The Greater Mekong Subregion Long-Term Strategic Framework 2030 (GMS-2030) provides a new frame to develop the subregion in the next decade, based on deeper regional cooperation and integration (RCI) in key areas. It builds on the GMS' widely-acknowledged strengths centered on connectivity, competitiveness, and community, and a project-led approach to development. GMS-2030 blends a continuity of approach, based on decades of success and previous strategies and actions plans, with significant changes in selective areas to reflect new global and regional forces that impinge on GMS development prospects.

About the Greater Mekong Subregion Economic Cooperation Program

The Greater Mekong Subregion is made up of Cambodia, the Lao People’s Democratic Republic, Myanmar, the People’s Republic of China (specifically Yunnan Province and Guangxi Zhuang Autonomous Region), Thailand, and Viet Nam. In 1992, with assistance from the Asian Development Bank and building on their shared histories and cultures, the six countries of the GMS launched a program of subregional economic cooperation—the GMS Program—to enhance their economic relations. The GMS Program covers the following priority sectors: agriculture; energy; environment; health and other human resource development; information and communication technology; tourism; transport; transport and trade facilitation; urban development; and border economic zones.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.
GREATER MEKONG SUBREGION PROGRAM LONG-TERM STRATEGIC FRAMEWORK 2030

NOVEMBER 2019

23rd GMS Ministerial Conference, Phnom Penh 2019
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<td>ADB</td>
<td>Asian Development Bank</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>BIMSTEC</td>
<td>Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation</td>
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<tr>
<td>CAREC</td>
<td>Central Asia Regional Economic Cooperation</td>
</tr>
<tr>
<td>EPI</td>
<td>Environmental Performance Index</td>
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<tr>
<td>FDI</td>
<td>foreign direct investment</td>
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<tr>
<td>GDP</td>
<td>gross domestic product</td>
</tr>
<tr>
<td>GHG</td>
<td>greenhouse gas</td>
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<tr>
<td>GMS</td>
<td>Greater Mekong Subregion</td>
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<tr>
<td>ICT</td>
<td>information and communications technology</td>
</tr>
<tr>
<td>PRC</td>
<td>People's Republic of China</td>
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<tr>
<td>RCI</td>
<td>regional cooperation and integration</td>
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<tr>
<td>RIF</td>
<td>Regional Investment Framework</td>
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<td>SDG</td>
<td>Sustainable Development Goal</td>
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<td>SME</td>
<td>small and medium enterprise</td>
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The Greater Mekong Subregion (GMS) Long-Term Strategic Framework 2030 (GMS-2030) provides a new frame to develop the subregion in the next decade, based on deeper regional cooperation and integration (RCI) in key areas. It builds on the GMS’ widely-acknowledged strengths centered on connectivity and a project-led approach to development. GMS-2030 relies upon the continued ownership and leadership of its member states, while it aligns and adds value to their national development plans. GMS-2030 blends a continuity of approach, based on decades of success and previous strategies and actions plans, with significant changes in selective areas to reflect new global and regional forces that impinge on GMS development prospects.

GMS-2030 provides a framework for the subregion to act collectively to respond to seven powerful trends that affect the GMS: (i) weak global growth and threats to free trade; (ii) technological change; (iii) evolving demographics; (iv) rapid urbanization; (v) severe threats from climate change and pollution; (vi) inequality; and (vii) risk of pandemics. The underlying consequences of these for GMS are grave, since the economies of the subregion are closely integrated not only among each other but also with the rest of Asia. GMS-2030 provides a robust subregional response to these developments, which would be difficult to tackle by individual countries.

The GMS-2030 Vision is to develop a more integrated, prosperous, sustainable and equitable subregion. To achieve this Vision, GMS-2030 establishes a new Mission Statement for the GMS Program: “A subregional cooperation program focused on its fundamental strengths of connectivity, competitiveness, and community while embracing the three core principles of environmental sustainability and resilience, internal and external integration, and inclusivity.” The core principles of GMS-2030 will be infused across all sectors in the GMS Program.

Implementing the mission will require taking a holistic approach and exploiting transformative opportunities to move the GMS Program to new heights. Innovative approaches are necessary in the following six cross-cutting areas:

- Ensure an enhanced spatial approach to development based on the development of an integrated network of economic corridors, border areas, and clusters of cities.
- Foster deeper dialogue on policies and regulation—underpinned by knowledge-based solutions and improved capacities—to realize the full gains of infrastructure investments. Increased participation of subregional think tanks, universities, and development partners in the GMS Program will be encouraged.
- Embrace private sector solutions to leverage expertise and financing. A spectrum of solutions, private and public, will be considered and a variety of financing options explored. GMS public-private forums will be promoted in key sectors and the GMS Business Council will be strengthened.
• Promote digitalization and the use of advanced technologies in all GMS activities and projects. Focus will be on transport, energy, agriculture, trade facilitation, tourism, and health, while selectively exploring new areas such as e-commerce and telecommunications.

• Reform the GMS Program to be a more open platform that cooperates closely with other RCI initiatives, especially the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy; Association of Southeast Asian Nations; Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation; Belt and Road Initiative; and the Indonesia-Malaysia-Thailand Growth Triangle. GMS-2030 will also promote further participation in the GMS Program by local governments, development partners, academia, and civil society institutions to draw from their expertise and financing, especially with regard to new and complex areas.

• Establish a results monitoring framework as a tool for monitoring and evaluation.

GMS-2030 will be predicated on three pillars that aim to achieve increased Connectivity, enhanced Competitiveness, and building a greater sense of Community. Other areas of cooperation also may be explored under GMS-2030 to ensure that the subregion is able to respond quickly to new challenges, depending on the needs and demands of GMS countries.

Pillar 1: Connectivity. GMS-2030 will promote further connectivity within the subregion and with the rest of Asia, with a focus on transport and energy. In terms of transport, GMS-2030 will prioritize intermodal approaches, facilitate cross-border transport, and seek improvements in logistics, asset management, and road safety. Given the rise in economic density in the GMS and for environmental reasons, GMS-2030 will focus more on developing railway networks, sea, river, and dry ports, and inland waterways. Investments in airports to improve connections with the rest of Asia will be important, as well as the development of secondary roads linked to the main corridors. An effort will be made to integrate urban transport with the GMS transport network. The energy strategy will be directed at cross-border power trade, establishing regional grid codes, developing regional markets, and expanding clean energy investments with a greater role for the private sector.

Pillar 2: Competitiveness. GMS-2030 will enhance competitiveness by promoting trade and investment facilitation, agriculture, tourism, and urban development. In trade facilitation the focus will be on customs modernization and sanitary and phyto-sanitary regulations, with a strengthening of links to the private sector. GMS-2030 will support development of e-commerce platforms in the subregion. Through investment facilitation, the easing or elimination of constraints to investment flows and the creation of an integrated investment market will be sought. The agriculture strategy will promote higher food safety and quality standards for expanding exports, for which alignment of policies and standards will be required in the subregion. It will also encourage climate- and environment-friendly production practices along the value chain as well as sustain natural assets with a focus on small-scale farmers and small and medium-sized agro-enterprises. The tourism strategy will promote higher value-added and secondary destination developments, as well as strengthen human capital, connectivity infrastructure, public-private linkages, and environmental sustainability. The urban development strategy will encourage a holistic approach to the planning of livable cities that are green, smart, competitive, resilient, and inclusive; promote linkages between cities to develop urban clusters and maximize agglomeration economies; develop cities in border areas, and linkages with special economic zones and industrial zones; and improve waste management and pollution in cities located close to GMS rivers and seas.

Pillar 3: Community. GMS-2030 will focus on improving the environmental sustainability and climate change resilience and the health conditions of local communities. Environment and climate change challenges
will be addressed through green technologies; protection of ecosystems and key ecological processes; climate resilience policies; and disaster–risk management. A systematic effort will be made to mainstream climate change considerations into all GMS interventions with a focus on energy efficiency, renewable energy, climate smart landscapes, and sustainable waste management, particularly in terms of healthy ocean and river systems, and tackling plastics pollution. Health is a critical regional public good, with GMS–2030 focus on strengthening GMS health systems, particularly with regard to communicable diseases; taking a unified approach to animal and human health; focusing on vulnerable communities and migrants; and building capacity and cross-border cooperation.

**Other areas of cooperation.** Considering the rapid developments, emerging priorities, and multiple challenges facing the subregion, GMS–2030 is designed as a living document that allows GMS countries and other GMS stakeholders the flexibility to work together in additional areas and sectors, depending on needs and demands. New areas of cooperation could be considered under the GMS Program to respond to rapidly changing regional challenges. GMS–2030 encourages exploring cooperation in new areas such as education, finance, migration, industry, technology and innovation. Cross-sector collaboration will also be promoted.

