong River Basin waters, with emphasis and preference on joint and/or basin-wide development projects and basin programmes through the formulation of a basin development plan, that would be used to identify, categorise and prioritise the projects and programmes to seek assistance for and to implement at the basin level.”

**Article 3 relates to the protection of the environment and the ecological balance:**

The Member States agree to “protect the environment, natural resources, aquatic life and conditions, and ecological balance of the Mekong River Basin from pollution or other harmful effects resulting from any development plans and uses of water and related resources in the Basin.”

The 1995 Mekong Agreement also establishes the governing structure of the MRC, consisting of the Council and the Joint Committee, and the MRC Secretariat as the technical and administrative arm of the MRC. The Secretariat carries out decisions and tasks assigned by the Council and the Joint Committee, including to “formulate the annual work programme, and prepare all the plans, project and programme documents, studies and assessments as may be required” and “assist the Joint Committee in the implementation and management of projects and programmes as requested” (Article 30). Acting as focal points for the Commission in each of the Member States are the National Mekong Committees (NMCs).

It is important to understand that this mandate presents the scope of rather than the target for areas of action. There are many actors and many sectors involved in the overall development process in the Mekong Basin. In order to make efficient use of the available resources and avoid duplication of efforts, not all areas should have the same priority.

## The Strategic Plan 2001-2005

Prior to 2000, the MRC Secretariat’s direction was organized around sector programmes and projects, which resulted in on-the-ground works, although with a somewhat fragmented work programme. With the Strategic Plan 2001-2005, there was a shift of focus toward a basin-wide and more holistic programme approach based on thematic areas.

The Strategic Plan 2001-2005 identified important strategic characteristics for the MRC Programmes including a basin-wide perspective and high priority and support to knowledge generation. The MRC’s main entry point for interventions moved from the project to the policy and strategic levels. It also recommended that the MRC focus on its role as an International River Basin

Organisation. The significant strategic change from project to programmes was supported by the donor community reflecting their changed perspective on the development of the basin. In order to follow the MRC Strategic Plan 2001-2005, each National Mekong Committee also set up its own Strategic Plan 2001-2005.

Together with the numerous achievements in the core, sector and support programmes, the MRC has developed a solid basis for the identification of appropriate development projects and programmes for the Member States to promote for funding and implementation. The further formulation of a joint Basin Development Plan and its implementation through the Mekong Programme will be a major accomplishment for the next five-year strategic phase of the MRC.

In reviewing the Strategic Plan 2001-2005, a series of meetings and consultations with MRC stakeholders was held, in which the progress of its implementation was reviewed.<sup>1</sup> Key issues and challenges centred on concerns that not all countries had the required capacities to implement the 1995 Mekong Agreement including funding, integration, capacity building, and monitoring and evaluation.

Following the review of the Strategic Plan 2001-2005, three broad issues were noted as important by the Member States for the development of the 2006-2010 Strategic Plan:

**1. More tangible results focusing on poverty reduction through sustainable development:** This translates into more sustainable and productive fisheries, more efficient and productive water use in irrigated agriculture, sustainable watershed management, appropriate exploitation of the hydropower potential, free and increased navigation, improved protection against floods and healthy river systems in terms of vital functions and water quality. The MRC will take the lead in developing water and related resources within the overall basin development process and make links with on-going regional initiatives and thereby exploit its comparative advantage as an inter-governmental River Basin Organization owned by the Mekong countries themselves.

**2. Strengthening ownership and value-added:** The concepts of ownership and value-added are interdependent and will require a more coordinated approach than has been used in the past. Ownership has typically referred to the financial contributions the four Member States make to the MRC, while value-added refers to what the MRC can add to the existing national planning processes. The perception of ownership and value-added must be broadened to include national cooperation with the MRC and national utilization of the tools of the MRC for enhancing national planning processes. Three important areas the MRC will need to address are integration, benefits (real value-added) and accountability mechanisms, and communication. Ownership can be enhanced by providing more roles for riparian staff to manage the MRCS and by using

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<sup>1</sup> Details are contained in a separate document entitled "Evaluation Report of the 2nd Strategic Plan 2001-2005".

the local expertise and local knowledge in the planning process. Enhanced country ownership can also be reflected in having the MRC Strategic Plan and Basin Development Plan linked to national development plans.

**3. Adopting an integrated water resource management approach:**

Integrated water resource management (IWRM) is a concept which is widely accepted by water professionals in the Mekong Basin. A meaningful integration within the context of the Mekong Basin requires a good understanding of the diversity of functions of the natural resource systems and the effects that planned interventions in one part of the basin might have in another part. These functions of the natural resource are inseparably connected to the economic, social and environmental values that the societies in different parts of the basin normally enjoy. Such values, when taken into consideration, permit a first assessment of trade-offs between benefits and costs associated with a particular development intervention. It will be necessary for the MRC to jointly promote development and conservation to ensure sustainable cooperation for the utilization of these common resources. As IWRM is a complex planning and management concept which will require the strengthening of various management and institutional capacities, it is expected that it will take many years to fully achieve IWRM within the Mekong River Basin's context. Moreover, certain institutional roles related to implementation of IWRM will remain at the national level.

*Consultations were guided by the objective to increase ownership of the MRC.*

## The Strategic Plan 2006-2010

The MRC is an inter-governmental body that exists to serve the interests of the Member States. As stakeholder participation is a key interest of the Member States, an extensive consultative process was carried for the formulation of this Strategic Plan 2006-2010. Following the lead of the Member States, all aspects of the content and concepts contained within the Strategic Plan were discussed with key MRC stakeholders including donors and NGOs. The consultations were guided by the objective to increase ownership of the MRC and the Strategic Plan by National Mekong Committees and line agencies.

# Mekong Development Context



MRC Strategic Plan 2006-2010

## Setting the scene

Tens of millions of people in the Mekong Basin rely on the water of the river system to help provide food security and livelihoods. The increasing population places ever greater stress on the current capacity of the river system to meet these basic needs of the people. The pursuit of socio-economic development opportunities can increase the size of benefits available and, when done with pro-poor considerations, can increase the equity in access to these potential benefits. Moreover, planning based on regional cooperation will yield better results than uncoordinated and fragmented planning.

Developing the economic potential of the Mekong system in a sustainable way – for domestic use, for fisheries, for hydropower, for navigation, for irrigation and drought management – can play a key role in poverty alleviation and livelihood improvement. Given the high reliance people have on the river's natural system, such development must be undertaken with equal consideration to conserve the environment. The challenge is to ensure that all the partners in development and conservation work together in close cooperation and harmony, in respect of existing strengths and mandates, in order to accelerate the achievement of the common vision of an economically prosperous, socially just and environmentally sound Mekong River Basin.

*Developing the economic potential of the Mekong system in a sustainable way – for domestic use, for fisheries, for hydropower, for navigation, for irrigation and drought management – can play a key role in poverty alleviation.*

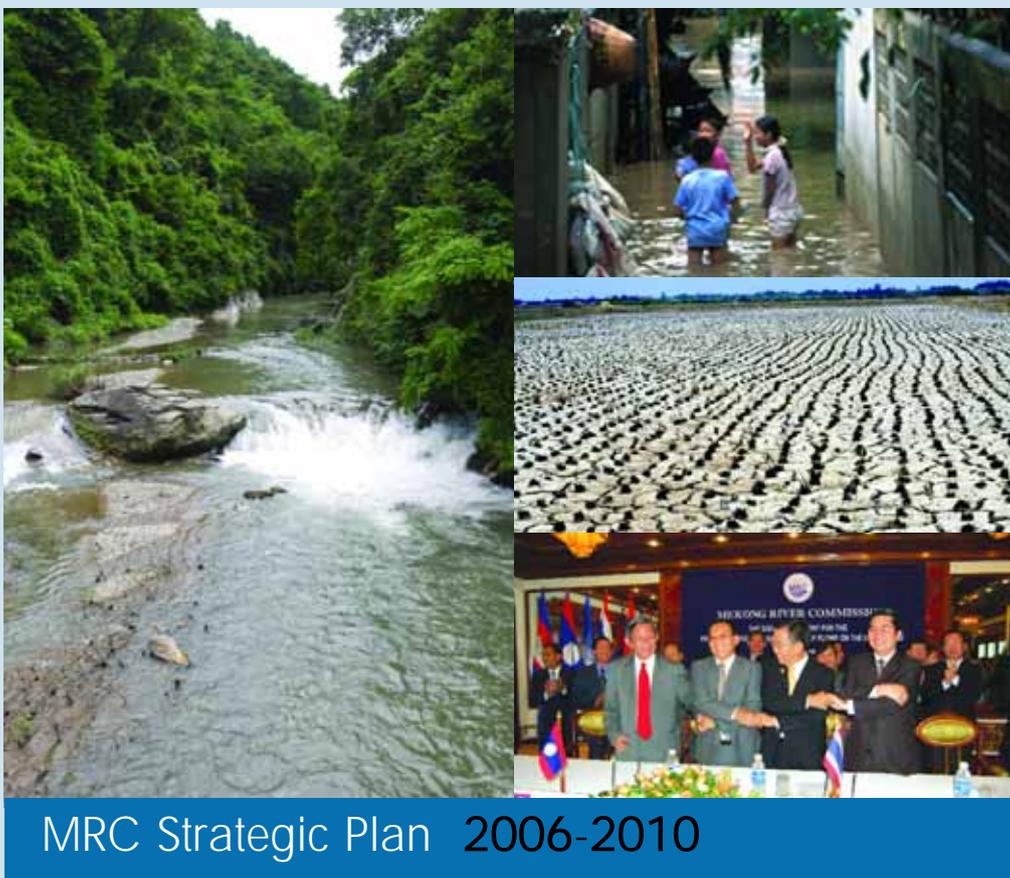
## Development Challenges

A description of the socio-economic situation and development needs in the Lower Mekong Basin is presented in Annex 2. The MRC will, in particular, focus on improvement of people's livelihoods and meet the following strategic challenges by achieving:

- Increased food security through more efficient land and water development and irrigation;
- Appropriate development of the basin's hydropower potential to help meet the increasing need for energy;
- Maintenance of productive fisheries and enhanced aquaculture of indigenous species for increased food security and economic output;
- More active and efficient river transportation through increased freedom of navigation to increase social development, international trade and tourism opportunities;
- Avoidance, minimization and mitigation of people's suffering and economic losses due to floods and droughts;
- Protection of the environment, natural resources, aquatic life and ecological balance of the basin from pollution or other harmful effects from development.

These priority challenges will be addressed through the active cooperation between all Mekong countries.

# The Role of the MRC



MRC Strategic Plan 2006-2010

# The mandate and expectations for the role of the MRC

## Addressing critical development challenges in the Mekong River Basin

The MRC was created to address critical development challenges in the Mekong River Basin. Therefore, any discussion of the role of the MRC must first address the context of the general development process in the Mekong River Basin. In the broadest terms and consistent with the 1995 Mekong Agreement, sustainable socio-economic growth and development are the ultimate goals of the Member States for the basin. These goals are inextricably linked with poverty alleviation and environmental protection.

*The MRC was created to address critical development challenges in the Mekong River Basin.*

These goals create a critical need to achieve an integrated and coordinated process for sustainable development which also prevents or mitigates negative impacts to any one sector or stakeholder. This implies that water resources management must consider economic, social, and environmental needs and become a part of national development strategies; a goal which is widely promoted.<sup>2</sup> Such an improved approach takes into account the following characteristics: it is decentralised, participatory, small-scale, people-centred, non-state biased<sup>3</sup>, and gender mainstreamed.

To become a more effective player in the basin's overall development process, the MRC adopted an IWRM approach at the Twelfth Council Meeting in December 2005. This IWRM approach is aimed at achieving a balanced approach to development based on contemporary development principles. However, the MRC has also recognized that there is typically a gap in water resources development between the ideal and the reality, or the hydropolicies and hydropolitics.<sup>4</sup> Those who aim at promoting these new development ideals must also find a way to influence the more traditional approach to development and investment. Therefore, the MRC must define its roles in a manner that will allow it to meet the objectives of its mandate most effectively and with full consideration of the realities of the development process.

MRC's challenge over the next 10 years is to build on what has been achieved and to provide strong leadership and guidance to decision makers on options and strategies for sustainable development in the basin, focusing on trans-boundary and large-scale development options.

## Member Countries' expectations for the MRC

At the Twelfth Meeting of the MRC Council, 30 November – 1 December 2005, the MRC Council Chairman for 2004/2005 outlined his current views on the direction of the MRC. That statement contained two points of particular importance. The first was the Chairman's expressed agreement in seeing the MRC move toward a more comprehensive implementation of the 1995 Mekong Agreement. The second important point was the Chairman's

<sup>2</sup> Lincklaen-Arriens et. Al., (1996) *Towards Effective Water Policy in Asian and Pacific Region - Overview of Issues and Recommendations I*, ADB, Manila.

<sup>3</sup>Ojendal, Joakim (2000) *Sharing the Good - Modes of Managing Water Resources in the Lower Mekong Basin*, Gotenborg University, Gotenborg

<sup>4</sup>Ibid.

recognition that work of the MRC is complementary to and avoids duplication with other development partners. This view was further supported by statements from the four MRC Member States Delegations. This was further identified as a priority by Member States in the SWOT analysis undertaken for the MRC Strategic Plan for 2006 – 2010.

In the most direct terms, the Member States want to see the benefits of the work that MRC can deliver for the sustainable development and management of the Basin's water resources. The Member States have expressed a strong desire that this output should have a real effect on the lives of the people within the basin. Linking the work of the MRC with such tangible benefits will require a well-coordinated effort on the part of all the basin's development partners.

### MRC's complementary role in the basin development process

The MRC must be involved within the development process in order to ensure sustainability as environmental and social monitoring go hand-in-hand with sustainable development. Studies and research work, no matter how well done, will have no impact if they are not used in development planning. Sustainable development will require closer interaction of the MRC with development partners, in particular the Member States, development banks, and other regional initiatives.

A guiding principle of the MRC Strategic Plan 2006-2010 is that the MRC's role, while within the MRC's mandate, complements the comparative advantages of others and avoids duplication of efforts and reflects the expressed interest of the Member States. The focus of the MRC's role will be on basin-wide and transboundary programmes and projects.

### Focusing the role of MRC as a knowledge-based International River Basin Organisation

#### ***Promoter of sustainable and coordinated development***

Article 2 of the 1995 Mekong Agreement states that the objective of MRC is to "promote, support and coordinate in the development of the full potential of sustainable benefits to all riparian States and the prevention of wasteful use of Mekong River Basin waters, with emphasis and preference on joint and/or basin-wide development projects and basin programmes through the formulation of a basin development plan that would be used to identify, categorize and prioritise the projects and programmes to seek assistance for and to implement at the basin level." As stated in the 1995 Mekong Agreement, fields for cooperation on sustainable development, utilization, management and conservation of water and related resources of the Mekong River Basin include but are not limited to irrigation, hydropower, navigation, flood mitigation, fisheries and tourism.