Institutional arrangements will be boosted. GMS–2030 will benefit from the well-established, multitiered institutional mechanisms of the GMS Program, with triennial leaders’ summits; annual ministerial conferences; and frequent meetings of senior GMS country officials and sector working groups. The institutions supporting the GMS Program will remain lean, albeit strengthened to respond to more complex challenges within the next decade. New sector working groups could be established in critical areas such as trade and investment facilitation. A greater flexibility of response to cover new areas and any emerging priorities included in GMS–2030 will be obtained by amending the terms of reference of sector working groups; setting up new taskforces and sector forums with private sector participation; and establishing knowledge networks as required. The Asian Development Bank (ADB), as central secretariat of the GMS Program, will deepen its traditional support role, including as a knowledge provider, financier, and an honest broker and, in close collaboration with national secretariats, will play a greater role in curating knowledge, providing a unified public–private response to GMS activities, and nurturing partnerships. Establishment of sectoral secretariats and sector ministerial-level meetings will be encouraged for key sectors. The GMS local governors’ forum and the GMS business council will the strengthened.

Programming and Monitoring systems and processes will be enhanced. The Regional Investment Framework (RIF) will be revised to raise the standards for project inclusion so as to increase its attractiveness to development partners and the private sector with respect to project readiness, economic and social returns, and adherence to good environmental and social practices and project management standards. A GMS Results Monitoring Framework will facilitate monitoring progress in the implementation of GMS–2030.

GMS–2030 seeks to transform the GMS Program into a more strategic forum that supports high-level policy dialogue. It also aims for regulatory harmonization to optimize infrastructure utilization, generated through GMS projects.
In 1992, Cambodia, the People’s Republic of China (PRC) (Guangxi Zhuang Autonomous Region and Yunnan Province), the Lao People’s Democratic Republic, Myanmar, Thailand, and Viet Nam established the Greater Mekong Subregion Economic Cooperation Program (GMS Program or the Program). A pioneering initiative, the Program has remained resilient thanks to the strong ownership and commitment of its member countries and the robust support from GMS leaders, ministers, and officials as well as the support of ADB, as the program secretariat. It has pursued a practical approach and specific projects, and goals-oriented approach, concentrating on building infrastructure to foster regional connectivity and integration. The Program has focused on (i) increasing connectivity through the sustainable development of physical infrastructure and economic corridors; (ii) improving competitiveness through the efficient facilitation of cross-border movement of goods and more efficient tourism, agriculture, and urban sectors; and (iii) building a greater sense of community through working together on shared concerns in terms of health and the environment.

The Program has achieved impressive outcomes. Connectivity has been dramatically enhanced by the more than 10,000 kilometers of new or upgraded roads and 500 kilometers of railway lines. The three GMS economic corridors have reduced road travel time significantly. Nearly 1,570 megawatts of electricity have been generated, and approximately 3,000 kilometers of transmission and distribution lines now provide electricity access to 200,000 additional households. The subregion’s competitiveness has been strengthened by the Program’s efforts to facilitate transport and trade flows, strengthen agriculture, develop urban areas, and promote the GMS as a single tourist destination. Trade and investment have increased by $483 billion and $1.4 billion, respectively, and 61 million international tourists visit the GMS annually, generating tourism receipts of $85 billion. The Program has reduced travel cost and time and increased movement of goods and people across the subregion; improved agriculture productivity; and created additional jobs. It has also advanced community building through initiatives to check the spread of communicable diseases, protect the subregion’s rich biodiversity, and mitigate the impacts of climate change. The Program has resulted in improved natural resource management of 2.6 million hectares in seven transboundary landscapes.

Since 1992, the GMS Program has mobilized $23 billion in financing (42% contributed by ADB; 26% by the GMS governments and 32% by development partners) to support more than 200 cross-cutting investment and technical assistance projects. The Program has well-established and lean institutional arrangements, including triennial leaders’ summits, annual ministerial meetings, sector working groups, economic corridor forums, and local governors’ forums. These arrangements allow the member countries of the GMS to collectively determine Program priorities; agree on regional investments, knowledge, and technical assistance services; and seek funding for its activities from international and bilateral financial institutions, as well as from private sector sources, to complement their own investments. The GMS Program also has clear planning and

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1 The Guangxi Zhuang Autonomous Region of PRC joined the GMS Program in 2004.
2 Throughout this paper, reference is made to the U.S. dollar.
3 GMS Leaders Summits have been organized, one in each GMS country. The 7th Summit will be held in Cambodia in 2020.
programming arrangements. The first Strategic Framework for the Program was endorsed by GMS Leaders in 2002 and a second was approved in 2012.\(^4\),\(^5\) GMS leaders approved the Hanoi Action Plan in March 2018 to accelerate Program implementation.\(^6\) The GMS RIF provides a list of priority projects that is reviewed and updated annually.

The GMS Program pioneered RCI in Southeast Asia almost 27 years ago. As regional cooperation initiatives in the region keep expanding, the GMS Program needs to innovate where required to remain relevant and effective, maintain focus, and build on its comparative advantages, while expanding collaboration with other RCI initiatives. Furthermore, the subregion faces many challenges and is being affected by emerging trends which necessitate a new strategy for the Program to respond effectively and remain relevant. Some of these key challenges are described below.

**A CHANGING WORLD**

Since the Second GMS Strategic Framework was formulated, seven powerful trends have affected the global environment with lasting implications for GMS countries.

**Weaker Global Growth and Threats to Free Trade**

Risks to growth arise from an uncertain policy environment in industrial economies, slower growth in Asia, and a weakening of trade linkages leading to a disruption of supply chains, particularly affecting Asia.\(^7\) The latest Asian Development Outlook\(^8\) identifies the ongoing trade conflict as the main risk to the regional economy, as heightened trade policy uncertainty can negatively affect investment and manufacturing activity. A sharper slowdown in the advanced economies is another risk while the risk of financial volatility also remains, potentially affecting domestic financial conditions. The Asian Development Outlook concludes that ‘persistent headwinds’ that slowed growth in 2018 will continue to shape the region’s economic performance in 2019 and 2020.\(^9\)

As GMS countries are closely integrated to international and regional value chains, the implications of this global economic outlook will be significant. GMS growth has relied on expanding trade, exploiting cost advantages in manufacturing and services, and realizing productivity gains from foreign direct investment. Escalating trade tensions threaten this growth model, with sustained tensions undermining confidence,


especially in financial markets, disrupting supply chains and discouraging investments. Protectionist pressures could lead to a drop in Asian gross domestic product (GDP) by 0.9% over the next two years and tighter global financial conditions by a further 0.75% of GDP. Growth is projected to be subdued at 6.2% annually over the 2020–2024 period in emerging and developing Asia. In response, the GMS would need to strengthen its efforts toward further outward integration—beyond its traditional regional value chains—particularly by embracing the South and East Asian markets and reaching further beyond. It would also need to further liberalize its trade and investment regime, adopt measures to enhance productivity growth, build fiscal buffers, and move up the technology chain.

**Technological Change**

The fourth industrial revolution represents a clustering of disruptive technologies, requiring investments in digital infrastructure and skills. Opportunities for the GMS are immense at the subregional level, especially as global and regional high-tech value chain linkages can be harnessed. Productivity gains at the subregional level depend on information flows, trade links, investment, and financial services links. New economic activities in new forms of manufacturing, education, health, and financial services are generated. Significantly, small and medium enterprises (SME) benefit disproportionately by the creation of microtransactions. In the GMS, digitalization, backed by artificial intelligence, will transform trade facilitation and other public services, make possible localized renewable energy production, improve transport to remote areas through drones, and raise standards in agriculture and human services. It is estimated that artificial intelligence will accelerate the rate of innovation and employee productivity improvements to nearly double in Asia Pacific by 2021.

**Evolving Demographics**

The conjunction of rapid technological development and ageing in certain GMS countries (the PRC, Thailand, and Viet Nam) amplifies the disruptions to labor markets, the changing demand for skills, and the need for more efficient use of human resources through regional collaboration. Thailand and Viet Nam are expected to complete the transition from aging to aged societies—with between 14% and 20% of the population 60 years

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13. Disruptive technologies are generally considered to encompass artificial intelligence, robotics, Internet of Things, 3D printing, electric vehicles and battery technology, big data applications, and highly customized manufacturing, as well as ledger-based technologies (blockchain settlement) and logistics technologies.


17. The old-age dependency ratio (the ratio of over 65 years old to working age population) is projected to rise in China from 13.1% in 2015 to 25.3% in 2030 and to 46.7% in 2050; corresponding figures for Thailand are 14.6%, 29.2%, and 52.5%, respectively; and in Vietnam, the rise is much more modest, at 9.6%, 18.3%, and 34.1%, respectively. (International Monetary Fund. 2017. *Regional Economic Outlook: Asia and Pacific. Preparing for Choppy Seas*. World Economic and Financial Surveys. Washington, DC. www.imf.org/en/Publications/REO/APAC/Issues/2017/04/28/areo0517#.)
or older—in 2024 and 2039, respectively, while a quarter of PRC’s population is expected to age over 60 by 2030.\textsuperscript{18, 19}

At the same time, other GMS countries will enjoy the demographic dividend from a youthful workforce but will need to create jobs for them. The fourth industrial revolution will transform the nature of manufacturing on which the GMS has relied for its past growth, by eroding the competitive edge of low-cost, low-skilled labor in manufacturing. It also will demand skills that younger populations are best able to supply, provided policy changes are made at the regional level.\textsuperscript{20} The GMS needs to develop mechanisms to facilitate safe and well-managed labor migration from GMS countries with young populations to countries within and beyond GMS with rapidly aging populations. Migration challenges also will include that induced by climate change. It also implies a shift toward greater integration within and outside the GMS area, and greater inclusion in education; regional health, tourism and financial services; long-term healthcare support; and agriculture, energy, and transport to maximize gains. GMS countries also will aim to protect and enhance women’s job and income prospects by upgrading their skills so that they can take advantage of the new and changing opportunities created in the subregion.

**Rapid Urbanization**

The GMS is one of the least urbanized regions in the world with relatively low urbanization levels, ranging from 19.5% in Cambodia to 44.2% in Thailand; however, the subregion has a high rate of urbanization (3%–5% per annum) which suggests that by 2030, more than 40% of its population will be living in cities. The urbanization growth rates of all GMS countries are higher than the world average, ranging from 4.9% annually in Yunnan Province, PRC, to a low of 2.6% annually in Myanmar.\textsuperscript{21}

Despite low urbanization, urban areas in all GMS countries account for a much larger percentage of gross domestic product—at least half in most countries and about 75% in Thailand—than the share of its national populations. In Thailand, urban GDP is characterized by a solid middle-income standard of living, followed by the PRC’s Guangxi Zhuang Autonomous Region and Yunnan Province. Increasingly, cities and towns in the GMS are becoming engines of economic growth and centers of culture and innovation. They now account for approximately 50–60% of the subregion’s economic production and, by 2050 when urban areas in the GMS reach 64–74%, urban GDP will grow to an estimated 70–80%.\textsuperscript{22}

Urbanization forms a pivotal part of the subregion’s shift from predominantly agriculture to manufacturing, service, and knowledge-driven economies. These rapid developments raise a number of issues, such as transport, water supply, infrastructure, waste management, sanitation, environmental sustainability, poverty, shelter, and a new framework for urban development. The main challenges for the subregion therefore remain dealing with implications of rapid urbanization to make cities more livable and to develop clusters of cities that become the engines of GMS growth.

\textsuperscript{21} For further information, see www.greatermekong.org/greater-mekong-subregion-rural-no-more.
\textsuperscript{22} Op. cit.
Severe Environmental Challenges and Threats from Climate Change and Pollution

The subregion is vulnerable to the impacts of climate change and disasters: long and intense periods of drought, intense precipitation in short periods, recurrent flooding, greater variability in rainfall and temperatures, rising sea levels, degradation of terrestrial and aquatic ecosystems, increasing levels of salinity along coastal regions due to storm surges, and contamination of aquifers from saline water intrusion.\(^\text{[23]}\) It also suffers from air, land, and water pollution of exceptional severity. The top polluters in Cambodia, Lao PDR, and Myanmar represent a small number of large enterprises (e.g., textile, cement, lime, and plaster sectors) concentrated in urban fringes, economic and industrial zones, and near major transport and trade infrastructure.\(^\text{[24]}\) In the last 30 years, the region has lost approximately 30% of its forest cover due to population growth, land use change, and policies that prioritize short-term economic growth, among others. Deforestation has had a direct negative impact on wildlife due to habitat loss and disruption of usual migratory routes.\(^\text{[25]}\) Plastic pollution also is a growing problem; the Mekong River has been identified as one of the 10 rivers that transports 88–95% of the global load of plastics into the sea.\(^\text{[26]}\) The loss of ocean ecosystems from degradation and pollution is a particular threat to the GMS, given the potential from coastal tourism and fisheries.

Southeast Asia could suffer a loss of 11% in GDP by the end of the century, centering on agriculture, tourism, and fishing, together with large degradations in human health and labor productivity.\(^\text{[27]}\) Myanmar, Thailand, and Viet Nam are among the 10 countries that have been most vulnerable to the impact of extreme weather events in the past 20 years.\(^\text{[28]}\) The subregion faces particularly high exposure to flood hazard, with Viet Nam ranked first (jointly with Bangladesh) globally, accounting for 97% of average annual loss from hazards, with an annual loss of approximately $2.3 billion. Average annual loss from natural hazards in Cambodia and Lao PDR is between 1% and 2% of GDP, largely attributable to flooding.\(^\text{[29]}\) In Cambodia, 4 million people, or 25% of the population, are affected when an extreme river flood strikes.\(^\text{[30]}\) Countries in the subregion have varying levels of capacity to prepare for and respond to the impacts of climate change and disasters. Greater emphasis on proactive and collaborative action is needed.

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\(^\text{[23]}\) Climate change is now evident in Southeast Asia by mean temperature increases of between 0.14 degrees centigrade and 0.20 degrees centigrade per decade since 1960. Without climate action, impacts will be much more significant in the future. Between 1990 and 2010, Southeast Asia had the most rapid rate of increase in carbon dioxide emissions among major world regions. (Raitzer, D. A. et al. 2015. Southeast Asia and the Economics of Global Climate Stabilization. Manila. www.adb.org/sites/default/files/publication/178615/sea-economics-global-climate-stabilizationpdf).


Rising Inequality

There is clear evidence that income inequality has risen in several countries in the Asia and Pacific region, and social disparities remain. Close to 80% of the Asia and Pacific region’s population lived, between the 1990s and 2000s, in countries with widening inequality (as measured by Gini coefficients). Income and wealth inequalities are strongly linked to other dimensions of development, with obvious impact on opportunities such as access to education, health care, finance, clean energy and water and sanitation. As the subregion’s economy opens and becomes integrated, it also presents a similar picture with significant pockets of inequality and poverty, including in rural and border areas. Inequality is often reflected in systemic gender gaps in productivity, wages, and income poverty, particularly in households headed by women. Growing inequality could undermine social cohesion, endanger social and political stability, and hamper the subregion’s economic prospects.

Pandemic threats

Global and regional pandemic threats are well recognized in the GMS, including the transmission of emerging, re-emerging, and epidemic-prone diseases, particularly zoonoses. The spread of cross-border disease is a serious regional health challenge in the GMS. The outbreak of Severe Acute Respiratory Syndrome (SARS) in 2003 is estimated to have caused over $50 billion worth of damage to the global economy, despite infecting only about 8,000 people and causing fewer than 800 deaths. It showed that even a disease with a relatively small health impact can have a major economic effect. The Asian Development Bank estimates that the economic impact of SARS was approximately $18 billion in East Asia, about 0.6% of GDP.

Additionally, there are pronounced health impacts on border areas where large migrant populations reside or transit through. Socioeconomic inequalities increase vulnerability to disease.

The implications to GMS activities are clear. Regional cooperation will have to be made more robust to not only come to grips with the external vulnerabilities (i.e., growth, trade, and climate change) and to the force of technology, but also to internal factors such as demographics, urbanization, and the demand for voice and accountability in terms of inequality. Cooperation will center on health as a regional public good with a focus on common information bases, prevention measures, and rapid response capabilities. The GMS will need to build scenarios that take risk factors explicitly into account and develop mechanisms to respond with speed and flexibility as risks arise.

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34 Op. cit. The United Nations estimates that the Asia and Pacific region could have lifted around 153 million more people out of poverty if income inequality had not increased in 10 countries (Bangladesh, China, India, Indonesia, Lao People’s Democratic Republic, Republic of Korea, Singapore, Sri Lanka, Tajikistan, and Viet Nam) during the past decade.
THE GREATER MEKONG SUBREGION PROGRAM STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS ANALYSIS

A snapshot of the current state of the GMS Program provides a further rationale to address weaknesses, build on its strengths, and turn potential threats into new opportunities.

GMS-2030 will supplement the strengths of country leadership and strong projects, focusing on efforts to selectively seize transformative opportunities to address new economic, social, and environmental demands. This will require policy and knowledge solutions to further integrate the GMS and position it to respond to a changing world.

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<td><strong>Strengths</strong></td>
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<tr>
<td>• Strong country ownership and leadership, supported by well-functioning institutions</td>
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<td>• Goodwill and group pride based on demonstrated results</td>
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<td>• Sharp focus, especially on connectivity and corridor development</td>
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<td>• Convening power: established forums, dialogue, learning and exchange</td>
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<tr>
<td>• Alignment with national priorities</td>
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<tr>
<td>• Bedrock of owned, high-priority projects as the basis for financing</td>
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<tr>
<td>• A strong brand and firm Asian Development Bank commitment</td>
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<td><strong>Threats</strong></td>
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<td>• A slowing global economy will shrink the resource envelope and weaken value chains</td>
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<td>• Inequality, poverty, and social and economic exclusion may sap support from agreed programs</td>
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<td>Unsustainable growth may destroy natural capital of the GMS</td>
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<tr>
<td>• GMS region suffers from air, water, and land pollution, as well as from severe climate change impacts</td>
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<td>• Threats of global or regional pandemics</td>
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The GMS-2030 Vision is to develop a more integrated, prosperous, sustainable and equitable subregion.

To achieve the Vision, GMS-2030 has established a Mission Statement: “A Regional Cooperation Program Focused on its Fundamental Strengths of Connectivity, Competitiveness, and Community while Embracing the Core Principles of Environmental Sustainability and Resilience, Internal and External Integration, and Inclusivity.” The three core principles are explained below.