The primary value-added of MRC as an international river basin organisation is to focus on joint and basin-wide issues, including the analysis of long-term development scenarios, the identification of important joint and basin-wide projects and programmes, and the analysis of economic, social and environmental implications of major ongoing and proposed developments in the basin, including cumulative impacts of national developments. Under this role, the MRC will focus on long-term solutions to common problems in the basin, such as floods and droughts, as well as on integrated solutions for sustainable development of the economic potential of the river for the direct benefit of the people, especially the poor.

This will be achieved through an IWRM approach within the framework of the 1995 Agreement which combines the four roles of the MRC, namely, knowledge management and capacity development, a framework for regional cooperation, and environmental monitoring and protection. These capabilities, developed over the past 10 years, support the promotion of sustainable development in the Mekong River Basin, as illustrated in Figure 1.



**Figure 1: MRC triangle framework for the promotion of sustainable development in the Mekong River Basin**

Over the past 10 years, the MRC has developed an array of water resource management assets, including technical skills, data and knowledge, a regional perspective for problem analysis, a structured forum for regional negotiations, and a network of NMCs and line agencies related to basin development planning. It is now time to put these assets to work for the benefit of the region. Through the 1995 Mekong Agreement, the MRC has been given a mandate to take a leadership role in transboundary and basin-wide water resources development and management.

The Member States have clearly expressed their eagerness to see the effective link of MRC's work with tangible on-the-ground output that benefits the lives

*The MRC needs to engage actively and visibly in large national projects with significant basin-wide implications.*

of the Basin's people. Equally clearly, the donor community has expressed its desire that the MRC maintain its impartiality, avoid duplication of efforts and continue to build on its existing comparative advantages in basin knowledge and environmental and social monitoring and protection. These are complementary perspectives supporting the direction of the MRC work.

With rapid economic growth in the region, national development projects are taking place. The MRC needs to engage actively and visibly in large national projects with significant basin-wide implications. Engagement by the MRC in identifying sustainable development options and early involvement of the MRC by Member States and investors in preparing and implementing such major projects will demonstrate leadership in the basin and help national governments, development banks, and private sector investors by "clearing" such major projects in an overall basin context. The value-added of the MRC in this role is its knowledge base of the status of development in the basin and the tools employed by the Basin Development Plan and the Water Utilization Programme (Decision Support Framework models, Strategic Environmental Impact Assessment, Social Impact Assessment etc.).

Together with its potential for participation of stakeholders, the MRC can provide a high quality and trustworthy assessment of project impacts at an early stage and hence, provide assurance to Member States and investors that proposed developments are consistent with the agreed Vision for the Mekong River Basin of developing an economically prosperous, socially just and environmentally sound Mekong River Basin.

As a promoter of sustainable development based on regional cooperation in water related sectors, the MRC will make pro-active efforts to better coordinate with development partners and countries. The MRC will continue to focus on its core roles of providing a regional cooperation framework, knowledge management and capacity development and environmental management. Development support and promotion will be carried out in close coordination with development agencies.

The MRC, working through the respective NMCs, provides a forum and mechanism for countries' line agencies to coordinate their investment and development plans. The MRC will promote and support coordinated development plans within specific sectors as well as across all sectors. Strong coordination capabilities are necessary for effective implementation of IWRM principles in basin development.

The MRC will engage pro-actively and promote sustainable development in the basin through use of its existing comparative advantages, such as its knowledge base and assessment tools and its basin development planning approach to broadly identify and screen basin-wide and transboundary projects and formulate suites of potential projects for the countries and donors to prepare and implement.

In this manner, the MRC will link its role as an RBO with the overall

development process to ensure that development in the basin achieves an optimal balance between economics, environment and social equity. The MRC will seek active co-operation with the planning processes in the riparian countries at both national and sub-area levels. To support this, a strong linkage with established and up-coming River Basin Organisations in the countries must be ensured.

## MRC value-added in the sustainable development process

With its knowledge base and efficient regional cooperation framework, MRC is best placed to ensure that developments and investments in the water-related sectors in the basin are well-coordinated, based on an integrated approach (IWRM), well planned and designed, oriented to poverty alleviation, socially just, environmentally sound, and providing mutual benefits to the Member States through a peaceful cooperation and dialogue process.

### ***Knowledge Management and Capacity Development***

During the first 10 years of MRC work, a strong knowledge base and capacity has been built with the support of the international donor community. The Member States expect that this capacity would not only be maintained and strengthened, but that MRC would use this function to support cooperation and decisions on sustainable development in the basin.

Although actions of the past 10 years have been concentrated on building knowledge and capacity, it must be clearly understood that the MRC achievements of the past 10 years are concrete outputs that serve the interests of the Member States. It is highly important that the region possesses the ability to make development decisions based upon a sound understanding of the basin built through rigorous scientific analysis.

Building on its accumulated knowledge of the water and related resource systems, the MRC will continue to further strengthen its role as a knowledge centre. Central to this role is the employment of highly qualified staff, both riparian and international, in the various programmes who will devote their energy towards servicing the needs of the Member States. An important aspect of this role will be developing mechanisms to ensure that accumulated knowledge and expertise is maintained over the long-term.

### ***Providing a Regional Cooperation Framework***

According to the 1995 Agreement, MRC is the official institutional framework for cooperation "in all fields of sustainable development, utilisation, management and conservation of the water and related resources of the Basin (Article 1)." Under the 1995 Mekong Agreement, the countries established a clear management framework, of which the key elements are:

- A basin-wide planning process (the BDP) by which the member states can identify and promote projects and programmes to fulfil the aims of the Agreement.

- A policy framework of agreed goals and objectives for development. This includes work on harmonization and the setting of standards in various water sectors, such as flood monitoring and navigation.
- An institutional framework to act as a focal point for cooperation, and to provide technical guidance and mediation; to establish procedures and guidelines that facilitate interaction between the Member States, provide a mutually agreed basis for utilizing the waters of the Mekong in a reasonable and equitable manner; to ensure that sustainable limits are not exceeded and to provide information to guide future development.

Due to the fundamental role that the Mekong Basin's water and related resources play in socio-economic development, management of the river must be linked to regional political and economic initiatives. A major value-added of the MRC is in the coordination and promotion of partnerships with development banks, development agencies, UN institutions, the private sector, academic institutions and NGOs. With these regional initiatives, it will be important that roles are clearly defined so that overlap is avoided in accordance with each organization's mandate. At all levels of operation, from local to basin-wide, it is important for the MRC to be open and transparent and continuously work with stakeholders. This can be achieved through a number of means, such as multi-stakeholder consultations as well as through partnering with civil society or NGOs on particular works.

### ***Environmental Management***

MRC's role in environmental monitoring and protection will continue to ensure that the Mekong Basin's water and related resource systems remain ecologically balanced and protected from pollution and other harmful effects resulting from any development plans and uses of the water and related resources.

Fundamental to this role is the appreciation of the Mekong Basin's hydro-geographical, ecological and socio-economic diversity and its natural resources which supply society with valuable goods and services. These goods and services are interdependently linked to the river system and its ability to alleviate poverty. The MRC has a tremendous comparative advantage in accumulated knowledge regarding the hydrology and environment of the Mekong River Basin.

Therefore the MRC's work towards protecting the environment and ecological balance needs to be based on knowledge and information generated through an environmental monitoring and assessment system and increased understanding of the ecosystem, including the interface between people and aquatic ecosystems.

### **The role of MRC in projects**

With its unique legal mandate, knowledge base and expertise in the areas of water and related resources management together with its effective regional cooperation framework in these areas, MRC is particularly well placed to

provide guidance and support to sustainable investments and development. In particular, the MRC will focus its efforts on:

- Joint projects and programmes, initially including the four riparian states of the LMB, later hopefully also including the two upper riparian countries China and Myanmar;
- Transboundary projects, or suites of complementary projects, between two or three riparian states;
- National projects or suites of projects, or land and water policies, with significant or cumulative basin-wide implications.

Given this emphasis, the MRC must avoid dispersing its efforts over a large number of small projects that have no significant or cumulative impacts. Upon request from Member States, MRC may engage its resources in national project and programme preparation for which the MRC has specific value-added. A different approach would dilute MRC capacity to add-value and address joint development and basin-wide issues.

However, through the BDP, MRC, does have an important role in registering all developments in the basin. This will enable: i) a comprehensive development and analysis of development scenarios; and ii) the analysis of implications of projects, including the cumulative effects of national developments. MRC also plays a role in the screening of suites of smaller projects in a broader basin context, hence assisting in identifying and prioritising projects to be further developed by national agencies and their donors.

In defining the MRC's role in promoting sustainable development, a clear distinction is made between infrastructure development projects and non-structural development projects. Infrastructure projects involve permanent constructions which have a direct impact on the state of the resource. Non-structural development projects focus on capacity building, social development, strategic planning and information and knowledge management.

The role of the MRC in promoting sustainable development will remain limited to the functions for which it has value-added and capacity as compared to other key development partners in the region. However, there are clear roles for the MRC which can enhance project quality with an emphasis on joint and basin-wide projects.

The MRC roles in the project cycle are outlined below:

#### ***Long-term basin development planning and strategizing***

The MRC will conduct problem analysis on water related issues, including assessments of the cross-cutting issues. The MRC will work through the NMCs to share knowledge with line agencies in assessing and formulating strategies

*The role of the MRC in promoting sustainable development will remain limited to the functions for which it has value-added and capacity as compared to other key development partners in the region.*

and development plans. This will aid country line agencies to mainstream important dimensions of development, such as poverty alleviation and environmental protection. The MRC can also, through analysis of implemented projects, compile lessons learned and review on-going and planned initiatives. These activities will promote the knowledge centre role of the MRC to ensure more optimal outcomes from development planning.

The major source for project ideas will be NMCs, line agencies, regional development initiatives and private sector investors. MRC Programmes will also identify projects alone or working jointly with NMCs, other programmes and through the Planning Division in response to results of problem analysis.

The MRC can develop a wide range of scenarios, extending the analysis from analysing the initial hydrological implications to addressing the full economic, social and environmental impact. Regarding economic assessment, the MRC will further strengthen and adapt the tools already developed under the Basin Development Plan phase 1 and the Water Utilization Programme to produce better and more readily applicable information.

The basin-wide scenario work can be taken up pro-actively by the Secretariat at its own initiative upon approval by the Joint Committee, or at the request of the Council and/or the Joint Committee to address specific issues such as an overall navigation plan for the basin, a LMB power grid or the like. In developing the scenarios and their impacts, it is important that the MRC follows good IWRM practices of facilitating stakeholder consultations including civil society and NGOs in the basin. The analysis of basin-wide development scenarios will help to illustrate the sensitivity of the basin in relation to water resources development. This will be very valuable to assist joint decision-making.

The MRC can have a role in supporting the identification of sustainable investment opportunities. The MRC can use its knowledge-based planning processes to screen investment opportunities with a basin-wide perspective. These investment opportunities will be coordinated under a framework of long-term basin planning.

#### ***Project identification and promotion***

The role of the MRC and the BDP in the project cycle is to ensure harmony with the MRC's IWRM Strategic Directions for the Lower Mekong Basin, at the identification, initial analysis and initial approval stages of joint projects and programmes and large national projects with potential basin-wide implications. The different categories of projects and programmes that need to be considered under the BDP in line with its intended role are:

- *Enabling Developments* being improvements to resource management practices and regulatory and economic trade conditions;
- *Infrastructure Developments* being civil, mechanical or electric engineering-based developments;

- *Non-structural developments* being investments in developments other than infrastructure, such as extension programmes and flood preparedness.

During the identification stage of the project cycle, the MRC can conduct impact screening and assessment of trade-offs, especially for environmental, hydrological, social, and economic impacts, of investments and projects proposed by the countries to support decisions on developments in the basin which incorporate environmental and social safeguarding and monitoring. In this manner, MRC can screen and formulate suites of projects which hold win-win outcomes based on the interests of the Member States.

Environmental decision support through transboundary and regional EIA/SEA systems is central to enable development trade-off assessments. The MRC can also provide technical assistance services, both pre- and post-project implementation, to assess possible social and environmental impacts of a project.

It is envisaged that many of the enabling developments (but likely not all) will be incorporated in MRC Programmes and implemented by the MRCS. Further preparation (pre-feasibility, feasibility, detailed design, tender documents, etc.) and implementation of infrastructure and non-structural developments is assigned to national line agencies of the country in which the programme or project takes place.

Investment promotion by the MRC of the Mekong Programme should be directed towards the member governments to encourage sustainable investments that will yield benefits and tangible results that can only be obtained through regional cooperation. Promotion shall be the responsibility of Council Members at the political level, of Joint Committee members at the strategic and policy level, and of the NMCs and line agencies at the operational level with support from MRCS as required. Promotion and fundraising for those components of the Mekong Programme that address “enabling developments” would mostly be implemented by the MRC which will undertake promotion and fundraising with investment banks and donors.

The MRC in collaboration with the NMCs will provide services to Member States and their donors and investment banks in further project preparation in the form of access to the information and knowledge resources of the MRC, application of assessment tools to evaluate potential impacts of various investment and management options, identification of mitigation strategies and interpretation of regional policies.

**Project preparation and feasibility studies** – Investment projects are prepared by line agencies in cooperation with donors and development banks. MRC may be requested to support the preparation process with knowledge and expertise. During the project preparation phase, the MRC may support line agencies, through the NMCs, by providing technical assistance, focusing on the areas of environmental, social, and hydrological impact assessments.

*Investment promotion by the MRC of the Mekong Programme should be directed towards the member governments to encourage sustainable investments that will yield benefits and tangible results that can only be obtained through regional cooperation.*

**Appraisal** – The MRC has only a very limited role, which would be carried out only on special request.

**Implementation** – For infrastructure projects, the MRC has no role during the implementation phase of projects. For non-structural joint projects, the MRC may act as the implementer or co-implementer.

**Evaluation** – During the evaluation phase, the MRC can conduct post-project impact monitoring. The MRC will also work to build a knowledge base of lessons learned to help guide identification and formulation of future projects.



# Goals and Objectives



MRC Strategic Plan 2006-2010

## UN Millennium Development Goals

At the heart of the Member States' moves to develop the Mekong River Basin is a desire to more effectively develop the Basin's natural resources to improve the lives of the people. While causes of poverty are varied, it is widely recognised that access to water is one of the most effective ways to alleviate poverty. Poverty alleviation can be realised through use of water as an input to achieve food security and generate income, for domestic water supply and sanitation, and as an essential element of a healthy environment. On a larger-scale, water resource developments can provide Member State governments with a source of revenue and foreign exchange which can, with proper planning and effective monitoring, be channelled into investments for poverty alleviation and environmental protection.