GMS countries recognize the need for environmentally sustainable and resilient economic growth for the subregion. Based on GMS country commitments to achieve the Sustainable Development Goals of the United Nations (SDG) and the goals of the Paris Climate Agreement—and in view of the multiple challenges as a result of environmental degradation; vulnerability of the subregion’s natural resources; and climate change risks—GMS countries agree to work together to ensure not only the achievement of environmental sustainability and resilience in the subregion but also robust economic growth. This particular core principle will be factored in every intervention under the GMS Program. The GMS Program will support more sustainable modes of transport, such as railways; clean and efficient energy; sustainable agriculture and tourism interventions; joint management of water quality in oceans and rivers; and the development of a network of competitive, green, and livable cities.

The GMS Program has achieved significant success in connecting and integrating the subregion since its establishment in 1992. In the next decade, the GMS Program will focus on deepening integration among its member countries, while promoting integration of the GMS with other subregions in South Asia, Southeast Asia, and Northeast Asia. This particular core principle will lead to an expansion of the network of economic corridors at GMS borders; development of ports, airports, and river transportation; increased integration in regional value chains beyond the GMS; diversification and increased complexity of GMS exports; increased efforts to facilitate trade investment for a more competitive GMS; and a means to address external risks.

While there have been significant results from the GMS Program having focused consistently on subregional growth and development, some segments of society nevertheless have yet to benefit from its interventions. Furthermore, rapid and significant economic structural changes that take place in the subregion and beyond will pose further challenges. GMS Program interventions will need to address these to ensure that all citizens will benefit equally. By adopting the principle of inclusivity, the outreach of the GMS Program will include remote and unserved areas, thus widening the economic corridor network, developing border zones, and linking cities to rural areas under a new GMS spatial strategic approach to reach low-income populations. The GMS Program also will develop and coordinate health services across borders to include unserved populations, such as ethnic minorities, migrants, and workers in special economic zones.
Box 2: GMS Support to Sustainable Development Goals

Through implementation of GMS-2030, regional cooperation between members will be able to help individual countries deliver their Sustainable Development Goal (SDG) commitments. Many SDGs have transboundary elements, which include air pollution; water pollution; migration of labor and skills; transmission of communicable diseases; trade in goods and services; and cross border infrastructure.

In coordinating efforts, GMS members can leverage improvements in SDG 1 (End poverty in all its forms everywhere); SDG 2 (End hunger, achieve food security and improved nutrition and promote sustainable agriculture); SDG 3 (Ensure healthy lives and promote well-being for all at all ages); SDG 7 (Ensure access to affordable, reliable, sustainable and modern energy for all); SDG 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all); SDG 9 (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation); SDG 10 (Reduce inequality within and among countries); SDG 11 (Make cities and human settlements inclusive, safe, resilient and sustainable); SDG 12 (Ensure sustainable consumption and production patterns); SDG 13 (Take urgent action to combat climate change and its impacts); SDG 14 (Conserve and sustainably use the oceans, seas and marine resources for sustainable development); and SDG 15 (Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss).

The new core principles included in the GMS-2030 Mission Statement will be applied to all interventions under the Program; reflected in the innovative approaches that will be adopted in GMS-2030; and infused in the pillars of the strategy.
Though firmly grounded in its proven success areas of connectivity and its projects-based approach—but reflecting changing external circumstances—GMS-2030 will implement its Mission Statement through innovative approaches in six cross-cutting areas.\textsuperscript{37}

**AN ENHANCED SPATIAL APPROACH TO DEVELOPMENT**

GMS-2030 will deepen the spatial approach to development by widening the network of economic corridors throughout the subregion and building upon the existing transport corridors to maximize network effects to promote growth. Economic corridors will link ports, cities, and centers of production to create efficiencies through strengthened and climate smart value chains across the subregion. Development of economic linkages in border areas and with rural economies will be a focus area. A spatial approach will seek to exploit the agglomeration effects of urbanization, cross-border trade, rising tourism, and agriculture value chains. The development of secondary roads and riparian transport and port systems will give impetus to economic activity within corridors, as will linkages to special economic zones and border economic zones. Thus, corridors will be widened to embrace border areas and the rural economy leading, in particular, to the stimulation of SMEs. Economic corridors will stretch outside the GMS territory to connect with South Asia and other parts of East Asia to enable trade and investment. They also will act as powerful agents of inclusion by bringing into the regional market economy new sections of the rural and border economies, ports, centers of production, and special economic zones.

**A DEEPER DIALOGUE ON POLICIES AND REGULATION, UNDERPINNED BY KNOWLEDGE-BASED SOLUTIONS AND CAPACITY BUILDING**

With growing economic sophistication, the fragmentation of production and use of state-of-the-art technologies as well as the needs and challenges of regional connectivity are changing. The smooth flow of goods across borders requires common logistics, customs standards and practices, and efficient transport and trade facilitation. Moreover, the move toward freer flow of capital and labor will require policy understanding

\textsuperscript{37} Some of the innovative approaches were identified in the Ha Noi Action Plan and are now included in GMS-2030.
and common regulatory frameworks. For example, establishing a regional energy trading market or a regional carbon market also will require common standards and practices to allow the smooth transmission of power. Policy dialogue also is important in all GMS-2030 areas and it will be deepened to maximize the benefits of regional infrastructure projects and an integrated, regional economy. GMS-2030 will aim to build the capacity of government officials to better develop regional policies and projects.

GMS-2030 will support policy and regulatory dialogue to increase reliance upon relevant knowledge-based solutions of increasing sophistication and complexity, tailored to the conditions of the GMS. In many cases, off-the-shelf knowledge will have to be adapted to local conditions; in others, fresh research will be required. A careful nurturing of knowledge sources will be required. The contributions of development partners and regional think tanks, such as the Mekong Institute, will play a vital role in this process. This shift, leading to a deeper knowledge-based dialogue, will underpin the effort toward more holistic development solutions and a new willingness to consider transformative ideas.

EMBRACING PRIVATE SECTOR SOLUTIONS

Attaining ambitious growth and inclusion goals, such as the SDG, will require expertise, knowledge, and financing that lie well beyond the capabilities and envelopes of national budgets or official development aid. Leveraging the knowledge and technical resources of the private sector, as well as its capital, will be critical to success. Apart from harnessing domestic or regional private sector talents and resources, foreign capital also will play a much larger role in the GMS.

The GMS Program will shift toward a joint approach to the public and private angles of development, with each project being scrutinized for its private sector financing potential. With greater attention to policy and regulatory reforms in the GMS work agenda, private finance will become an option for GMS countries that have not been able to access it due to absence of the appropriate institutions or markets. In its project and knowledge work, the GMS Program will consider a spectrum of solutions, private as well as public, and will help countries access a variety of financing options. Thus, emphasis will be placed not only on financing from private sources but also on knowledge management and technology, especially infrastructure. GMS-2030 will focus on skills development of the labor force to meet the needs of the fourth industrial epoch. This will include upgrading the skills of women, allowing the women to take advantage of the new and changing opportunities created in the subregion.

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38 Policy, regulatory, and technical dialogue will take place at all levels (i.e., leaders, ministers, and senior officials).

39 It is envisaged that the Mekong Institute will lead a network of academic institutions and think tanks to provide policy analyses and knowledge contributions to the GMS agenda.


41 This will include upgrading the skills of women, allowing the women to take advantage of the new and changing opportunities created in the subregion.
REAPING THE GAINS OF DIGITALIZATION AND TELECOMMUNICATIONS

Asia has gained through digitalization, albeit some GMS countries have lagged, largely because of policy/regulatory constraints, lack of skills, and inadequate infrastructure. E-commerce has the potential to boost consumption and factor productivity at the firm level, generate exports, stimulate innovation, and especially benefit SMEs. In manufacturing, digitalization has stimulated the production of information and communications technology (ICT) equipment, although new manufacturing production techniques, including embedded services, remain to be realized in the GMS. There is tremendous unrealized potential in expanding service exports (e.g., software, business processes, health and education, telecommunications) through digital techniques. Digital technologies can be of great help to enhance the efficiency of agricultural systems, climate actions, and pollution control.

Realizing gains in the GMS will require liberalization in the trade of services and the openness to foreign direct investment, bringing with them technological advances. Infrastructure gaps are a major constraint in the areas of secure internet servers, high-speed broadband internet, last-mile connections, and state monopolies which, together with regulatory weaknesses, lead to efficiency losses and high consumer prices. Thus, the focus of the GMS will include trade and investment openness, skills development, and infrastructure investment. Digitalization will help improve public services through a better grip on quality, targeting and accountability, and public finances by reducing tax evasion.

On most measures, GMS countries remain well behind the ICT scores of an advanced Asia in terms of access and penetration, internet speed, and new services relating to cloud computing or the Internet of Things. ICT had featured as a theme in the early days of the GMS, with encouraging results in communications infrastructure investment and e-commerce, as well as pilot projects in rural communications. To enhance integration and inclusion, GMS-2030 will accord priority to ICT, digitalization, and telecommunications as required.

THE GREATER MEKONG SUBREGION AS AN OPEN PLATFORM

GMS-2030 will seek to utilize the talents of all its internal stakeholders in the implementation of the strategy. The forum for local governors will be reinvigorated for more effective multisector and spatial coordination to consider and take into account the interests of diverse stakeholders at the national and provincial levels as well as of the private sector. The local governors’ forum will support, as required, corridor-specific or bilateral forums where provincial governors and the local private sector, in contiguous areas, have common interests or concerns.