The MRC Member States' long-existing desire for economic growth, poverty alleviation, and environmental protection was given a further boost with the Millennium Declaration. The UN Millennium Development Goals (MDGs) set real targets for development to be achieved by 2015. Goals that are particularly relevant to the MRC's mission are the ones which call for governments to:

### Eradicate extreme poverty and hunger; and Ensure environmental sustainability.

Continuing high poverty rates and increasing challenges to the sustainable management of the Mekong Basin's natural resources are a major justification for continued donor support – with its legal mandate to promote cooperative sustainable development of the Mekong Basin's water and related resources, the MRC is a highly valuable development partner for the donors. Future MRC work will consider water resources development activities which enhance achievement of the MDGs, as appropriate.

IWRM may be defined as:

"a process which promotes the co-ordinated development and management of water, land and related resources, in order to maximise the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems.<sup>5</sup>"

## Towards Integrated Water Resources Management (IWRM)

Implementing an IWRM approach at the MRC will require full recognition of the need to pursue management of water that balances "use of water as a basis for livelihoods for the world's increasing population with the protection and conservation of the water resource." This in turn results from planning with full consideration of IWRM's triple bottom line of social equity, economic efficiency, and ecological sustainability. It is recognized that there is no

*The MRC Member States' long-existing desire for economic growth, poverty alleviation, and environmental protection was given a further boost with the Millennium Declaration.*

<sup>5</sup> From the GWP TAC Paper 4, Integrated Water Resources Development.

blueprint for achieving IWRM and that various management instruments, enabling environments and institutional entities are involved. In this respect, the MRC does not expect IWRM to be achieved quickly, and certain aspects of IWRM are likely to remain at the national level and not be fully achieved at the basin scale.

Moving toward an integrated approach for developing and managing water and related resources will require changes impacting institutions, policies, technology, infrastructure, and financial mechanisms. Moreover, the very nature of an integrated approach will call upon the active and coordinated participation of almost all of the countries' resource management agencies.

In 2005, MRC defined its IWRM Strategic Directions<sup>6</sup> as the conceptual basis for supporting the joint development and management of water and related resources in the Lower Mekong Basin. The MRC's IWRM Strategic Directions respond to the main challenges and opportunities identified at the basin level, and are defined in order to inform actors on principles and key priority areas for IWRM in the Lower Mekong Basin. The Strategic Directions are summarised on the following page.

The MRC IWRM approach will also take into account a wider Integrated River Basin Management (IRBM) approach, which will guide the role of the MRC as an International River Basin Organisation. The IRBM approach is based on the principle that naturally functioning river basin ecosystems, including accompanying wetland and groundwater systems, are the source of fresh water. It places maintaining ecosystem functioning as a paramount goal of river basin management. Implementing this latter approach is already in place within MRC activities. The Integrated Basin Flow Management (IBFM) process has thus taken up an IRBM focus in assessing the environmental, social and economic benefits and impacts of flow regimes.

This Strategic Plan proposes practical ways in which decisions can be taken within an integrated framework (i.e. identifying management tools and mechanisms, models, thresholds, and overall performance indicators) that can help to ensure that national priorities are being adequately considered when their impacts are being assessed at the basin level.<sup>8</sup>

The MRC will further develop close partnerships with its members and become more responsive to the needs within the basin. Personal interaction with the focal points in National Mekong Committees and line agencies will be strengthened and their close involvement in the work encouraged. The MRC Programme's strong technically- and environmentally-oriented knowledge generation function will be strengthened and complemented by increased economically- and socially-oriented planning functions. Finally, it is recognised that full implementation of an IWRM approach will involve a significant period of time.

### Strategic directions for IWRM at the basin scale<sup>7</sup>

**Economic development and poverty alleviation:** To promote economic growth through use and development of joint water resources in a manner that significantly alleviates poverty.

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**Integration through basin planning:** To implement a participatory, multi-sectoral basin planning process which integrates economic, social and environmental concerns across the LMB.

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**Social development and equity:** To ensure equity in the allocation of water resources and services across different economic and social groups; to reduce conflict and promote socially sustainable development.

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**Regional cooperation:** To integrate and coordinate water resource development and management between countries to optimize benefits from the joint resource and to minimise the risk of water-related conflicts.

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**Governance:** To further and implement open, transparent and accountable institutions and regulatory frameworks that will promote IWRM at all levels.

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**Environmental protection:** To protect the environment, natural resources, aquatic life and conditions and the ecological balance of the MRB from harmful effects of development.

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**Dealing with climate variability:** To prevent, mitigate or minimise people's suffering and economic loss due to climate variability.

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**Information based management:** To ensure that water resource management decisions are based on best available information.

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<sup>6</sup> The "Strategic Directions for Integrated Water Resources Management in the Lower Mekong Basin" adopted at the 12th MRC Council Meeting held on 30 November - 1 December, 2005.

<sup>7</sup> From "Strategic Directions for Integrated Water Resources Management in the Lower Mekong Basin"

<sup>8</sup> It shall be noted that not all major components of IWRM will be (and can be) implemented at a regional scale, since issues concerning national legislation and sovereignty needs to be handled internally by each Member State.

## Goals

The overall Five-Year goal of the MRC is to support the Member States for:

**More effective use of the Mekong's water and related resources to alleviate poverty while protecting the environment**

During the 2006-2010 period, the MRC will support its Member States to contribute to alleviation of poverty in the Basin through more effective use of the Mekong River's water and related resources with an aim to protect the environment and prevent conflict. The potential areas for cooperative development include irrigation, hydropower, navigation, flood management and mitigation and drought preparedness, fisheries, domestic water supply, and tourism. However, this range of areas for cooperation neither specifies a limit nor a target for MRC activity. All efforts to increase development will be undertaken in balance with an aim to protect the environment. Development planning will be conducted in a manner to optimise the multiple-use by and the mutual benefit for all riparians, while keeping potential harmful effects to a minimum.

This Strategic Plan sets forth the following four goals, which extend previous efforts of the MRC over the coming five years, based on strong commitment on the part of Member States, donors and stakeholders. The goals correspond to the four roles of the MRC with regard to water and related resources:

**Goal 1:** To promote and support coordinated, sustainable, and pro-poor development.

**Goal 2:** To enhance effective regional cooperation.

**Goal 3:** To strengthen basin-wide environmental monitoring and impact assessment.

**Goal 4:** To strengthen the Integrated Water Resources Management capacity and knowledge base of the MRC bodies, NMCs, Line Agencies, and other stakeholders.

### Objectives

In the following, each specific goal is supported by a set of objectives, which form the basis for MRC Programmes.

## Goal 1

**To promote and support coordinated, sustainable, and pro-poor development.**

*This goal will be implemented using the MRC Strategic Directions on Integrated Water Resources Management as a guideline for sustainable development of the Lower Mekong Basin's water and related resources. IWRM concepts and principles will therefore be fully applied in a planning process which is participatory and pro-poor for providing the development opportunities. Identified sustainable development options, which the countries can pursue, will benefit the people of the basin by contributing to alleviating poverty and increasing food security through enhanced and sustainable income generation.*

*The planning process will be information system (IS) based and use the MRC Decision Support Framework which will include a water balance assessment for the basin.*

**The Outcome of this goal will be a significant increase of sustainable development based on basin-wide planning guided by the IWRM Strategic Directions, for poverty alleviation and more effective water use.**

### Objectives

To establish a system for analysing water demand, water supply and water use in the basin to support the basin development planning process.

To establish processes and mechanisms enabling the balancing of trade-offs between economic and political net benefits of different sectors, areas, and regions; and benefits from environmental and social protection.

To produce a regularly updated rolling plan applying the planning process for identification, categorisation and prioritisation of projects and programmes.

To screen, formulate and promote wise development options at the transboundary and basin levels for preparation and implementation by other appropriate development agencies. This objective is supported by sector-specific sub-objectives as follows.<sup>9</sup>

- To support sustainable land and water development through more effective and integrated utilisation of agricultural, irrigation, drought, and watershed management systems;
- To assist in the development of the basin's hydropower potential to ensure safeguarding of the environment and social interests while meeting the Basin's increasing need for energy.

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<sup>9</sup> Explicit reference is made to the existing and approved MRC strategies including hydropower, navigation, public participation and human resource development.

- To achieve more active and efficient river transportation through increased freedom of navigation to increase social development, international trade and tourism opportunities.
- To build regional flood and drought management capacity for prevention, minimisation or mitigation of people's suffering and economic losses due to floods and droughts.
- To maintain productive Mekong fisheries and enhance aquaculture of indigenous species for increased food security and economic output.
- To develop the tourism potential of the Mekong to benefit local economies.
- To assess domestic water supply and sanitation options to ensure adequate protection and improvement of peoples' lives and the environment.

## Goal 2

### To enhance effective regional cooperation.

*This goal will entail the development of dispute resolution and compromise mechanisms such as co-management, public participation, stakeholder involvement and institution building. In an organisational perspective the MRC will establish links with existing and emerging sub-basin organisations.*

**The Outcome of this goal will be increased use of the MRC by its Member States as the key mechanism for joint planning, cooperation, and resolution of transboundary water-related issues. A basin-wide dialogue will result in an increased number of activities with the upper riparians.**

### Objectives

- To increase MRC's function as a transparent and effective cooperation mechanism among Member States and develop and demonstrate enhanced linkages, compatibility and complementarities of partnerships with other regional organisations and initiatives such as GMS, the World Bank's MWRAP, ACMECS, ASEAN, etc., including sub-basin organisations.
- To complete, adopt and make applicable mechanisms, procedures and guidelines as required under the 1995 Mekong Agreement.
- To identify potential transboundary issues for negotiation, mediation and conflict prevention; and develop mediation and conflict management capacity.
- To promote and improve dialogue and collaboration with China and Myanmar.

## Goal 3

### To strengthen basin-wide environmental monitoring and impact assessment.

The environment includes physical, biological and social features of the Mekong River Basin, considering the economic and social condition of the people of the Mekong River Basin and the effects of their dependence and impacts on the biological resources such as fish and forests and physical resources such as soil and water. Within its work towards this goal the MRC will also develop, maintain and make accessible a basin-wide environmental and socio-economic knowledge base as part of the MRC IS-based knowledge system.

**The Outcome of this goal will be operational basin-wide environmental monitoring and impact assessment systems.**

#### Objectives

- To improve monitoring of the environmental condition of the Mekong River Basin, focusing on water quantity and quality, ecological health and social impact;
- To regularly report on the environmental condition of the Mekong River Basin and disseminate this information widely;
- To raise awareness of the MRC, NMCs, and line agencies on transboundary and basin-wide environmental issues and to increase the capacity to address them;
- To ensure that development initiatives are planned and implemented with a view to minimise negative environmental impacts;
- To ensure that social, economic and environmental concerns are incorporated into basin-wide water resources development strategies.

## Goal 4

### To strengthen the Integrated Water Resources Management capacity and knowledge base of the MRC bodies, NMCs, Line Agencies, and other stakeholders.

*The knowledge base under this goal encompasses the MRC Decision Support Framework as a central basin planning tool. Capacities will be strengthened through a programme approach under the MRC Integrated Training Programme. There are considerable resource development and capacity building needs for this goal to be realised and scheduling and costing will need to be well-integrated into Programme approaches.*

**The Outcome of this goal will be that MRC bodies, NMCs and Line Agencies are able to manage water resources applying the IWRM principles using MRC's basin-wide GIS and knowledge management system.**

## Objectives

- To improve management systems to allow MRC to operate as a highly effective, transparent and innovative International River Basin Organisation.
- To establish a technical coordination capacity for preparing and coordinating the implementation of MRC's Work Programme applying IWRM principles.
- To enhance and maintain a common GIS-based information and knowledge management and dissemination system to support all MRC activities.
- To maintain partnerships with leading organisations, universities and civil society stakeholders for programme-focused collaboration of common interest;
- To strengthen the human resources capacities of the MRC, NMCs and the Line Agencies;
- To develop and update as new knowledge becomes available regional assessment tools (EIA, SEA, DSF, TB-EIA, RAM, SIA etc.) for all development projects to be implemented in the lower Mekong River Basin.

## Strategic outputs

In support of the objectives identified in this Strategic Plan, a list of strategic outputs is given in Annex 1. The main purpose of this list is to provide direction to the MRC Programmes on the nature of the products to be delivered within the strategic phase 2006-2010. The range of outputs is manifold and includes physical maps, reports, as well as mechanical and electrical systems, which will be implemented in the field. Non-physical outputs such as training modules and toolkits, assessment tools, policy guidelines, and impact assessment study reports are included.

It is important to note that with each output a range of associated processes and mechanisms is implied, which must be well established and understood by the main partners involved in the work. It is equally important to note that the list of deliverables makes provision for all MRC programmes to support the BDP planning process and the subsequent implementation of priority projects and programmes. Such services are regarded as crucial to achieve rapid progress in the sustainable development process in the Mekong River Basin.

The listed strategic outputs and activities have been assigned an indicative priority classification along with an indication of funding status. These priority

classifications and the associated funding status are indicative only and will require regular updating. The main purpose of the classifications is to assist the Member States and donors in identifying important areas with funding gaps. A low priority does not mean that the output is unimportant but rather that it is less urgent in terms of funding. The prioritisation process and updates would also be dependent on funds made available by donors.

# Implementation Strategy



The cooperation for sustainable development such as is defined by the 1995 Mekong Agreement is achieved through the Mekong Programme, a regional cooperation programme jointly implemented by the Mekong Countries with support from the MRC. This regional cooperation programme for sustainable development of water and related resources in the Mekong River Basin includes projects and programmes implemented directly by Member States in cooperation with donors and development banks as well as a number of supporting programmes implemented by MRC. This section describes the operational approach within the framework of the MRC and its programmes which will enable MRC activities to support the Mekong Programme and achieve sound River Basin Management (RBM).

*The Mekong Programme is a regional cooperation programme jointly implemented by the Mekong Countries with support from the MRC.*

## Strategic partnerships with other regional initiatives

It will be crucial that the MRC forges effective links with other regional economic cooperation initiatives including ASEAN, the Asian Development Bank's Greater Mekong Sub-region Economic Cooperation Programme and the emerging World Bank/ADB Mekong Water Resources Assistance Program (all described in detail in Annex 2). Efforts will be made to minimise overlap based on a mutual assessment of each partners' comparative advantages. Links would be built on the principles of cooperation and coordination, while the MRC will need to maintain its independent status as an impartial International River Basin Organisation. Strategic partnerships can help to clarify appropriate roles and complementarities of these initiatives resulting in synergies for a coherent development process, accelerated economic growth and poverty alleviation.

## Integrated programme approach

### Integrated programme structure and management

Integration of MRC Programmes will be driven by the principles of integrated water resource management (IWRM) and administered through a fully integrated programmatic structure of the MRC. The integration of the existing MRC programmes at a higher strategic level is a compelling condition for the success of the programmes to make a clearly defined and verifiable contribution to the Strategic Goals. It is equally important to make programmes accountable at that level.

MRC's programmes will be structured in a way that both their complementarities and their importance as a whole are emphasised. The integrated programme structure of the MRC will comprise the following (see Figure 2): Flood Management and Mitigation; Drought Management; Agriculture, Irrigation, and Forestry; Navigation; Hydropower; Fisheries; and Tourism. This cohesive set of programmes will be cross-cut by four programmes in Environment, Information and Knowledge Management,

Integrated Capacity Building and Water Utilisation. Within this structure, the basin planning function through the Basin Development Plan (BDP) will take on pivotal role using acquired knowledge from the MRC Programmes to build an overall perspective of what the development needs are and where the “pertinent knowledge gaps,” are, and this will eventually set the agenda for the MRC Programmes.

A Technical Coordination Adviser will be recruited to put the mechanisms for linking and coordinating the horizontal and vertical areas of the MRC programme structure into operation. The previous distinction of programmes into core, sector and support programmes will be discontinued.

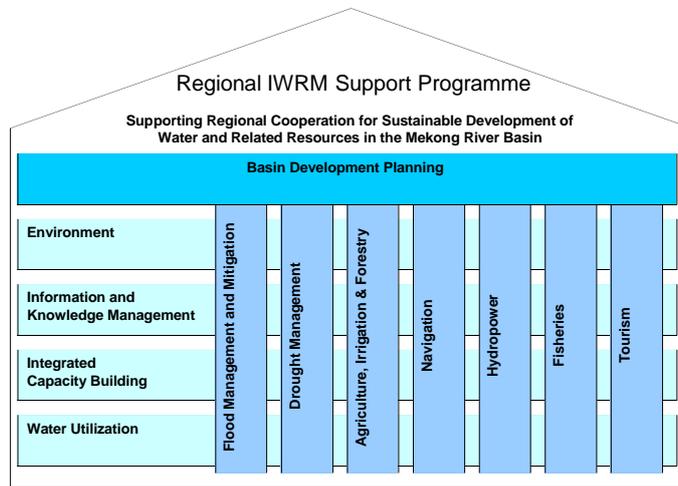


Figure 2: MRC programme structure<sup>10</sup>

The next phase of the MRC evolution will see more harmonised programme cycle management. Each programme will have an open time horizon that is periodically reviewed in five-year strategic terms. Each programme will be comprised of a suite of strategically designed and executed components working towards a common programme goal, objectives and outputs. Hence, the term “programme” will be used in an internationally accepted project cycle management sense. Accordingly, a programme is defined as a set of components or projects put together under the umbrella framework of common overall objectives and goals. Similarly, a project is defined as a series of activities aimed at bringing about clearly specified objectives within a defined time-period and with a defined budget.

Moving to a more contemporary approach of programme management will necessitate changes to the way in which work is conducted by the MRC, MRCS and staff.

<sup>10</sup> Details of MRC Programmes are developed through national and regional consultations with NMCs, line agencies and other stakeholders and approved by the Council.

The main changes required are:

- **Strengthened Programme Governance and Ownership:** Programme Steering Committees are the appropriate means to oversee management of large programmes. The approach improves the rigour of planning, decision-making, implementation, monitoring and on-going and adaptive management. Steering Committees would have membership from each of the governments in order to develop ownership and encourage implementation in jurisdictions. In this regard, the NMCs may need assistance to ensure that in-country coordination arrangements are well developed, and that there is effective feedback to the Joint Committee. The level of activity of Programme Steering committees will vary according to the level of activity and investment taking place in the respective programme.
- **Strengthened Programme Management Skills:** Programmes will be managed by Programme Coordinators and co-managed by Chief Technical Advisors (CTA). Programme Managers at the MRCS will need to have the necessary skills and understanding of their roles to manage programmes effectively. Management functions are comprised of: strategy, policy, programme and project planning and design; budgeting and seeking donor investment funds with the International Cooperation and Communication Section; monitoring and managing programme implementation and budgets; programme coordination; contracting projects with a range of service providers; and monitoring progress and evaluating programme performance. Components and projects will be managed by component and project managers respectively.
- A separation in job functions between Programme Coordinators and the staff executing the technical aspects of projects will enable use of a wider range of service providers than just MRCS staff, and will also consider expertise from Member States, international and regional consulting companies, universities and international experts based on drawing in the best skills.

*The BDP is the general planning tool and process that the JC will use as a blueprint to identify, categorize and prioritize the projects and programmes to seek assistance for and to implement the plan at the basin level.*

## BDP planning process

More than in the past, programming of MRC activities will be linked to the BDP planning process. According to the 1995 Agreement, the BDP is the general planning tool and process that the Joint Committee will use as a blueprint to identify, categorise and prioritise the projects and programmes to seek assistance for and to implement the plan at the basin level.

This basin-wide participatory planning process is based on internationally recognised IWRM principles and provides for substantial public participation and involvement of basin and sub-basin stakeholders. Furthermore, strong links with the BDP work on long-term basin-wide scenarios will be developed with an increased involvement of countries and stakeholders in the scenario formulations.

Output from the BDP will allow for informed discussions leading to win-win decision making. In this process, the Integrated Basin Flow Management

(IBFM) process is an important and effective vehicle for implementing IWRM.

IBFM is a set of multi-disciplinary activities providing information and knowledge to decision makers on economic benefits and environmental and social impacts of development as related to changes in the flow regime. IBFM will allow the MRC to rigorously assess the trade-offs of various water resource development options to ensure that projects and scenarios provide optimal benefits based on IWRM's triple bottom line.

Projects that are identified and prioritized through the BDP process will support and ultimately form part of the Mekong Programme. With close involvement of the funding agencies, NMCs, line agencies, and the MRC Secretariat, the Mekong Programme will be executed and implemented by the Member States.<sup>11</sup> MRC will implement basin-wide supporting activities focusing on planning, capacity development, environmental impact assessment and monitoring, knowledge management and coordination. Depending on nature and type of the project and donor preferences, each party's responsibilities and obligations for execution/implementation would be specified in the funding and service agreements. Two principal cases can be distinguished:

- Case A: The MRC Secretariat acts as the executing/implementing agency of projects of basin-wide significance and upon request of the funding agency. Funds are channelled through the MRCS and disbursed to line agencies according to a clearly specified project implementation and work plan. Both funding agencies and the line agencies of the MRC Member States may wish to sign a Memorandum of Understanding witnessed by the NMCs on specific arrangements related to project implementation. The role of the NMC is to ensure close in-country coordination and collaboration between MRCS and the line agencies.
- Case B: Funding and service agreements are made directly between the funding agency and the line agencies as the implementing agencies. The MRC Secretariat's involvement in project implementation is restricted to coordination and the provision of some support and advisory services. The role of the NMCs is to ensure close in-country coordination and collaboration between the MRCS and the line agencies.

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<sup>11</sup> Project execution may be defined as the mobilization of resources (financial and human), monitoring and supervision of project implementation, coordination, reporting on the progress of the project. Usually it is the MRCS who undertakes these responsibilities, in cooperation with NMCs. The agency responsible for execution is known as the "Executing Agency" of the project. Project implementation may be defined as the production of project outputs and related information in order to achieve project objectives. The agency responsible for implementation is known as the "Implementing Agency." Depending on the type of project, the implementing agency will usually be either a national line agency (for infrastructure projects), supported by a consulting company, contractor, etc., or the MRCS in cooperation with the NMCs (for non-infrastructure projects).

## Funding MRC activities

### Funding approach

The goals of the MRC Strategic Plan 2006 - 2010 specify a continuation of MRC's important role in all areas of River Basin Management (RBM). They also call for a greater focus on the MRC Programme through the role of promoting and coordinating planning and development at basin scale. The former funding strategy was mainly geared towards the knowledge generation, dissemination and basin planning role. The approach of the Strategic Plan 2006 - 2010 orients MRC funding towards two main types of support.

1. Support for sustainable development of water and related resources in the Mekong River Basin. This support is managed under the MRC Technical Cooperation Budget.
2. Support to strengthening the MRC as an International River Basin Organisation. This support is managed under the MRC Regular Budget.

The current funding strategy aims to achieve sustainability of the MRC's essential functions through increased member contributions, as well as through other financial mechanisms including cost sharing with donors. The MRC uses two separate budgets:

- The **Regular Budget** covers all costs of MRC Secretariat "essential" services. The Regular Budget provides for the functions that the MRC as a River Basin Organisation should offer; such as international cooperation activities, programme management and administration costs, core technical services and support to the NMCs.
- The Regular Budget mainly covers personnel costs related to MRC regular posts. Regular posts conduct the central corporate functions of the River Basin Organisation. These include senior management, finance and administration, technical coordination, fundraising, international donor and stakeholder relationships, and an increasing number of technical services. Regular staff will drive the strategic planning so that programmes are highly effective and focused. Staff require strong management skills and expertise as they will perform policy and strategy development, planning, programme and project design and management, and evaluation.
- In 2004, the Regular Budget was funded in cash by both the Member States (40 percent) and the Donors (60 percent) mainly to cover the programme management and administration cost of the technical cooperation. The continued riparianisation policy of the MRC for its professional staff positions will also allow for a gradual expansion of long-term technical services provided under the Regular Budget. An increasing number of technical functions will therefore be established through regular

posts within the Regular Budget. The Operating Expense Budget (OEB) is a part of the Regular Budget. It does not include Regular Staff positions supported by donors.

- The **Technical Cooperation Budget** covers all programme activities in which MRC plays an execution or co-execution role. This includes the costs of programme coordinators and chief technical advisors. The Technical Cooperation Budget houses the MRC-executed technical assistance through projects required to address the development problems in the Mekong Basin. The Technical Cooperation cash expenditures are 100 percent funded by Donors and are mainly used for personnel, subcontracting and training activities. Member States provide significant in-kind contribution to MRC technical assistance. The development and maintenance of the knowledge base and GIS as well as the production of maps, technical reports and promotional documents are included in the Technical Cooperation Budget.

- The Technical Cooperation Budget covers the programme posts. Programme posts coordinate and execute the programme activities within the various divisions. The number and type of "programme posts" will vary at any time depending on the availability of project support from donors and other investors. This will require a more flexible approach to executing the MRC operations than in the past; the number of programme posts will fluctuate with donor agreements and greater use of outsourcing to country agencies, consulting companies, universities and other service providers. Funding of programme posts will form a part of the agreement between the MRC Secretariat, partners from Member States, donors and other funders.

The Technical Cooperation Budget is designed to expand and contract according to the volume of activities implemented by the MRC under its established programmes for the sustainable development of water and related resources in the Mekong River Basin. Sustainability considerations for the Technical Cooperation Budget are relevant in terms of programme and project design, but not in an MRC budget perspective. Staffing levels under programmes, in terms of contracts and liabilities, will be limited in accordance with the duration and budgets of agreements and projects.

Essential functions of a world-class river basin organisation need to be seen in the context of government capacities, much as any other organisational development process in developing countries. In the foreseeable future the present capacities will still require international expert input and thus budgetary support by donors to these essential functions. In the medium-term, therefore, donor support to the Regular Budget will still be required mostly to finance international positions. While the MRC Member States need a world-class organisation to build up capacity to peacefully develop and manage the Mekong, the costs for such an enterprise are beyond their capacity and budgetary realities.

This acknowledgement of the MRC as a long-term capacity building engagement of donors also requires a commensurate analysis of the engagement and ownership of Member States. Their financial engagement, naturally, meets limitations, much as in any other technical cooperation project. This financial limitation, however, cannot be equated with a limited commitment to or ownership by the countries of the MRC. However, as the countries of the Mekong River Basin become more economically developed they will be able to contribute more to the running of the Secretariat.

*Over the 2006-2010 strategic period, the MRC will work with donors to develop new and appropriate budget aid mechanisms.*

In the interim, a sustainable funding approach will need to explore opportunities for increased revenue generation based on a three-tiered funding model comprising of

- MRC Member State contributions;
- Programme service charge; and,
- Any other source of income such as service provisions.

### **Towards budget aid for MRC activities**

Over the 2006-2010 strategic period, the MRC will work with donors to develop new and appropriate budget aid mechanisms. Programmes will be financed through flexible financial contributions to programme goals rather than being implemented in isolation as donor funded projects. To date, donors provide financial support through the following mechanisms:

- Funding of a specific project which falls within a MRC programme component.
- Financial contribution to a specific MRC programme as a whole.
- Financial contribution in support of the overall MRC programme.
- Financial contribution to specific staff positions.
- Secondment of staff.
- Provision of synergetic services through MRC cooperation projects with partners.

Member States contribute both through in-kind input in programmes and through annually increasing Member States contributions. Donors will be encouraged to support programmes either entirely or by investing in projects that have been identified as strategically important to the programme. This programme support approach has the added advantage of being more flexible in responding to priority needs and in organising activities in a more efficient way.

Supported by programme strategies and through the BDP, the MRC will more pro-actively involve the Joint Committee and help guide donor contributions by identifying priority needs in line with country and donor interests and which are consistent with IWRM principles. Recently, the MRC created a Multi-donor Water Management Trust Fund, which will allow more flexible and demand-driven mobilisation of expertise in order to respond to specific requests from countries.

## Organisational and managerial strategy

### Mekong River Commission

The three-tier organisational structure of the MRC will remain unchanged (see Figure 3). Organising and managing the MRC successfully will largely depend on the effectiveness of the links between the ministerial Council, the Joint Committee, the MRCS and the NMCs/line agencies. It will also depend on the collaborative arrangements with the Donor Consultative Group and the stakeholders from civil society. A more detailed organisational and managerial strategy will be formulated within the scope of an organisational review.