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43 For smaller Asian economies, estimated revenue gains are in the order of 2½ percentage points of GDP (International Monetary Fund. op. cit).

44 The key stakeholders in the GMS are the national governments of its member countries. GMS internal stakeholders include local governments, civil society and nongovernment organizations, academics, think tanks and other knowledge centers, while the key external partners represent a number of subregional initiatives sharing the aim of regional cooperation and integration.
Box 3: Digitalization and Telecommunications

The main cross-cutting elements in these critical areas include the following:

**Connectivity objectives and digital broadband strategies** need to be set to improve access to the internet. This will require agreement on the regulatory enabling environment covering, among other things, competition policies, private investment, and incentives for innovation. Online businesses and digital-centric firms (many of which will be small and medium enterprises) will benefit from standards in speed and quality in voice, data, and video, to be met through modern infrastructure investment. The regulatory framework for broadband and telecommunications will be critical and will need to be harmonized across the Greater Mekong Subregion (GMS) for seamless trade. Access will be supplemented by an upgrade of skills, complementary investments in organization and business processes, and targeted measures for the disadvantaged.

**On-line payments.** Despite progress in e-commerce in parts of the GMS, online payment systems need attention in a shifting landscape of tech firms, devices, and start-ups apart from traditional banks. Digital businesses can survive only through secure online payment systems; therefore, a common regulatory framework in the GMS will need to be a force for integration. Regulations have to engender trust and ensure security in payments, while resolving issues such as e-signatures, data localization requirements and privacy, and consumer protection.

**E-commerce** will succeed only if the transport and trade facilitation agenda, discussed earlier, is addressed. The volume of retail goods transported—sensitive to delivery time—is likely to rise sharply, thus creating incentives for improvements in cross-border trade, given the cost reductions associated with scale economies in the GMS.

**Social policies.** The GMS digital strategy will be sustainable as the social effects of the changing nature of work are addressed through education, skills, and social protection policies. It will be particularly important to focus on improving access to health services and financial services through digitalization, and for governments to design smart public service delivery methods.

Local governments are beneficiaries and implementors of spatial strategies and projects. The active participation of local governments and nongovernment organizations will be sought in most initiatives.

GMS-2030 aims to work closely with key external partners with whom the GMS has a long tradition of close cooperation, the Association of Southeast Asian Nations (ASEAN) of which is the longest-standing partner. The GMS Program will selectively translate the dialogue and policy decisions of ASEAN into projects and provide technical assistance for the generation, sharing, and application of knowledge. The GMS Program will further help implement ASEAN policy decisions by developing knowledge networks, policy dialogue and advisory services, and capacity-building programs. The focus areas, in joint work with ASEAN, will remain transport connectivity and trade facilitation, tourism, agriculture and environment, and promoting private investments.

The GMS also will work closely and selectively with other regional initiatives, with a core mandate of RCI such as the Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy, Cambodia, Lao People's

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45 ASEAN was founded only a year after the ADB; the objectives of the two charters coincide on important development issues. Cooperation became intense from the mid-1990s and the first formal Memorandum of Understanding was signed in 2006.
Democratic Republic, Myanmar, and Vietnam subregion; and Lancang-Mekong Cooperation. It will also extend collaboration with other RCI initiatives from outside the subregion, including the South Asia Subregional Economic Cooperation, Central Asia Regional Economic Cooperation (CAREC), and Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). GMS-2030 also will work closely with the Indonesia–Malaysia–Thailand Growth Triangle and the Belt and Road Initiative, given their focus on connectivity with a view to encouraging the implementation of high-quality and sustainable infrastructure projects.

The GMS has long recognized that engagement with development partners warrants elevated attention. GMS-2030 will offer an open and inclusive platform to all development partners to pool knowledge contribution and investment financing for maximum effectiveness. Development partners will be encouraged to participate in the operations of the GMS, in line with their comparative advantages and interests, to use the RIF proactively in the design of their assistance frameworks, and to take the lead in assisting GMS countries in selected themes as required.

A RESULTS FRAMEWORK

As part of the GMS-2030 a sound results framework to trace the impact of the GMS Vision and GMS Program Mission will be prepared. The results framework will be used to monitor and steer the strategy and will be supported by detailed sector-specific results frameworks that will be developed by sector working groups. Periodic reporting on the sector strategy frameworks will update GMS Program progress. The GMS Secretariat will provide guidance and support to the process of developing these sector result frameworks.

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GMS-2030 will build on the successes of the Program and will retain the three pillars: Connectivity, Competitiveness, and Community. In view of the new challenges and emerging trends, however, GMS-2030 also will be open to working in other areas in a flexible manner.

**CONNECTIVITY**

**Transport**

GMS-2030 will advance the connectivity agenda in the subregion and build on the Program’s strong record of investments in the transport sector. In line with the SDG aim of a reliable and sustainable infrastructure, the Program will further enhance subregional transport infrastructure. The vision of a seamless, efficient, reliable, and sustainable GMS transport system\(^\text{47}\) will be realized by the following:

(i) The shift to an intermodal approach will encourage competition within and across corridors and will require new intermodal links and connections (e.g., port-highway-railway connections). This is essential for gaining transport efficiency and lowering costs.

(ii) Transport connectivity gains will be maximized by facilitating cross-border transport in line with the vision\(^\text{48}\) of a single market and production base, with free flows of goods, services, and labor and the objectives of the Cross-Border Transport Facilitation Agreement to permit the free cross-border movement of trucks, drivers, and goods without reloading or transloading; and with coordinated border management at and behind the border, thus leading to reduced clearance times.

(iii) Improvements in logistics will raise efficiency, although infrastructure (i.e. transport and communications) will be required; increase capacity within shippers, traders, and consignees; encourage private service provision; and ensure well-developed regulatory and institutional frameworks. GMS-2030 will support investments in inland dry ports, logistics hubs, and inland container depots, and will foster close linkages with the private sector (e.g., freight transport associations) while building the capacity of relevant stakeholders.

(iv) GMS-2030 will place a greater emphasis on asset management for efficiency and reliability reasons, and will ensure that the common performance standards underlying the regional corridor network are


upheld by exploring a variety of financing options for maintenance (including fee-based); enhancing road management systems; and improving road maintenance work standards with greater private sector participation.

(v) Given the disappointing GMS road safety record and its adverse impact on the cost for health services, GMS-2030 will aim for common safety standards and will measure outcomes, develop road agency capacity, and ensure that safety engineering standards are default requirements. Education and enforcement to change behavior is of critical importance.49

GMS-2030 transport program will seek innovative strategies in five new areas.50

(i) In railways, given the greater potential arising from higher economic density in the GMS, strategies and master plans will be developed, with prominence given to private sector investment, concessions, maintenance, and operations. The shift toward railways will mark a move that will lead to environmental sustainability (reduced emissions) and it also will help integrate the GMS region outwards toward South Asia and into peninsular Malaysia, as well as through the CAREC network into central Asia and Europe. By completing missing links and upgrading capacity, railways will become a powerful force for inclusion.

(ii) GMS-2030 will shift emphasis toward developing and expanding capacity in sea, river, and dry-ports, given the growing importance of ports in fast-expanding maritime trade. Greater port capacity and intermodal links will further strengthen GMS integration outwards.

(iii) The promotion of inland waterways, coastal shipping, and passenger services, together with improved regulations, operations, and landside seaport access, will stimulate the rural economy, include underserved populations, and mitigate climate change.

(iv) Noting the fast-expanding demand for air transport, GMS-2030 will finance infrastructure in international and secondary airports as well as help to strengthen a regulatory regime that encourages greater private sector participation.

(v) GMS-2030 is a platform to help integrate urban transport into urbanization strategies and planning, particularly in cities and towns along the corridor networks, and to realize climate change benefits by the construction of circumferential roads. To further support environmental sustainability goals, particularly in relation to reducing air pollution, efforts will be undertaken to tap new technologies in the electrification of transport modes in the subregion. Considerations of the social and resettlement effects of road safety and of the environment will be priorities as well as inclusion factors.

In summary, the transport sector will remain central to GMS-2030. In reflection of an evolving world and regional conditions, it will be infused with the core principles of sustainability, integration, and inclusion. Policy and regulatory dialogue will be key to developing intermodal approaches, logistics reforms, and initiatives in the new areas outlined above, with the role of the private sector and of modern technologies placed at the heart of the dialogue. Notably, all infrastructure services will critically depend on digital solutions. Given the vast agenda, the participation of development partners in an open and coordinated manner will be essential to success.

49 Supports SDG Target 3.6 on health and road safety.
50 Supports SDG 9 on resilient infrastructure.
Energy

The energy strategy will remain sharply focused on securing improvements in energy supply security and environmental sustainability through cross-border trade and a focus on clean energy. In the GMS, bilateral energy trade is taking place today, and some transmission facilities of a third country are utilized. GMS-2030 will see the finalization of the GMS regional transmission master plan which is under preparation. This will be a comprehensive study on generation and transmission development opportunities for cross-border electricity trade among GMS countries. GMS-2030 will encourage the next leap in integration toward a wholly competitive regional market with multiple seller-buyer regulatory frameworks, requiring an operational Regional Power Coordination Center with supporting working groups on regulation, harmonized technical standards, and strategic planning and operations. Although agreements have been reached on these issues and regional grid codes are expected to be finalized soon, the Regional Power Coordination Center is still to be established; its absence constitutes a major bottleneck to further progress.