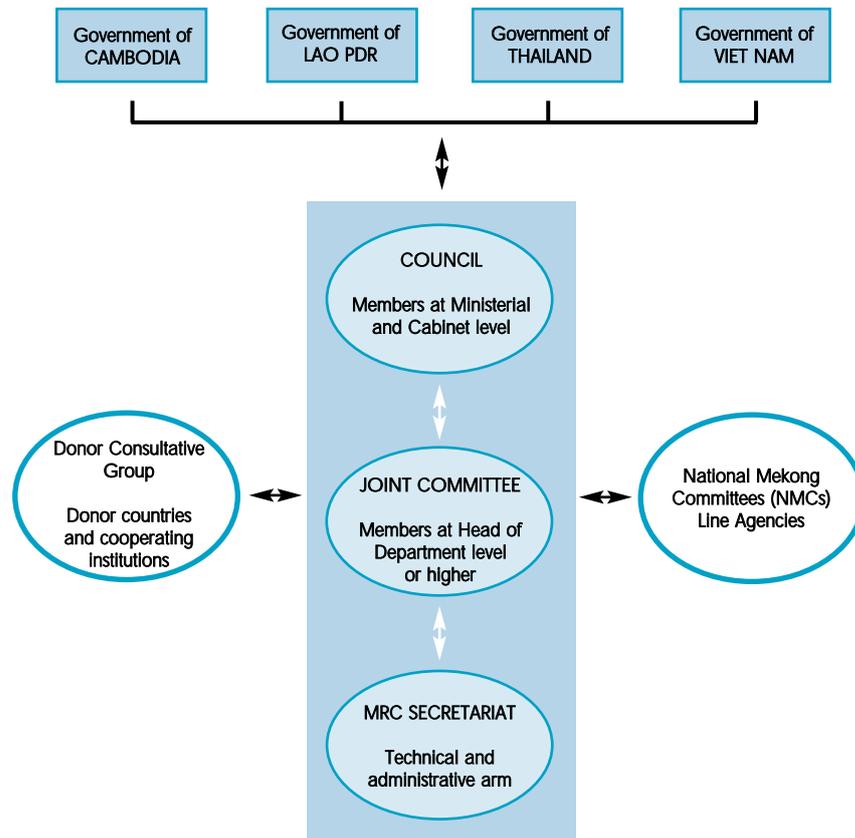


Figure 3: MRC organisational structure

<sup>12</sup> Procedures for the Secretariat specify the roles and functions of the CEO and the senior management and how annual planning, budgeting and reporting (for both financial and work activity) are to occur. They also detail the requirements for an MRC Programme/Project Manual, an MRC Finance Manual, an MRC Procurement Manual, an MRC Personnel Manual and an MRC Administration Manual.

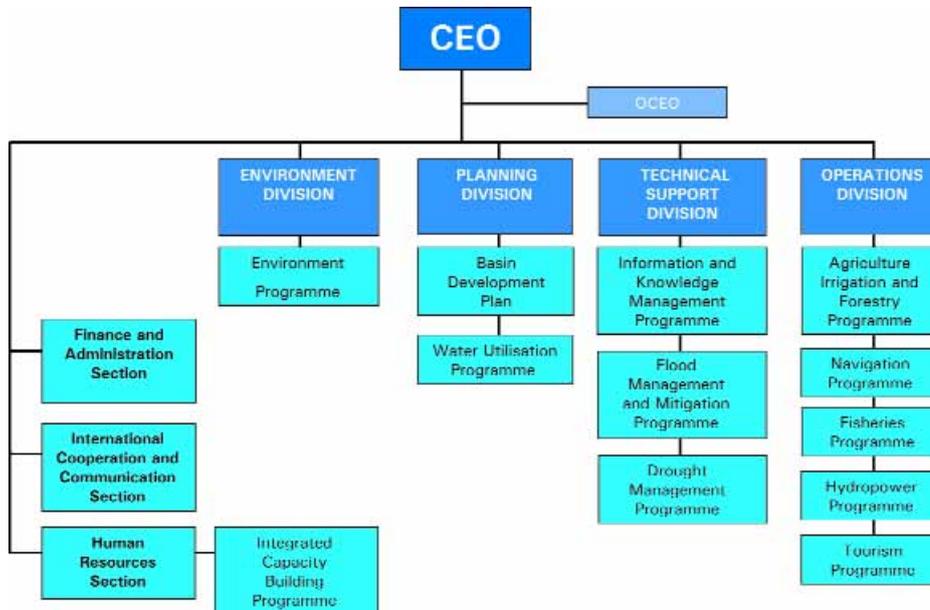


Figure 4: MRC Secretariat organisational structure

At all levels, the MRC will be operated as a “total business” and the various existing manuals will be reviewed and applied accordingly. A comprehensive “management suite” building on these manuals will allow the MRCS to strengthen its management upwards to the Joint Committee and ministerial Council, and cooperatively to the NMCs and line agencies. This is a set of high level objectives, goals and targets to be reported on by the various institutional levels of the MRC.

- The Joint Committee reports to the ministerial Council. It is responsible for implementing Council’s decisions to have various studies and investigations undertaken; to oversee the basin planning studies and the range of policies and strategies that need to be developed to underpin the planning studies; to oversee data and information collection to enable the 1995 Mekong Agreement to be implemented and to supervise the activities of the Secretariat;
- The MRC Secretariat and its CEO and Assistant CEO report to the Joint Committee based on performance criteria that specify the key issues that have to be addressed;
- Reporting relations within the MRC Secretariat include the following levels (from bottom to top): From Unit to Section/Division to the CEO.

A key feature of the MRC, which is not covered by the 1995 Mekong Agreement, is the role of National Mekong Committees in linking the MRC Secretariat with the national line agencies, including their strategies, plans and actions. The four committees play a key role in obtaining country input for all activities relating to the MRC. However, MRC policies do not apply in guiding the sovereign country actions and programmes unless a broad consensus is reached. The MRC will therefore pay more attention to strengthening the technical and administrative capacity of the NMCs, and thus their credibility, in order to enhance their ability to influence, coordinate and participate in national policy formulation and project development planning processes.

The MRC will need to lead an evaluation of the roles, functions and responsibilities of the NMCs. Key to this evaluation will be an analysis of the

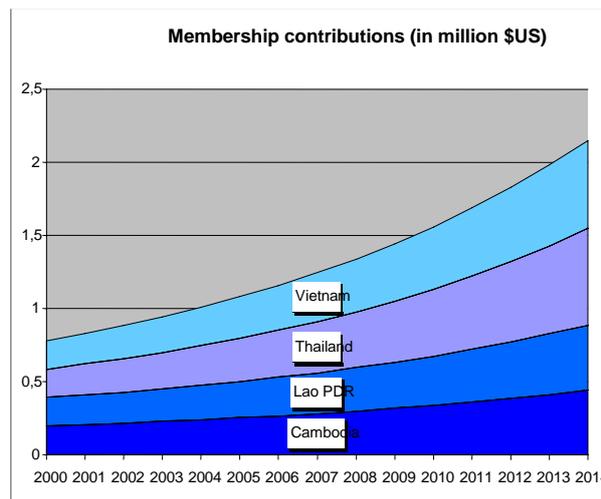


Figure 5: Evolution of agreed membership contributions to the regular budget of MRCS

coordination procedures between the MRC and NMCs and the development of recommendations for institutional reform. It is envisaged that the MRC will continue to play a leadership role in building capacities within the MRC, which will be closely aligned with the need to implement IWRM approaches. This evaluation and capacity strengthening within the NMCs will require support from the Member States and donors. It may be desirable to place a long-term expert within the NMCs to overcome the inherent weaknesses of short-term capacity building exercises such as workshops, training course, etc. conducted in the past.

## MRC Secretariat organizational structure

The present general organizational structure of the Secretariat will be continued. There will be four Divisions reporting to the CEO, each headed and managed by a senior riparian officer (one from each country). These four Directors, together with the CEO, form the "Executive" or senior management team of the MRCS. The organizational structure is presented in Figure 4. The MRC will remain open to and regularly consider future revisions to the MRCS organizational structure.

*This Strategic Plan calls for a stronger integration of the various programmes within the MRC.*

## Management principles

The management of the MRC will be based on several fundamental principles and approaches. These include programme coordination, ownership, riparianisation, MRCS staff capacity building, stakeholder participation, transparency and openness, and gender equity. The following sections describe the basic management principles and approaches to guide the MRC in the 2006-2010 strategic period. The specific modalities will be detailed in separate documents and manuals.

### **Programme coordination**

This Strategic Plan calls for a stronger integration of the various programmes within the MRC. This is a key requirement for the Basin Development Plan to be developed with an IWRM approach. The various Programmes must be aware of activities in other programmes and provide input to the planning process in such a way that tradeoffs of various development options can be analysed and screened. Such integration requires increased communication and collaboration among the programmes, especially at the level of BDP. This is also the case for activities requiring inputs from various MRC programmes such as the IBFM process. To achieve this, a Technical Coordination Advisor will be recruited to ensure that all mechanisms required for programme integration are put in place and operate effectively.

### **Sustainability, ownership and riparianisation**

Country ownership of the MRC is to be strengthened at all levels during the next Strategic Period. In addition to the planned increases in member country contributions (Figure 5), the Member States will assume a higher profile in the management and guidance of the MRC. In particular, the establishment of Programme Steering Committees with membership from the four countries will greatly enhance ownership in the activities that the MRC pursues. Other principles to increase ownership are riparianisation and staff capacity building.

"Riparianisation" is a key objective of the organization. This riparianisation will not only secure sustainability of the MRC capacity, it will also contribute to financial sustainability in the medium term through reducing staff costs. It must occur in tandem with capacity building and targeted training, and also in a phased way that allows Riparians to become managers with the appropriate management skills plus with the right degree and nature of technical support. As well, MRC staff and management policies must be appropriate for riparian

managers and key staff to be able to develop career paths at MRCS and also to contribute to corporate experience and memory through suitable periods of service at MRCS. All aspects of a "riparianisation" policy and strategy need careful review and appropriate amendments should be made to existing procedures to facilitate a more effective "riparianisation" of the MRCS. An "organisational management working group" which reports to the senior management team could be created to oversee this work,

#### ***Building capacity of the MRC staff***

An Integrated Human Resource Strategy will be developed. It will improve on the current staff appraisal scheme, particularly in how good and poor performances are managed and will complement the integrated training strategy/programme by identifying management development approaches to prepare staff for higher roles, staff management policies, recruitment and so on. MRC wants to be an expert organisation managed by competent riparian managers and supported by local and international experts as necessary and it can only do this with clear and strong human resource policies and strategies.

International staff should only be senior level with recognised international technical experience and solid project and programme management skills, including finance management. International Chief Technical Advisors (CTAs) are senior technical specialists who assist the Programme Coordinators on the basis of a co-management approach.

#### ***Stakeholder participation***

Within the framework of IWRM, stakeholder participation is one of the key objectives of the MRC. Given the significant potential of water resource developments to affect the lives of the people of the Mekong River Basin, it is essential to build in processes for public involvement and input into MRC activities. Consideration of public opinion and preference is essential for ensuring that identified development options are both appropriate and socially acceptable. Stakeholders represent both people who have direct interest in the Mekong's water resources as well as people who possess a rich supply of knowledge and opinions to guide planning processes. The overall objective for fostering stakeholder participation is to allow those who will be affected by a project to have an influence in decision-making over the planning, implementation, and monitoring of a given project.

Effective stakeholder participation in the MRC's work to realize sustainable management and development requires that stakeholders possess adequate awareness and education on the emerging water-related issues at basin-wide and local levels. The MRC has been somewhat involved in activities such as World Water and Environment Days, but it has lacked an active integrated plan of involvement. In response to a strong need identified through the national consultations for this Strategic Plan, the MRCS will now work with the NMCs to develop an approach, appropriate for each country, to carry out increased education and awareness-raising, with the goal of fostering greater stakeholder participation. The MRC can act as a mechanism for increased

participation that will help shape its overall programme and sector programmes to enhance the analysis, assessment, and planning capabilities being developed.

Improved stakeholder participation can be accomplished by working through the NMCs who are best able to implement improved participation, including civil society and NGOs. Close communication and collaboration with emerging RBOs in the Member States can lead to more effective and active stakeholder participation. NGOs can be particularly helpful in lending independent assessments of planning tools and processes developed by MRC. Internally, the MRCS will ensure that public participation policies are incorporated into and acted upon by each programme as appropriate. Procedures and processes for increased stakeholder participation need to be developed, including forums for participation, methods for cataloguing information, and how gathered information will be used as input into planning and monitoring activities. Improved stakeholder participation will, of course, require resources which the donors should be prepared to support. Improved stakeholder participation will also require the strong commitment of the Member States.

### ***Transparency and openness***

Transparency and openness are key characteristics for the way the MRC will operate. Transparency and openness will be improved through pro-active efforts in communication with the MRC's stakeholders. Communications issues are both internal and external in the MRC and are a key part of the strategy for promoting regional cooperation and conflict prevention. MRC already has a strong communications approach and is highly regarded for the quality of its publications, brochures and general information. A strong emphasis will continue to be given to these aspects and it will be tailored to respond to the particular goals of the Strategic Plan. However, an updated communications strategy should be developed to increase understanding and recognition of the MRC in the basin and internationally.

A marketing-type approach will be undertaken and given emphasis during the 2006 – 2010 strategic period. This will aim to ensure that products and services provided by MRCS meet the needs of customers and stakeholders throughout the basin. A Marketing Strategy will be developed to more clearly identify and analyse the customer/stakeholder environment and relate it to the range of products and services that MRC can offer. A strategy can also deal with attracting potential sponsorship from the private sector. Through a more proactive marketing effort, a greater mutual understanding can be achieved between the MRC and its stakeholders, leading to increased credibility and trust.

### ***Integrating gender perspectives in MRC's actions***

The MRC's Gender Strategy is based on the acknowledgement that gender is a critical element for integrated water resources management. This is to ensure that development options respond equitably to the needs of men and women. Incorporating women into decision-making processes also increases

*Transparency and openness are key characteristics for the way the MRC will operate.*

the degree of social acceptance development decisions receive. Moreover, a gender perspective in development ensures that the needs, capacities and vulnerabilities of men and women are fully recognised and addressed. The MRC's Gender Strategy (approved in 1998) has been developed to ensure integration and promotion of gender perspectives in "direction, policies, plans, programmes, and projects" of the MRC.

During the next five years, the MRC should continue its efforts to mainstream gender perspectives internally and externally. Such continued effort should be reflected in more comprehensive gender guidelines and policies being developed and disseminated. Moreover, annual reviews of progress on gender mainstreaming should be undertaken and reported in appropriate meetings and publications. The MRC should continue to identify opportunities and report on progress for enhancing gender equity and awareness within its organisational structure at all levels. Additionally, the MRCS should encourage the NMCs to give attention to gender issues including equity in staffing. All Programmes should include a gender element within their strategies which aims to increase gender mainstreaming both within projects and among staff. It is important that research and project designs include gender need and impact assessments, where appropriate, for various development options. To be effective, the Gender Strategy must have the commitment and support from top-level officials and managers at the MRC (point 2 of the Gender Strategy).