GMS-2030 will shift incrementally toward seeking greater private sector participation in cross-border regional power projects. Over the GMS-2030 period, new initiatives will center on clean energy and the creation of incentives for greater private investment in clean energy. GMS-2030 will support arranging energy forums with the private sector to discuss energy issues, including clean energy technology solutions and public-private partnerships for solar energy solutions in the regional context.

In view of the heavy dependence of the GMS on coal-fired energy, GMS-2030 will explore reducing the share of coal in energy generation and increasing the use of clean energy and energy efficiency as a part of the future energy agenda. This will include sharing knowledge and technology solutions, as well as business models—including for small- and mini-grid solutions and last-mile connectivity in border and harder-to-reach areas. A capacity-building effort will be instituted to promote higher penetration of clean energy and effective environmental management in the planning and implementation of power projects. Capacity building will be implemented through regional hubs—such as those for technological solutions for interconnections—for energy efficiency and renewable energy and for integrated resource planning for power systems.

GMS-2030 will thus reflect the three core principles, chiefly that of environmental sustainability; the support for knowledge sharing on newer energy solutions, including solar and wind energy; and a regional energy efficiency framework. It also will serve to integrate the subregion and bolster energy export prospects beyond the GMS, for example, by connecting Thailand to peninsular Malaysia. It will rely upon intensive policy and regulatory dialogue in all these areas, based on best practice knowledge, and will adopt private sector solutions proactively. Finally, GMS-2030 will embrace the participation of other development partners in addressing the increasingly complex regulatory and power trade agenda, as well as the heavy demands for investment in infrastructure and institutions.

51 Defined as the combination of energy generated from renewable sources (e.g., sun, wind, waves, water, geothermal, biomass, hydrogen fuels) and energy saved through efficiency measures.
52 Supports SDG 7 (Ensure access to affordable, reliable, sustainable and modern energy for all).
COMPETITIVENESS

Trade and Investment Facilitation

The impressive gains in physical connectivity and transport facilitation and logistics now need to be supported by advances in trade facilitation to attain the full benefits of regional integration and competitive advantage. GMS-2030 will support accelerated progress in facilitating cross border trade and full implementation of the Cross-Border Trade Agreement. GMS-2030 will focus on customs modernization, under the standards of the revised Kyoto Protocol, with the use of digital technologies and risk-based systems for compliance to realize efficiency gains. This will encompass full coordination—ideally through single window arrangements—in customs, health, sanitary and phyto-sanitary, veterinary, and other regulatory requirements. It will be directed especially at economic corridors, where transport and trade performance will be monitored.

GMS-2030 will aim to prepare the GMS to implement electronic customs transit systems with the help of a well-functioning, subregional customs transit system that eliminates duplicative trade procedures and helps transshipments through customs guarantees and the like. Institutional capacities will be strengthened by using time release studies to pinpoint customs and transport constraints and by building skills in other customs core areas, such as risk management, advance rulings, rules of origin, and valuation. GMS-2030 will support strengthening capacities in sanitary and phytosanitary measures, involving surveillance and inspection programs for plant and animal health, fisheries and food safety, and in the management of processed foods. A greater emphasis will be placed on strengthening links with the private sector, such as in various customs compliance programs, with a move toward Authorized Economic Operators and with brokers and forwarders to harness all forces, thus raising cross-border efficiency in transactions.

The trade facilitation strategy, therefore, is directed at the core principle of tighter integration, including for trade beyond the GMS. It also is expected to have effects of inclusion, since easier border processes and greater use of electronic or digital communications will benefit the SMEs currently priced out of trade transactions.

GMS-2030 will support principles of easing or eliminating constraints to the flow of investment within the GMS and to the inflow of external capital, including diagnostic studies to examine the barriers to greenfield and portfolio investments and to capital controls that may be in place. Existing regulatory requirements will be scrutinized for discriminatory effects on investment flows. GMS-2030 will support creation of an integrated investment market including harmonization of standards and requirements, equity in fiscal treatment, avoidance of state aid and anti-competition measures, and equal treatment under corporate and other commercial laws. This investment cooperation and investment facilitation will be based on the liberalization set under the ASEAN–China Free Trade Area Framework Agreement.53

GMS-2030 recognizes that trade and investment liberalization and facilitation is an efficient approach to promote economic development in GMS and it can play a significant role in accelerating subregional economic

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53 The ASEAN–China Free Trade Area Framework Agreement was signed in November 2002. It provides the legal basis for ASEAN and China to negotiate further agreements leading to the creation of the trade area by 1 January 2010. The ASEAN Agreement on Trade in Goods was signed in November 2004, while the ASEAN Framework Agreement on Trade in Services was signed on 14 January 2007. To promote and facilitate investment flows, an investment agreement was also signed in August 2009. The ASEAN Comprehensive Investment Agreement stipulates key protection elements for ensuring fair and equitable treatment for investors, nondiscriminatory treatment on nationalization or expropriation, and compensation for losses. It also has provisions allowing for transfers and the repatriation of profits in freely usable currency and provides investors recourse to arbitration to settle investor-state disputes.
integration. GMS-2030 will encourage more policy dialogue and capacity building activities on trade and investment policies, including support for e-commerce to facilitate SMEs and improve their access to regional and global markets and value chains. This will be supported by establishing a working group to facilitate trade and investment.

**Agriculture**

The subregion has a large, yet-to-be-realized potential as a global supplier of safe and environmentally friendly agricultural products. The existing strategy\(^{54}\) seeks to expand production and regional trade through the adoption of a value chain approach and by promoting food safety and quality to attain international standards. GMS-2030 will support expansion in the sector by leveraging economies of scale, low transaction costs, and harmonized standards.\(^{55}\)

GMS-2030\(^{56}\) will cover three main themes: (i) inclusive gender-conscious and agri-food value chains and financing of climate-friendly agribusinesses; (ii) crop and livestock safety and quality control systems; and (iii) agricultural adaptation in the context of the water-food-energy-climate nexus. Investment projects will support agro-industrial zones and parks, agribusiness incubators, education and training, improved logistics, and incentives for innovations.

GMS-2030 will support climate smart agriculture; promote climate-resilient production practices and technologies; and incentivize efforts to sustain natural resources while mitigating greenhouse gas (GHG) emissions wherever feasible. It will support actions to effectively address climate change impacts on agricultural productivity—including through diminished water and soil quality—as well as food safety and quality.

GMS-2030 will support transformation of GMS agricultural and food systems through energy efficiency improvements and in generating renewable energy through a greening of the supply chain at all feasible linkages, management of livestock waste, and use of biomass for energy generation. It will promote efforts to (i) reduce transboundary animal diseases, food safety, and zoonotic disease risks; and (ii) strengthen livestock value chains and improve livestock trade facilitation through investments in infrastructure, capacity building, and policy support.

GMS-2030 will focus on small-scale farmers and small and medium-sized agro-enterprises. To establish GMS as a global leader in safe and environment-friendly agriculture products (SEAP) GMS-2030 will focus on expanding the markets for SEAP of GMS small-scale farmers and small and medium-sized agro-enterprises. This will include ensuring that smallholders and SMEs in the subregion are well integrated into regional and global value chains. The development of inclusive and sustainable value chain is critical to achieving the vision for the GMS to

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\(^{55}\) These standards cover crops, livestock, and aquaculture; food safety and quality assurance; certification and accreditation agencies; quarantine procedures; and surveillance systems and laboratories.

\(^{56}\) Supports SDG Target 2.3 (zero hunger) on agriculture productivity, SDG 13 (climate action), and SDG 15 (life on land (forests and biodiversity)).
become a leading global supplier of SEAP. Smallholder farmers are the predominant majority in the GMS agrarian structure, and SMEs are the predominant majority in the distribution of enterprises. The supply of safe and high-quality food to increasingly demanding consumers in the region and globally is assured by organized and efficient value chains. Smallholders and SMEs have thus to be integrated into value chains that are able to add value, assure safety and quality, and manage the logistics needed to take food from the field to the table.

GMS-2030 will support GMS countries to take decisive steps toward supporting environmental sustainability through a reform of practices, as well as its contribution to renewable energy. Through stronger linkages with regional and global value chains and the resulting higher exports, it will have powerful integrative effects.

Tourism

Exports of tourism services have been strikingly successful in the GMS, with annual growth in recent years exceeding the global and Asian averages and the contribution to GDP amounting to over 12% for Southeast Asia. Tourism, however, has stressed urban services, utility supplies, and airport infrastructure. GMS-2030 envisions a shift toward higher value-added tourism with longer stays and the inclusion of secondary destinations. ASEAN has taken the lead by granting mutual recognition to tourism professionals, setting standards over service quality, green cities, green hotels, and developing a regulatory framework. GMS-2030 will build professionalism and involve the private sector increasingly in infrastructure and technology. The role of the Mekong Tourism Forum will be expanded.