## Monitoring and evaluation

### Overall performance

This Strategic Plan strongly recommends building upon further elaboration of a set of suitable indicators. By the year 2010 the MRC aims to have made major progress towards or improvements in:

- *Being acknowledged as a leading International River Basin Organisation operating by the best practice principles of sustainable development and management of the basin's resources and in organizational processes and practices;*
- *Being accepted as a "centre of excellence" for information and knowledge backed by excellent analytical and management systems pertaining to the water-related and environmental resources of the basin;*
- *Compiling a list of feasible and justifiable development projects that reflect the social and environmental aspirations of the riparian countries, and grouping priority projects into a basin-wide Mekong Programme;*
- *Building awareness and understanding throughout the basin of the MRC as a world-class International River Basin Organisation that contributes to poverty alleviation and sustainable development.*

### **Monitoring and evaluation system**

An essential component for the implementation of the Strategic Plan is the development of a suitable system for the monitoring and evaluation (M&E) of the MRC's progress and performance toward attaining the goals and objectives expressed in this document. Practical methodology for developing an appropriate M&E system exists and should be consulted. It is recommended that immediately following adoption of this Strategic Plan the MRC programmes be directed to develop M&E systems with indicators to illustrate each programme's progress and contribution toward attaining the goals and objectives in this Strategic Plan.

Similarly, it is important that the MRC and its stakeholders arrange for an evaluation of the performance of the MRC system and institutions on a regular basis. The purpose of such an evaluation is to identify institutional constraints in the operation of the MRC in order to develop constructive and mutually acceptable solutions to achieve the effective and efficient operation of the MRC. Such an evaluation should be conducted by an independent body. However, to reflect country ownership, the Council and Joint Committee should guide the design of the evaluation including terms of scope and composition of the evaluation team.

### **Implementation arrangements**

The Joint Committee shall hold overall responsibility for ensuring the implementation of the Strategic Plan 2006-2010. The MRC CEO and the Senior Management of MRCS will hold responsibility for taking and initiating required actions to ensure effective implementation of this Strategic Plan. In particular, shortly after final approval and adoption, the CEO should make arrangements for the development of an effective and detailed monitoring system and Results Framework to measure and report on progress in implementing this Strategic Plan. It may also be advisable to have an independent mid-term review conducted to ensure the Strategic Plan stays up-to-date and to facilitate development of the next five-year Strategic Plan.



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Goals / objectives <i>What is our purpose? What do we want to achieve?</i>	MRC Key actions / outputs <i>What are the goods and services to be delivered?</i>	Lead Programme/ Section *	Priorities (High, medium, low)	Funding status (Funded, partial, none)
<b>GOAL 1: To promote and support coordinated, sustainable, and pro-poor development</b>				
1.1 To establish a system for analysing water demand, water supply and water use in the basin to support the basin development planning process	<ul style="list-style-type: none"> <li>Upgraded modelling toolkit and decision support framework (DSF)</li> <li>Water supply and demand maps</li> <li>Basin-wide water resources development scenarios and options</li> <li>A series of water accounts and verifiable water use indicators to guide decision-making and development strategy formulation</li> </ul>	WUP WUP BDP BDP	High High/Medium High Medium	Partial None None None
1.2 To establish processes and mechanisms enabling the balancing of trade-offs between economic and political net benefits of different sectors, areas, and regions; and benefits from environmental and social protection	<ul style="list-style-type: none"> <li>Baseline thematic maps of water and related resource and beneficiaries</li> <li>Consolidated trade-off analysis of development scenarios based on assessed and quantified net impacts on economic, ecological and social values</li> <li>Process of discussions on trade-offs and mutual benefits in basin development, including forum/ policy dialogue meeting.</li> </ul>	BDP BDP BDP	Medium High High	None None None
1.3 To produce a regularly updated rolling plan applying the planning process for identification, categorization and prioritization of projects and programmes	<ul style="list-style-type: none"> <li>An IWRM rolling plan</li> <li>Collaborative basin development planning processes for project identification and prioritization in water related sectors</li> <li>Integrated Water Resource Management (IWRM) Strategy supported by assessed development scenarios and options</li> <li>MRC projects and programmes database</li> <li>Cumulative impact assessment studies of development scenarios</li> </ul>	BDP BDP BDP BDP BDP	High High High High High	None None None None None

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<b>Goals / objectives</b> <i>What is our purpose?</i> <i>What do we want to achieve?</i>	<b>MRC Key actions / outputs</b> <i>What are the goods and services to be delivered?</i>	<b>Lead Programme/ Section*</b>	<b>Priorities (High, medium, low)</b>	<b>Funding status (Funded, partial, none)</b>
1.4 To screen, formulate and promote wise development options at the transboundary and basin levels for preparation and implementation by other appropriate development agencies <sup>1</sup>	<ul style="list-style-type: none"> <li>Support to identification and preparation of balanced sustainable development options in partnership with donors, development partners and investment banks.</li> <li>Support to Line Agencies with knowledge and expertise in preparation of project proposals, focusing on joint and basin-wide projects and national projects with significant basin impacts</li> </ul> Project promotion and fund-raising services for joint and basin-wide projects	BDP  BDP  BDP	High  Medium  Medium	None  None  None
1.4.1 To support sustainable land and water development through more effective and integrated utilization of agricultural, irrigation, drought, and watershed management systems	<ul style="list-style-type: none"> <li>Watershed management policy guidelines and proceedings</li> <li>Best practices on watershed management and technologies</li> <li>Support to line agencies on identification and preparation of BDP watershed management projects</li> <li>Basin-wide irrigation efficiency improvement strategy</li> <li>Institutional and managerial guidelines to improve irrigation efficiency</li> <li>Assessment of irrigation efficiency in the basin</li> <li>Assessment of groundwater potential for irrigation</li> <li>Support to line agencies in identification and preparation of BDP priority irrigation development and rehabilitation projects</li> </ul>	AIFP AIFP AIFP AIFP AIFP AIFP AIFP	Medium Medium Medium Medium Medium High Low Medium	Partial Partial Partial None Funded Partial None None

<sup>1</sup> Supported by sector specific objectives: 1.4.1 through 1.4.7.

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Goals / objectives <i>What is our purpose? What do we want to achieve?</i>	MRC Key actions / outputs <i>What are the goods and services to be delivered?</i>	Lead Programme/ Section *	Priorities (High, medium, low)	Funding status (Funded, partial, none)
<p>1.4.2 To assist in the development of the basin's hydropower potential to ensure safeguarding of the environment and social interests while meeting the Basin's increasing need for energy</p>	<ul style="list-style-type: none"> <li>• Review and update assessment of hydropower potential in the Mekong Basin</li> <li>• Update basin-wide hydropower development strategy</li> <li>• Update hydropower database of planned and existing dams</li> <li>• Impact assessments of hydropower projects</li> <li>• Best practices to mitigate negative impacts of hydropower focussing on environmental and social impacts</li> </ul>	<p>Operation Division Operations Division Operations Division Operations Division</p>	<p>Medium Medium High High High</p>	<p>None None Partial None None</p>
<p>1.4.3 To achieve more active and efficient river transportation through increased freedom of navigation to increase social development, international trade and tourism opportunities</p>	<ul style="list-style-type: none"> <li>• Regional master plan for navigation</li> <li>• Legal Framework for Cross-border Navigation</li> <li>• Aids to Navigation Systems</li> <li>• Traffic safety management system</li> <li>• Improved risk and emergency management capacity as related to navigation</li> <li>• Navigation emergency management plan</li> <li>• Navigation pollution control system and environmental management tools and best practices for navigation and river works</li> <li>• Mekong River Navigation Information Systems</li> <li>• Support to line agencies in identification and preparation of BDP priority navigation development projects</li> </ul>	<p>NAP NAP NAP NAP NAP NAP NAP NAP</p>	<p>High High High High High High High High Medium Medium</p>	<p>Partial Partial Partial Partial None Partial Partial Partial Partial Partial</p>



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Goals / objectives <i>What is our purpose? What do we want to achieve?</i>	MRC Key actions / outputs <i>What are the goods and services to be delivered?</i>	Lead Programme/ Section*	Priorities (High, medium, low)	Funding status (Funded, partial, none)
1.4.5 To maintain productive Mekong fisheries and enhance aquaculture of indigenous species for increased food security and economic output	<ul style="list-style-type: none"> <li>Report on commercial fish species and production</li> <li>Inland fisheries development strategy</li> <li>Increased capacity of local and national fisheries bodies</li> <li>Technologies for aquaculture of indigenous species adopted</li> <li>Coordination services in the field of sustainable fisheries development</li> <li>Support to line agencies in identification and preparation of BDP priority sustainable fisheries development projects</li> </ul>	FP FP FP FP FP FP	Medium High High Medium Medium Medium	Partial Partial Partial Partial Partial Partial
1.4.6 To develop the tourism potential of the Mekong benefiting local economies	<ul style="list-style-type: none"> <li>Tourism development strategy to benefit local people</li> <li>Development of tools and best practices to reduce negative impacts of tourism on environment and social conditions</li> <li>Support to line agencies in identification and preparation of BDP priority sustainable tourism development projects</li> </ul>	Operations Division Operations Division Operations Division	Medium Medium Medium	None Partial None
1.4.7 To assess domestic water supply and sanitation options to ensure adequate protection and improvement of peoples' lives and the environment	<ul style="list-style-type: none"> <li>Report on domestic water supply and sanitation needs in the basin</li> <li>Water supply and sanitation development strategy</li> <li>Support to identification of BDP priority water supply and sanitation projects</li> </ul>	Operations Division Operations Division Operations Division	Low Low Low	None None None

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Goals / objectives <i>What is our purpose? What do we want to achieve?</i>	MRC Key actions / outputs <i>What are the goods and services to be delivered?</i>	Lead Programme/ Section *	Priorities (High, medium, low)	Funding status (Funded, partial, none)
<b>GOAL 2. To enhance effective regional cooperation</b>				
2.1 To increase MRC's function as a transparent and effective cooperation mechanism among Member States and to develop and demonstrate enhanced linkages, compatibility and complementarities of partnerships with other regional organizations and initiatives such as GMS, the World Bank's MWRAP, ACMECS, ASEAN, etc., including sub-basin organizations	<ul style="list-style-type: none"> <li>• Increased cooperation between MRC Member States</li> <li>• Partnership agreements (MoUs) with developments partners, International River Basin Organisations, and research institutions</li> </ul>	ICCS  ICCS	High  High	Partial  None
2.2 To complete, adopt and make applicable mechanisms, procedures and guidelines as required under the 1995 Mekong Agreement	<ul style="list-style-type: none"> <li>• Technical guidelines for implementing the procedure for maintenance of flows on the mainstream</li> <li>• Guidelines for transboundary environmental impact assessment</li> <li>• Procedures/Guidelines for water quality</li> <li>• Technical Guidelines for implementing the procedures for water quality</li> <li>• Adopted procedures are implemented</li> </ul>	WUP  WUP  WUP  WUP  WUP	High  High  High  High  High	Partial  Partial  Partial  Partial  Partial
2.3 To identify potential transboundary issues for negotiation, mediation and conflict prevention; and develop mediation and conflict management capacity	<ul style="list-style-type: none"> <li>• Increased capacity for managing transboundary issues</li> <li>• Development of awareness of tools and approaches to mediation and conflict management in natural resources issues</li> <li>• Inventory of issues and areas with potential for conflicts in use and impacts related to water</li> <li>• Development of mechanisms to address environmental issues</li> </ul>	WUP  WUP  WUP  WUP	High  High  High  High	Partial  Partial  Partial  Partial
2.4 To promote and improve dialogue and collaboration with China and Myanmar.	<ul style="list-style-type: none"> <li>• Increased cooperation with upstream riparian countries through joint studies and projects</li> </ul>	OCEO	High	Partial

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Goals / objectives <i>What is our purpose? What do we want to achieve?</i>	MRC Key actions / outputs <i>What are the goods and services to be delivered?</i>	Lead Programme/ Section	Priorities (High, medium, low)	Funding status (Funded, partial, none)
<b>GOAL 3. To strengthen basin-wide environmental monitoring and impact assessment</b>				
3.1 To improve monitoring of the environmental condition of the Mekong River basin, focusing on water quantity and quality, ecological health and social impact	<ul style="list-style-type: none"> <li>• Environmental water quality monitoring system</li> <li>• Social impact monitoring system</li> <li>• Mekong River ecological health monitoring system</li> <li>• Model of the Mekong Basin's aquatic ecosystems</li> </ul>	EP EP EP EP	Medium High High Medium	Partial Partial Partial Partial
3.2 To regularly report on the environmental condition of the Mekong River basin and disseminate this information widely	<ul style="list-style-type: none"> <li>• Updated environmental status report</li> <li>• Updated State of the Basin Report</li> <li>• Updated Basin Report Cards on environmental and social conditions</li> <li>• Guidelines on best environmental management practices</li> </ul>	EP EP EP EP	High High High Medium	Partial Partial Partial Partial
3.3 To raise awareness of MRC, NMCs, and line agencies on transboundary and basin-wide environmental issues and to increase the capacity to address them	<ul style="list-style-type: none"> <li>• Training modules on the use of EIA, SEA, and other tools</li> <li>• Environmental educational kits</li> <li>• Environmental awareness on transboundary issues</li> </ul>	EP EP EP	Medium Medium High	Partial Partial Partial

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Goals / objectives <i>What is our purpose? What do we want to achieve?</i>	MRC Key actions / outputs <i>What are the goods and services to be delivered?</i>	Lead Programme/ Section*	Priorities (High, medium, low)	Funding status (Funded, partial, none)
3.4 To ensure that development initiatives are planned and implemented with a view to minimize negative environmental impacts;	<ul style="list-style-type: none"> <li>To support line agencies in identification and preparation of BDP priority environmental management projects and protection</li> <li>Upon request of Member States, screening of projects for environmental impacts (technical support to project level SEA, independent review of EIA)</li> <li>Promote and support the implementation of transboundary EIA</li> </ul>	EP EP EP	High High High	None None None
3.5 To ensure that social, economic and environmental concerns are incorporated into basin-wide water resources development strategies	<ul style="list-style-type: none"> <li>Strategic environmental impact assessment (SEA)</li> <li>Environmental impact assessment (EIA)</li> <li>Promote stakeholder discussions to identify valuable assets in water resources which are to be protected</li> <li>Providing information and knowledge to decision makers through the IBFM process on economic benefits and environmental and social impacts of development as related to changes in the flow regime.</li> <li>A set of spatial tools to enable planners to take into consideration environmental and social aspects of development plans and projects. Initially covering, wetlands, protected areas, vulnerability and dependence on aquatic resources.</li> </ul>	EP EP EP EP EP	Medium Medium High High High	Partial Partial Partial Partial Partial
<b>GOAL 4. To strengthen the Integrated Water Resources Management capacity and knowledge base of the MRC bodies, NMCs and line agencies and other stakeholders</b>				
4.1 To improve management systems to allow MRC to operate as a highly effective, transparent and innovative International River Basin Organisation	<ul style="list-style-type: none"> <li>Management policies, systems and manuals</li> </ul>	OCEO	Medium	None

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Goals / objectives <i>What is our purpose? What do we want to achieve?</i>	MRC Key actions / outputs <i>What are the goods and services to be delivered?</i>	Lead Programme/ Section*	Priorities (High, medium, low)	Funding status (Funded, partial, none)
4.2 To establish a technical coordination capacity for preparing and coordinating the implementation of MRC's Work Programme applying IWRM principles	<ul style="list-style-type: none"> <li>• Technical coordination advisor and efficient programme coordination mechanisms in place</li> <li>• Annual work programmes</li> <li>• Harmonized project progress reports</li> </ul>	OCEO OCEO OCEO	High High Medium	Partial Funded Partial
4.3 To enhance and maintain a common GIS-based information and knowledge management and dissemination system to support all MRC activities	<ul style="list-style-type: none"> <li>• Operational information system and information management and dissemination tools (GIS, remote sensing, portal) supporting all MRC programmes</li> <li>• Information and datasets provided to outside users</li> </ul>	IKMP IKMP	High High	Partial Partial
4.4 To maintain partnerships with leading organizations, universities and civil society stakeholders for programme-focussed collaboration of common interest	<ul style="list-style-type: none"> <li>• Network of partners (universities, research institutes, civil society and other interested and relevant organizations) established</li> <li>• Assessment of research priorities to support MRC's mission</li> </ul>	ICCS OCEO	High Medium	None Partial
4.5 To strengthen the human resources capacities of the MRC, NMCS and the line agencies	<ul style="list-style-type: none"> <li>• Capacity needs assessment reports</li> <li>• Training modules and toolkits</li> <li>• Training sessions and study tours for JC, NMCS, MRCS staff and line agencies</li> </ul>	ICBP ICBP ICBP	High High High	None None None
4.6 To develop and update as new knowledge becomes available regional assessment tools (EIA, SEA, DSF, TB-EIA, RAM, SIA etc.) for all development projects to be implemented in the lower Mekong River basin	<ul style="list-style-type: none"> <li>• Regional assessment tools available and promoted for use by NMCS and Line Agencies</li> <li>• Training/orientation sessions in the use of assessment tools for NMCS and line agencies</li> </ul>	ICCS ICCS	High High	Partial Partial

ANNEX 2

# Socio-economic situation and development needs



MRC Strategic Plan 2006-2010

## Socio-economic situation

### Social and demographic features

In 2002, the total population living in the Lower Mekong Basin was estimated at 56.6 million, with most living in rural areas. Many of these people are farmers who supplement what they grow with the fish they catch and the food and other materials they gather from forests and wetlands. The majority of Cambodia's and Lao PDR's land area and population lie within the basin. Moreover, nearly 40 percent of the people in Cambodia and Lao PDR living in the basin have incomes below the poverty line. Comparatively, the Thai portion in the basin holds only about 40 percent of the national population, while; in Viet Nam, 20 percent of the country's population lives in the Mekong Delta or the Central Highlands. However, poverty rates are also high in the parts of Thailand and Viet Nam that lie within the basin.

Projections suggest that by 2010 the basin's population will reach 63.6 million, which is equivalent to an overall annual growth rate of 1.54 percent (see Table 1). Cambodia and Lao PDR have relatively high projected annual population growth rates of 2.5 percent and 2.86 percent, respectively. Although the populations of Thailand and Viet Nam will grow more slowly, each country has a large pool of young people who will soon start their own families. These conditions along with increased longevity mean that overall population growth will remain significant. Larger populations increase pressure on per capita resources, especially land and water.

**Table 1: Projected population growth of the Lower Mekong Basin**

Portion within Mekong Basin	2002 Population (million)	Annual Growth Rate ( % )	2010 Projected Population (million)	Source
Cambodia	13.8	2.5	16.8	www.unescap.org
Lao PDR	5.1	2.86	6.4	www.unfpa.org
NE Thailand	21.1	0.87	22.6	www.nso.go.th
Viet Nam delta	16.6	0.9	17.8	www.geohive.com
<b>Total</b>	<b>56.6</b>	<b>(Average) 1.54</b>	<b>63.6</b>	

### Priorities for future development of water and related resources

The most pressing priority for all the Member States is to achieve higher levels of economic and social development. The proper use and development of water and related resources will be a key driver in this regard. This drive must be balanced by protection of the water resource to ensure sustainable enhancement of livelihoods; environmental sustainability; and equitable distribution of "shared benefits" from development. This will provide the base for social sustainability and mutual trust amongst the States of the basin. In real terms, this will require a strong partnership of the basin's stakeholders which can effectively link development and natural resource conservation.

The main risk of not linking these is a lack of the mutual impact required for the optimal balance inherent in sustainable development.

The key issue for water resource development and utilisation in which the MRC has a clear role is in providing a predictable and transparent basin-wide resource management framework. Sustainable development cannot be achieved unless a basin-wide policy and strategy framework exists that reflects the aspirations of the countries and also respects the ability of the basin's natural resources to absorb increasing development. The MRC can create and provide this framework of sustainability against which countries and donors can evaluate development options.

### Development needs

Since the MRC's inception in 1995, the countries of the MRC have undergone dramatic socio-economic change (see Table 2). Economic growth in Thailand has surpassed that of the other four countries as evidenced by its high GDP. Although there was prolonged contraction due to the 1997 Asian financial crisis, Thailand seems to have finally surpassed economic levels achieved prior to the crisis. Viet Nam has been growing rapidly over the past decade illustrated by a tripling up its GDP. Although Viet Nam's per capita GDP lags behind Thailand, it has experienced the most dramatic drop in poverty falling from more than 50 percent in 1993 to 29 percent in 2003.

**Table 2: Socio-economic trends during the life of the Mekong River Commission**

	GDP (US\$ billions)		Per Capita GDP (US\$)		Poverty rate % (national line)	
	1995	2004	1995	2004	1993	2003
China	700.2	1,649.4	578.1	1,268.7	6.7 <sup>b</sup>	3 <sup>c</sup>
Myanmar	5.5	9.1	122.6	167.1	35 <sup>d</sup>	25 <sup>e</sup>
Lao PDR	1.8	2.4	382.1	415.7	45 <sup>a</sup>	33.0
Thailand	168.0	163.5	2,825.7	2,521.2	13.1 <sup>a,f</sup>	<2
Cambodia	3.4	4.4	321.1	314.1	39 <sup>a</sup>	36.0
Viet Nam	20.7	43.9	288.0	534.8	50.9 <sup>a</sup>	29.0

Sources: IMF, World Economic Outlook Database, April 2005 and World Bank Country at a Glance Reports except as otherwise noted.  
a: Source World Bank World Development Indicators 2003  
b: ADB ESDB Dataset, 1996 data  
c: 2003 data, The State Council Leading Group Office of Poverty Alleviation and Reduction  
d: ADB ESDB Dataset, 1980 -1990 average  
e: 2000 est., CIA World Fact Book  
f: 1992 data

Cambodia and Lao PDR have significantly lower economic development and have made less progress in growing their economies and in reducing poverty. This has created fundamental shifts in the countries and the appeal that membership in the MRC holds for them. Water and related resources, including development of tourism and eco-tourism will play a critical role for increasing the economic development in the Mekong Basin. In this context,

human resources capacity building and awareness building, as well as institutional arrangements should be considered.

All four countries have greatly increased integration with global and regional economies as demonstrated by increased international trade. There is a widespread recognition in the Mekong Region that continued strengthening of regional linkages are of mutual benefit, based on the complementary relationship of resources, markets and opportunities. While global experience clearly demonstrates that not all economic growth leads to optimal outcomes, such as poverty alleviation and environmental conservation, there is equally strong evidence that economic growth is a necessary condition to achieve these outcomes. The MRC is well-placed to be an essential partner supporting and promoting increased sustainable development of the Mekong Basin water and related resources.

### **Irrigation and agricultural water management**

Nearly 75 percent of the region's population is employed in agriculture, fisheries and forestry. In macroeconomic terms, agricultural production is a significant contributor to and driver of economic growth in the riparian countries. Water is, of course, an essential input into the production process. While there is significant development of irrigation in the basin, much potential for new development continues to exist, mainly: expanding productive irrigation in areas that need it and improving efficiency of water use where irrigation exists.

Significant crop production occurs in the major sub-basins including the Tonle Sap Lake in Cambodia, the Xe Bangfai River in Lao PDR, and the Mun River in Thailand, and is important for local economies. Expansion of irrigation includes conducting land studies to identify the promising areas for irrigation expansion. The MRC can analyse the potential for inter- and intra-basin transfers of water to areas with potential for high agricultural productivity. In partnership with other organisations, such efforts will include social and equity concerns as well as likely requirements for community awareness raising regarding the basin-wide processes.

### **Hydropower**

The Lower Mekong River Basin has an estimated potential for hydropower development of about 30,000 MW. However, only a small part of this potential has currently been developed (2000 MW or 7 percent). It is estimated that the hydropower potential of the Lancang basin amounts to 23,000 MW, of which 13 percent (3,000 MW) are currently developed. Altogether, the Mekong Basin has an overall hydropower potential of 53,000 MW with an estimated development level of 9.4 percent.

Well-planned hydropower facilities can play several important roles in the development of the basin. First, provision of a reliable and sufficient power source is an essential ingredient into building a favourable investment climate that can serve as a platform for rapid socio-economic growth. Second, a reliable power supply system can bring significant benefits to rural households

when connected. Third, hydropower plants with their scale economies provide a source of revenue for governments from which they can fund poverty alleviation activities if desired.

Much work has already been done to assess potential hydropower development in the Mekong Basin, both on the mainstream and in the tributaries. The MRC has a definite role in the hydropower sector to ensure developments are coordinated and meet the necessary social and environmental safeguards. MRC activities in this sector include the assessment of proposed projects through the use of its modelling capabilities.

### **Navigation**

River transportation provides an efficient means for the people of the basin to access different areas of the basin, to move goods from production, and to link with regional and global markets. The past 10 years have seen a tremendous rise in trade in the region. A key aspect of successful trade development is having low transaction costs. In developing countries, poor transportation capabilities are often cited as a prohibitive barrier to increased trade. Improved transportation capabilities brought about through river navigation improvements can also serve to connect isolated areas and improve livelihood opportunities. In general, waterway navigation can serve as one critical element in improving the lives of the basin's people and alleviating poverty through employment and trade opportunities.

Priority actions for the MRC include assisting in the development and implementation of ports, river works and regional waterways. An important activity is the regional harmonisation of schemes (border regulation, navigation aids, navigation rules, pollution control, certification, monitoring, and statistics). Finally, there is room for MRC involvement in morphological management, including bank protection and dredging using available expertise in the region, including that from China. Improved waterway navigation should be conducted in cooperation with regional initiatives to improve road and rail transportation.

### **Floods and droughts**

In 2000, more than 800 people lost their lives due to excessive flood, and the economic damage caused by the flood was assessed at more than US\$ 400 million. In 2001, more than 300 people lost their lives, and the economic damage from the flood was assessed at more than US\$ 100 million. In 2002, large floods again caused loss of life and property in all the four riparian countries. Flash floods also devastated large areas in the MRC Member States. In each of these years, between one and eight million people were affected by floods, either by a need of evacuation, or by loss of crops and livestock, or by being prevented from going to work or to school.

The impact of droughts is also widespread throughout the basin. In 2004 alone, 19,000 villages in Thailand faced a chronic shortage of water. Droughts can negatively impact agricultural production, the availability of water for domestic uses, the quality of water, and the ecology. Drought

management is an emerging issue for the MRC. Potential areas for action include modelling and policy design for improved water management options to mitigate drought impacts, including improved water storage and intra- and inter-basin transfers.

Improved flood management and mitigation remain indispensable and will in the future be more in demand than ever. The complex flood problems of the Lower Mekong Basin not only require an integrated floodplain management (holistic) approach but also significant attention to transboundary and regional issues. The large floods of the Mekong are regional in character, and MRC is in a unique position to contribute effectively to improved flood management at the regional level. New opportunities are available for improved management and mitigation. MRC is already pursuing such opportunities, with its recently implemented real-time water level monitoring, and the MRC flood forecasts published daily on the MRC website ([www.mrcmekong.org](http://www.mrcmekong.org)). The flood forecasting programme will cover the entire basin both upstream and downstream. More intensive data collection needs to be made to serve the purposes and have direct impacts on local people.

### **Water supply and sanitation**

Less than 40 percent of the population in Cambodia and Lao PDR has access to safe water, and less than 30 percent in rural areas. In urban areas, the presence of piped water supplies increases the availability of safe water. In Cambodia, however, during the dry season, the number of households with access to safe water declines in both urban and rural areas, compared with the rainy season. In Thailand and Viet Nam, access to safe water supplies is generally more widespread both in urban and rural areas. In the Mekong Delta, however, fewer than half the households have access to safe water. Thailand has recently embarked an ambitious programme to provide safe drinking water for all villagers in the country by year 2008. The UN Millennium Development Goals target a reduction by half in the proportion of people without access to safe water by 2015.

### **Fisheries**

The Mekong River has one of the most abundant fisheries in the world. About 40 million people are engaged in the Mekong's Fishery at least part time. It has been estimated that the value of the Mekong's annual fish harvest is worth about US\$ 2 billion at point of first sale. There is no doubt that the Mekong Fishery is important to both the livelihoods of the basin's people and the broader economic growth. However, growing population pressure and economic development are increasingly threatening the sustainability of the Mekong Fishery. It is thus very important that the MRC take a role in using its knowledge of the Mekong Fishery to protect this vital resource for the people and continued economic growth.

Several priority areas for MRC involvement include the management and protection of the capture fisheries, particularly co-management of fisheries involving local communities. There will also be an increasing need for development of reservoir fisheries and aquaculture; in particular, small-scale

aquaculture for rural households and aquaculture of indigenous Mekong species. Finally, in conjunction with appropriate partners, action to realise greater value-added through improved marketing and processing needs to be taken.

## Environmental management needs

The following sections offer brief descriptions of the different environmental aspects that relate to the role of the MRC. In general, the MRC has a role in monitoring and helping the countries in protecting the environment and maintaining the ecological balance. The comparative advantage of the MRC is in regional environmental monitoring, assessing and studying environmental trends and conditions and modelling environmental impacts from development. MRC also has a role of strengthening the environmental management capacity of the Member States. To fully accomplish its role, the MRC will need to further strengthen its links to national environmental management agencies, preferably through the NMCs. The MRC can work to harmonise its environmental work with existing environmental management agencies within and among countries.