GMS-2030 will support the following strategic directions in the tourism sector, building from the current tourism strategy:

(i) Human resource development will raise skills and capacity for management.
(ii) Connectivity investments will expand airports, secondary roads, railways, and ports.
(iii) Integrated spatial and thematic destination plans and thematic multicountry experiences, implementation of common tourism standards, and the facilitation of investments in secondary destinations are the building blocks for raising visitor experiences.
(iv) Marketing and promoting, as well as positioning the GMS as a multi-visit destination in Asia, will draw in high-value tourists.
(v) Strengthening public–private sector linkages in all aspects of tourism, particularly in sustainability.
(vi) Ensuring public sector management to facilitate regional travel, implement the air services agreement consistent with the ASEAN–China Free Trade Area Framework Agreement, address tourism policy gaps, improve border facilities and management, as well as establish and enhance the collection system of tourism tax and fees for reinvestment in inclusive and sustainable tourism programs and projects.
(vii) Increased cross-sector collaboration between tourism and other allied sectors including cross-attendance in working group meetings, convening of cross-sector thematic groups, and knowledge-sharing on project-related activities linkages.

The GMS-2030 strategy will assist with economic and trade integration via an expansion of tourism services, including intrasubregional tourism. The strategy will rely upon green urban infrastructure and sector-specific
interventions in energy, transport, water, and land use, which are intended to mitigate climate-change and reduce pollution to attain sustainability objectives. Tourism has strong supply chain linkages with SMEs, individual entrepreneurs, and women; it also raises earnings in low-income jobs and can be expected to have significant inclusion effects.

**Urban Development**

The growing importance attached to urban development in GMS-2030 reflects the rapid pace of urbanization; the critical role agglomeration effects play in driving growth, particularly service-based activities; and the utilization of digitalization and high technology as countries approach middle-income status, as well as the need to avoid constraints to growth, including negative externalities (congestion, pollution) that can arise if the urban agenda is neglected. Moreover, the linkage of major cities to economic corridors—at the heart of the GMS Program—and of border areas is critical to ensuring that connectivity investments yield the highest dividends.

GMS-2030 will encourage urban development, based on a holistic approach that will build from the current sector strategy, to develop livable cities that are green, competitive, resilient, and inclusive. The planning and development of cities will encompass physical infrastructure, provision of essential services, integrated urban transport, environmental protection, fiscal and financial foundations, and maximization in the role of the private sector to reap the greatest agglomeration gains. GMS-2030 will support, within this context, the concept of green cities (as reflected in building codes, energy use and resilience standards, and urban transport) and of smart cities (to benefit from digitalization in service management, traffic flows, energy use, and climate resilience) with the final objective of developing livable cities.

GMS-2030 will also support a holistic approach to regional planning, with a view to identifying, developing, and supporting interconnecting city clusters that will increase competitiveness and benefit from economies of scale and agglomeration economies. This will encourage possibilities of trade in services between cities to reflect gains from scale and specialization. Knowledge and good practices from twin city concepts from member countries of the Organisation for Economic Co-operation and Development also will be encouraged.

GMS-2030 will support the cities located close to rivers and seas with a concerted effort on addressing land, air, and water pollution, including plastic pollution from source to sea through pollution control and waste management. This will be important for environmental sustainability as well as for climate change mitigation and adaptation. Initial focus will center on major cities located along the Mekong.

GMS-2030 will support border areas development for regional integration, equity, and inclusiveness in the subregion including realizing benefits from cross-border trade and labor migration. GMS-2030 will also support linking economic corridors to border areas through secondary roads where required. GMS-2030 will also support capacity development in urban planning and management, particularly in the new areas of green cities or smart cities, with the perspective of regional cooperation.

GMS-2030 will support maximizing the role of the private sector throughout the agenda, including urban planning. Urban linkages can be powerful in integrating the GMS and ensuring inclusion, particularly by stimulating SME production, especially in border areas.

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58. Supports SDG 11 on cities (urban services, urban transport, and resilience) and SDG 6 on clean water.
COMMUNITY

Environmental Sustainability and Climate Change

GMS-2030 will support policy, planning, and safeguards relating to pollution control and remediation, waste management, and low carbon transition. It will aim to enhance resource efficiency by promoting sustainable consumption and production in manufacturing and production sectors, including agriculture. GMS-2030 will support expansion in green business development to address pollution by promoting markets for environmental goods and services and mobilizing private sector resources. It will support knowledge products to help develop (i) policy frameworks and land resource planning in natural resource management and ecosystem services; (ii) financing policies and benefit distribution mechanisms for ecosystem services; (iii) measures to de-risk investments and promote private investment; and (iv) regulatory frameworks and standards for climate-proofing of infrastructure. GMS-2030 will support measures to continue conservation of biodiversity corridors in the subregion, building from the current sector strategy and action plan.60

Given the severity of climate-change threats to the subregion, GMS-203061 will support mainstreaming climate change considerations into the entire spectrum of GMS activities, with the detailed interventions to be developed in each sector. GMS-2030 will also support the catalyzing of private capital given the scale of financing needs. The three directions that will be keys to success in addressing climate change are (i) proactive adaptation and resilience-building measures with a strong regional dimension; (ii) concerted efforts on GHG mitigation in line with the goals of the Paris Climate Agreement; and (iii) strengthening financing and enabling policy environment prospects.

GMS-2030 will support adaptation and climate and disaster resilience-building to address key vulnerabilities along the agricultural, industrial, and tourism supply chains, which will also have strong mitigation benefits. Similarly, it will support climate-resilient road transport and energy systems, as well as climate-resilient urban infrastructure. GMS-2030 will focus on the resilience of water resources (including the Mekong and other river systems), as well as coastal and marine resilience. Adaptation efforts will include nature-based solutions such as green infrastructure; landscape-based conservation approaches, including protected area management; and ecosystem-based adaptation. Policy dialogues on adaptation and disaster risk reduction will be coordinated through a GMS-wide platform.

GMS-2030 will support GHG mitigation, in line with the goals of the Paris Climate Agreement. This will require a clear-sighted and determined approach on energy efficiency and renewable energy, with specific targets for low-carbon transition—focusing on policies to remove disincentives such as subsidies on fossil fuels—and support for carbon pricing and carbon markets. This will also require a shift in transport toward railways, waterways, aviation, and green freight as well as toward policies on urban transport within the ambit of green cities, including pollution standards and solid waste management.

A healthy ocean and healthy river systems are critical for the GMS, given its high dependence on marine and river ecosystems. GMS-2030 will focus on promoting an inclusive blue economy and improving livelihoods by (i) developing tourism, fisheries, coastal resources, and green port infrastructure; (ii) addressing water pollution; and (iii) protecting and restoring key marine ecosystems and river basins. These activities will rely

61 Supports SDG 13 on climate action, SDG 14 on life under water, SDG 15 on life on land, and SDG 12 on responsible consumption (disposal of plastics).
on high-level and digital technologies, especially in terms of pollution, as well as coastal and marine resource management.

GMS-2030 will also support the piloting of financing options such as payments for ecosystem services. It will support GMS countries to benefit from the Green Finance Facility under the ASEAN Infrastructure Fund. GMS-2030 proposes a concerted effort on addressing land, air and water pollution, including plastic pollution from source to sea. Over the initial GMS-2030 period, action plans, led by the government with private sector participation in operations and implementation, will be developed on a regional basis. Technical support will be devised to develop investment projects and knowledge solutions, and financing will be obtained through partnerships.

Under an enabling environment for climate change, GMS-2030 will sponsor climate assessment studies and policy impacts in addition to early warning systems. It will seek to widen the net for the financing of risk, safety nets for the most vulnerable, and capacity building.

An ambitious climate change and environmental sustainability program is crucial, given the extreme vulnerability of the GMS. The new initiatives noted above will provide a clear and sustainable economic path for the GMS as it grows rapidly over the long term, which will be highly inclusive in protecting livelihoods, particularly in view of the well-established links between environmental pollution and its significant risks to health.

Health

Regional public goods feature strongly in the GMS health agenda, with a focus on communicable diseases through cross-border surveillance, information exchange, implementation of international regulations and norms, and pandemic preparedness. Global and regional pandemic threats are well recognized in the GMS, which is a global hotspot for the transmission of emerging, reemerging, and epidemic-prone diseases, particularly zoonoses. The cross-border spread of disease is a serious regional health challenge in the GMS.

Support for the health sector under GMS-2030 will be structured in three pillars. The first promotes health security as a regional public good through a strengthening of core capacities in national health systems; developing a one-health response that takes a unified view of animal and human diseases and their interactions; and upgrading cross-border cooperation instruments. The second will address the impacts of labor mobility and greater connectivity, particularly on vulnerable communities; strengthen border health systems. The third and last pillar will build human capacity in the regional context.

GMS-2030 will support the integration of health services throughout the subregion over the long term. Looking beyond the immediate five-year period, as trade in services—especially health services—expands (due to improved connectivity; advances in digitalization and distance healthcare; and the growing demand from rising incomes), GMS-2030 will support the establishment of an enabling environment for trade in health services. This will be driven jointly by the public and private sectors and will be based on interoperability, alignment of policy in standards, regulatory convergence and enforcement, and a payments framework.

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62 Supports SDG Target 2.3 (zero hunger) on agriculture productivity, SDG 13 (climate action), and SDG 15 (life on land (forests and biodiversity)).
63 The health effects of air pollution are serious. One third of deaths from stroke, lung cancer, and heart disease are due to air pollution. For more information, see www.who.int/air-pollution/news-and-events/how-air-pollution-is-destroying-our-health.
64 Supports SDG 3.b, SDG 3.c, and SDG 3.d on health systems and communicable diseases.
Portability of health financing, including health insurance systems, is an important related issue across the region. GMS-2030 will support the provision of universal health finance coverage for migrant and mobile populations.

The subregion also faces a continuum of risk factors associated with noncommunicable diseases (mainly cardiovascular diseases, chronic respiratory diseases, diabetes, and cancer), leading to increased morbidity and mortality. The GMS–2030 health agenda will underpin the sharing of evidence-based good practices on cost-effectiveness interventions for the prevention and control of major noncommunicable diseases.

In response to the threat of global or regional pandemic (e.g., avian influenza, African swine fever, Zika fever), GMS–2030 will retain focus on heightened preparedness to handle outbreaks and pandemic risk, principally through surveillance and information systems, quarantine facilities, animal disease control zones, cross-country cooperation, laboratories, and capacity building to detect and respond to outbreaks. It will build strong alliances with other sectors, consolidating health security as a regional public good. Intraregional collaboration under a “one-health” policy will enhance country efforts to attain SDG goals and targets.

In all new health initiatives, sustainability and adaptation to the impact of climate change on health and migration will be an essential dimension. Climate change is projected to affect health profoundly through various channels such as agriculture, nutrition and water, livelihoods, and incomes. The impact on migration will be severe.\(^{65}\) Health sector interventions under GMS–2030 also will support inclusion as well as address the needs of vulnerable communities, including women’s reproductive health. Health initiatives under GMS–2030 will seek to address gender gaps and inequalities.

**OTHER AREAS OF COOPERATION**

The subregion in the coming decade will face new challenges that have the potential of affecting economic growth. GMS–2030 will reposition itself to respond to these challenges. GMS–2030 will use a flexible approach and will be open to working in new areas including digitalization and new technologies, e-commerce platforms, logistics, migration, education and skills, health care, smart cities, and special economic zones and private sector participation.

GMS-2030 will benefit from the well-established, multitiered institutional mechanisms of the GMS Program, with triennial leaders’ summits, annual ministerial conferences, and frequent meetings of senior GMS country officials and sector working groups. The institutions supporting the GMS program will remain lean, albeit strengthened to respond to the more complex challenges of the next decade.

Programming and monitoring systems and processes will be enhanced. The RIF will be revised to raise the standards for project inclusion to increase its attractiveness to development partners and the private sector with respect to project readiness, economic and social returns, and adherence to good environmental and social practices and project management standards. A GMS Results Monitoring Framework will facilitate monitoring progress in the implementation of GMS-2030.

GMS-2030 seeks to transform the GMS Program into a more strategic forum that supports high-level policy dialogue and regulatory harmonization to optimize infrastructure utilization, generated through GMS projects.

INSTITUTIONAL IMPROVEMENTS

GMS-2030 will encourage a flexible response to boost the institutional framework and allow the GMS Program to respond effectively to emerging challenges. The following revisions in the institutional arrangements will be considered:

(i) New sector working groups could be established in critical areas, such as in trade and investment facilitation. GMS-2030 will also set up a Private Sector Forum to facilitate wider consultation on investment facilitation.

(ii) A greater flexibility of response to cover new areas and emerging priorities included in GMS-2030 as well as the improvements proposed in the RIF will require changes in the terms of reference of sector working groups, setting up new taskforces, sector forums with private sector participation, and establishment of knowledge networks as required.

(iii) To allow the GMS Program to respond to new complexities, including challenges of policy and regulatory dialogue, introducing ministerial meetings in sectors where these are not convened already will be encouraged.66

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66 GMS Ministerial meetings are regularly convened for the environment, agriculture, tourism, and the Cross-Border Transport Facilitation Agreement.
GREATER MEKONG SUBREGION LONG-TERM STRATEGIC FRAMEWORK 2030

(iv) Establishment of dedicated sector secretariats will be supported for key sectors. For example, the Mekong Tourism Coordinating Office will be strengthened, and the Regional Power Coordination Center will be established with supporting working groups.

(v) The GMS Governors’ Forum and the Economic Corridors Forum will be strengthened for more effective multisector and spatial coordination to take into account the interests of diverse stakeholders at the national and provincial levels as well as of the private sector.

(vi) The GMS Secretariat will be strengthened to help support GMS-2030 implementation. The Secretariat will strengthen its knowledge, skills, and planning capabilities to support quality analytical work, leading to improved decision-making processes, formulation of sector strategies, and identification of potential regional projects. Scenario development and strategies to deal with emerging risks will be of special importance.

(vii) The Secretariat may consider secondment of staff from GMS countries to broaden its talents and experiences. Similarly, the functioning of GMS national secretariats will be strengthened by greater staff stability, capacity, and resources; enhanced planning and coordination; and dedicated attention to GMS issues only.

(viii) GMS-2030 will support a partnership with a network of GMS knowledge institutes, including the Mekong Institute, to prepare and disseminate knowledge products and services in the subregion.

STRENGTHENED PROGRAMMING AND MONITORING

The Asian Development Bank, as central secretariat of the GMS Program will deepen its traditional support roles, including as a knowledge provider, financier, and an honest broker and, in close coordination with national secretariats, will play a greater role in curating knowledge, providing a unified public-private response to GMS activities, and nurturing partnerships.

ADB’s strong support for the GMS Program on programming and monitoring will be strengthened during GMS-2030. ADB will continue to use its convening power to bring GMS members to focus on the regional dimensions of development and will provide crucial coordination to GMS institutions, notably sector working groups. By working through national secretariats and focal points, ADB will continue to support national capacity building in GMS countries and ensure strong national ownership of the GMS Program.

Under GMS-2030, the RIF will retain its central role in developing a compendium of projects eligible for financing from a variety of official and private sources. It will be revised and strengthened to raise the standards for project inclusion so as to increase its attractiveness to development partners and the private sector with respect to project readiness, economic and social returns, and adherence to good environmental and social practices and project management standards.

To ensure effective implementation of GMS-2030, the GMS Secretariat will prepare a results framework. The results framework will help measure the achievement of the strategy’s objectives using proxy indicators against the key elements of the Vision and Mission Statement, which measure the effectiveness of the strategy. The results framework will help answer the question “did GMS-2030 achieve what it set out to achieve?” The other purpose of a results framework is for annual monitoring to establish whether the strategy is on track or not. The GMS Secretariat will collect the data in the results framework on an annual basis and report results to the
senior officials. The results will be aggregated for the GMS in the absence of member country performance presentation. At the midpoint of the strategy a mid-term review of the strategy and results framework will be undertaken.

The GMS Secretariat will support effective coordination, where required, between sovereign, nonsovereign (private sector), and public-private partnership teams working on GMS projects. The Secretariat will encourage blending policy reforms with private investments to unlock new sources of finance. It will also strengthen the role of private sector and industry associations in the GMS, which has good potential to expand in the future. The positive spillover effects of regional projects into local economies would be magnified through greater and more meaningful private sector participation.

The GMS Secretariat will continue to support regional and subregional strategic partnerships, including ASEAN; Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy; Belt and Road Initiative; Cambodia, Lao People’s Democratic Republic, Myanmar, and Viet Nam subregion; and Lancang-Mekong Cooperation. To ensure internal and external integration, ADB will support and strengthen partnerships between GMS and other regional initiatives such as the South Asia Subregional Economic Cooperation, CAREC, the BIMSTEC, and Indonesia-Malaysia-Thailand Growth Triangle. In the future, as regional initiatives multiply and grow in ambition, ADB will continue to provide advisory services and play the role of an honest broker in guiding GMS countries in a manner that allows them to take advantage of new opportunities while preserving the coherence and interests of the GMS as one entity.

Finally, the Secretariat will deepen partnerships with development organizations and with think tanks and other creators of knowledge in areas such as technology, climate change, higher and vocational education, health trade, and migration, among others, where the experience of others could usefully be brought to bear.
The Greater Mekong Subregion Long-Term Strategic Framework 2030 (GMS-2030) provides a new frame to develop the subregion in the next decade, based on deeper regional cooperation and integration (RCI) in key areas. It builds on the GMS’ widely-acknowledged strengths centered on connectivity, competitiveness, and community, and a project-led approach to development. GMS-2030 blends a continuity of approach, based on decades of success and previous strategies and actions plans, with significant changes in selective areas to reflect new global and regional forces that impinge on GMS development prospects.

About the Greater Mekong Subregion Economic Cooperation Program

The Greater Mekong Subregion is made up of Cambodia, the Lao People’s Democratic Republic, Myanmar, the People’s Republic of China (specifically Yunnan Province and Guangxi Zhuang Autonomous Region), Thailand, and Viet Nam. In 1992, with assistance from the Asian Development Bank and building on their shared histories and cultures, the six countries of the GMS launched a program of subregional economic cooperation—the GMS Program—to enhance their economic relations. The GMS Program covers the following priority sectors: agriculture; energy; environment; health and other human resource development; information and communication technology; tourism; transport; transport and trade facilitation; urban development; and border economic zones.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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