### Water quality

The overall water quality of the lower Mekong River is generally of a good standard. The composition of the river's waters shows no significant deviation from the expected natural conditions, although, at local levels water quality may be impacted, e.g. turbidity, salinity or eutrophication.

Other changes which can be expected to directly impact on the river are development of hydropower, increased demand for irrigation, increased generation of waste water and increased pressure on fish stocks and wetland areas. Pollution of water is an important concern particularly in the vicinity of large urban centres and potentially from mining activities.

### Land and water resources

An Integrated Water Resources Management (IWRM) approach to water resource development is founded upon the knowledge that water is but one element of a healthy environment, and preservation of the environment requires a holistic approach to management. Watershed management allows specialised and focused planning and development taking into account the unique characteristics of sub-catchments. This allows for greater and more effective public participation and more realistic options.

Increased salinity of water and land resources is a serious problem of the Mekong River and its delta area, floodplains and tributaries. Saline water from the sea extends tens of kilometres into delta areas of Viet Nam, reaching a maximum during the dry season when water levels in the river are low. In this area a further reduction in flow resulting from upstream activity is likely to affect salinity levels of land and water resource and consequently impact on the productivity of land. Increased storage capacity through hydropower

projects, however, bears the potential to mitigate this effect. Increased levels of nutrients in the delta area cause concerns as agricultural production systems intensify and use large amounts of fertiliser to produce more rice for a growing population.

### **Tonle Sap Lake**

The Tonle Sap Lake in Cambodia is the largest freshwater water body in South-East Asia. Its flow reversal system makes it unique globally. Its submerged area changes seasonally from 2,500 km<sup>2</sup> during the dry season to a maximum of up to 14,500 km<sup>2</sup> during the wet season. Concerns about accelerated sediment filling of the Tonle Sap Lake due to increased erosion rates remained unproven.

Up to four-fifths of the Cambodian population is directly reliant upon this seasonal flooding and the benefits it creates. As stored water flows out of the Lake back to the mainstream, there are substantial benefits in terms of irrigation water availability as well as the enhancement of the low flow regime to minimise saltwater intrusion. Given the critical importance of the resources of the Tonle Sap Lake and the impact from the management of the wider basin, including livelihoods, addressing the issues of the Tonle Sap Lake will remain a high priority in future MRC work.

### **Biodiversity<sup>14</sup>**

The biodiversity of the Mekong River Basin is of global significance, surpassed only by the Amazon and Congo systems. The diverse ecosystems of the Mekong Basin are also exceptional in their productivity, and the benefits people derive from them. The maintenance of high biodiversity represents not only the biological integrity of the ecosystems but also the range of natural resources and products available to both urban and rural populations. Eighty percent of the population of the basin may derive at least some part of their livelihood directly from wild resources. Impacts of land use and hydrological changes which may threaten biodiversity through habitat degradation, fragmentation and loss, also have severe impacts on the human populations, the rural poor in particular. Conservation of biodiversity means both the maintenance of the productive natural systems and security of access to those resources, including the genetic resources, by current and future generations of the basin. Sustainable development is reliant on conservation of biodiversity to support diversity in economic activities.

### **Wetlands**

The biodiversity and productivity of the Mekong Basin is in large part represented by its wetlands. Wetlands in the LMB include lakes, rivers, rice fields, marsh, swamps, flooded forest and estuaries to name but a few. The wetland area of the LMB is itself highly seasonally variable with large areas of Thailand, Cambodia and the Vietnamese Delta flooded annually. Wetlands are home to common species of plants and animals which are utilised daily,

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<sup>14</sup> 'Biological diversity' means the variability among living organisms from all sources, including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems. Article 2 of the Convention on Biological Diversity

such as rice, vegetables, fruits, fish, bamboo and timber, and to rare and globally threatened species including the Irrawaddy Dolphin, Siamese Crocodile, Giant Catfish, Giant Ibis and Sarus Crane.

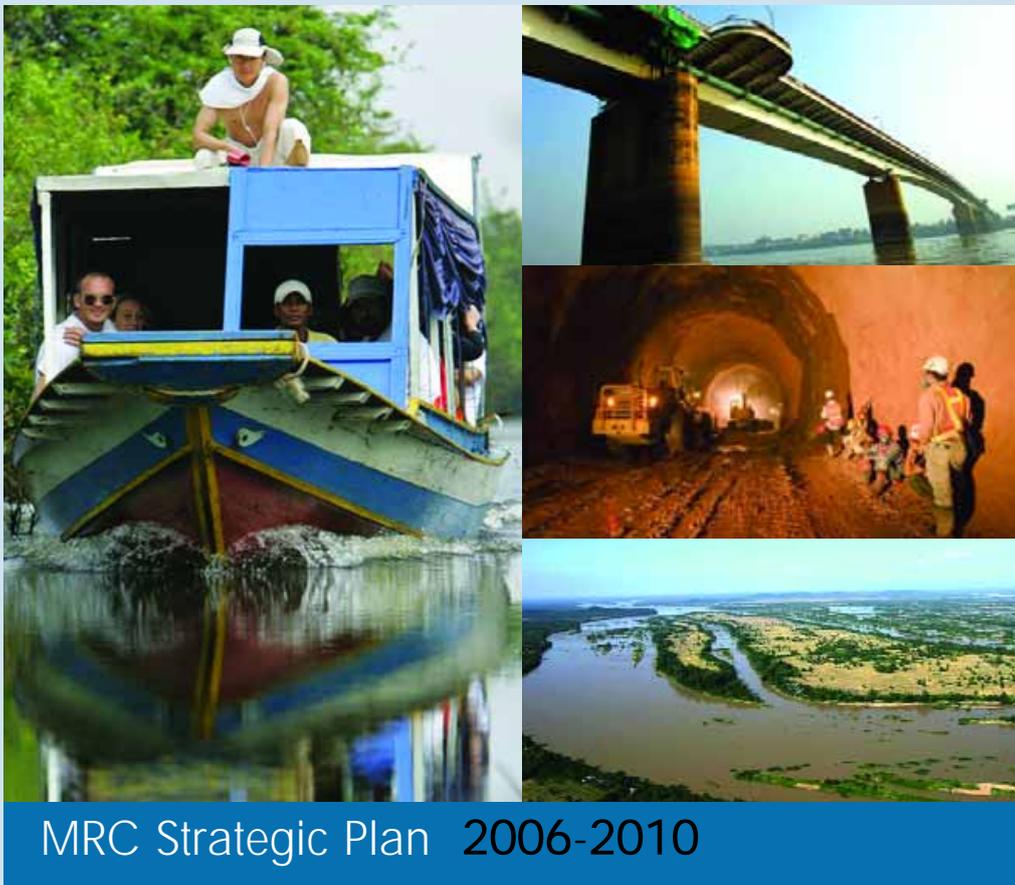
These natural and human wetland systems are both highly diverse and productive and support many of the basin's people, both directly and indirectly. Products harvested in the basin are also exported, providing a highly significant and diverse income for local populations, and contributing to industry and economy within the wider region (e.g. fishery exports from Cambodia to Thailand).

In addition to the 'products' derived, the services provided by the wetlands of the basin are often overlooked and under-valued. What is rarely acknowledged is the contribution wetlands make to flood mitigation and the savings made in otherwise necessary maintenance of road transport, buildings and other infrastructure. Water treatment and sewage disposal are other vital services provided by wetlands and they are under considerable pressure particularly in urban areas. In towns and villages wetlands traditionally provide flood control and water treatment, and whilst development demands can increase in this capacity it usually results in a loss of wetland area. Urban wetlands also provide a vital source of protein and income from the collection of wetland products for the urban poor. Other under-valued services include nutrient and sediment retention, groundwater recharge and carbon sequestration (often greater than that of forest systems).



ANNEX 3

# Strategic partnerships and regional initiatives



This annex describes the principal regional initiatives and their complementarities to MRC.

### GMS/ADB

The GMS Economic Cooperation Programme, initiated in 1992 with the assistance of the Asian Development Bank, aims to facilitate sustainable economic growth and to improve the standard of living of the people in the sub-region. The programme focuses on development opportunities, trade and investment, cross-border disputes, and resource and policy needs in the region. There are nine key sectors for GMS activities: agriculture, energy, environment, human resource development, investment, telecommunications, tourism, trade, and transport.

The GMS Flood Control and Water Resources Management Programme and the Strategic Environment Framework are particularly relevant to the MRC. Cooperation under the Flood Control Programme is already quite advanced and can point the way toward further cooperation in other areas. Transport sector programmes and their requirements for multi-modal linkages including river transport should be coordinated between the MRC and the GMS.

Another area with complementarities for further enhancement is with the land use policy component and the MRC's Watershed Management component. The Strategic Environment Framework Programme could also offer room for enhanced cooperation. Objectives for this programme include support to GMS countries in order to build effective institutions for improved governance of natural resources and the need to strengthen the sub-regional environmental information and monitoring systems. Active involvement of MRC in GMS can increase cooperation with China and Myanmar.

Over the next five years, the MRC should work with the ADB-GMS in identifying areas and modalities for increased cooperation. An increased profile of the MRC in GMS will raise the general significance of the MRC within the GMS. Specifically, it would be mutually beneficial for the MRC to engage with the GMS core Environment Programme and the Environment Operations Centre which has been established in Bangkok.

The MRC should become more involved in the GMS Working Group on Environment (including the Hydropower Subcommittee). There are great areas of complementary skills and mandates between the GMS and MRC, which with greater coordination and cooperation can significantly enhance the effectiveness of both organisations. More active involvement of MRC in GMS will likely aid the MRC in realising increased engagement and cooperation with China and Myanmar, particularly to allow IWRM of the whole basin.

### World Bank and the Emerging Mekong Water Resources Assistance Programme (MWRAP)

In 2004, the World Bank initiated an effort to redefine the Bank's approach to the Mekong Region. The output of this effort will be the Mekong Water

Resources Assistance Programme (MWRAP). MWRAP will provide basis, guidance and a framework for future World Bank investments in the Mekong River basin. Given the World Bank's technical and financial resources, there will be significant potential to enhance cooperation with the World Bank. The two main areas for cooperation under the MWRAP from the perspective of the MRC are (i) more effective use of its existing dialogue forums for regional cooperative development by key partners and ii) more effective implementation of the MRC's role as a key development partner (utilising the MRC's comparative strengths, especially in basin-wide planning, the emerging "legislative" framework, existing hydrological models, and as a knowledge centre).

From the perspective of the World Bank, cooperation might be realized on two levels: (i) through continued support of the MRC and its need to further build internal capacity, and (ii) by making the MRC a more active partner in development activities carried out in the basin. These two perspectives are quite complementary and provide ample opportunities for specific coordinated activities. An obvious area for cooperation would be through the WUP and BDP programmes. These two programmes are well-developed and could lend immediate value-added by leading the way in the mainstreaming environmental and social safeguards into river basin development planning and investment implementation.

A specific area for MWRAP and MRC cooperation could be in the analysis and modelling of trade-offs from different water resources development scenarios. Currently, the Member States lack sufficient ability to rigorously assess the different distributions of risks and benefits from development of (or lack of development of) water resources. The MRC could play a significant role in helping the Member States manage these trade-offs; the Member States could then more confidently and effectively use these tools for their decision-making processes.

### **ASEAN**

In 1995, the ASEAN Heads of State and Government reaffirmed that fundamental goals of ASEAN shall be "cooperative peace and shared prosperity." Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam are members of ASEAN. China, being a core member of ASEAN Mekong Basin Development Cooperation Framework, is on equal status with all ASEAN Member States.<sup>15</sup> ASEAN operates on an informal, consensus-building basis.

Primary programmes for cooperation include:

- ASEAN+3, which includes China, Japan, and Korea.
- The ASEAN Mekong Basin Development Cooperation Framework.
- The Cambodia-Lao PDR-Viet Nam Development Triangle.

The MRC's role and accomplishments in promoting regional cooperation is a key area in which ASEAN could take an interest. The MRC should explore ways to raise its profile within the context of ASEAN, most likely through

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<sup>15</sup> For ASEAN in general, China was accorded full Dialogue Partner status in July 1996

increased participation and communication with relevant ASEAN environment and development initiatives. Likewise, ASEAN could be encouraged to adopt occasional Ministerial resolutions recognising the progress made by the MRC. In addition to a stronger link with broader economic development and cooperation initiatives, this type of regional recognition could build the trust and political will to reach acceptable solutions to difficult and complex issues.

### The Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS)

The objectives of this new initiative are to bridge the economic gap among the four countries, and to promote prosperity in the sub-region in a sustainable manner. Leaders of Cambodia, Lao PDR, Myanmar and Thailand met for the first time on 12 November 2003 in Bagan, Union of Myanmar. At the Summit, the four Leaders adopted the "Bagan Declaration," affirming their commitment to cooperate in five priority areas and endorsing the "Economic Cooperation Strategy Plan of Action," under which 46 common projects and 224 bilateral projects were listed for implementation over the next 10 years. Viet Nam joined the group on 10 May 2004.

### Forum for Comprehensive Development of Indochina

The Forum for the Comprehensive Development of Indochina was conceived as a platform for frank dialogue on issues affecting the balanced development of Indochina in 1993 by Japan. Objectives for the forum include:

- Development of the whole of Indochina from the regional perspective;
- International cooperation through voluntary coordination of assistances based on information exchange among participating nations and organisations; and,
- Promotion of market economies in the three countries.

### Thailand's Neighbouring Countries Economic Development Cooperation Fund

Established in 1995, The Neighbouring Countries Economic Development Cooperation Fund (NECF) has become another force for development in the Mekong region. The main aim of the NECF is to further the Thai Government Policy in regards to building regional economic and social development cooperation. The NECF makes available concessional loans for socio-economic infrastructure development projects. The NECF is mandated to work only with neighbouring country government agencies, state enterprises and

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<sup>16</sup> Ministers responsible for water resources from Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam gathered in Chiang Mai, Thailand on 21st November 2003 for the 1st Ministerial Meeting on Managing Water Resources.

state-owned financial institutions. The NECF has the responsibility to propose and analyse the suitability of the projects, draft contracts for each project, negotiate, and carry out all procedures to achieve the signing ceremony.

### Ministerial Declaration on Managing Water Resources in Southeast Asia (Chiang Mai Declaration)

The ministers and policy makers<sup>16</sup> who participated in the Ministerial Meeting on 21 November 2003 committed themselves to strengthening and enhancing regional cooperation on water resources management.

Among the guidelines they adopted are to:

- Implement IWRM using the river basin approach;
- Encourage legal frameworks/guidelines for water allocation;
- Enhance efficiency, equity and productivity of water uses.