

## **Greater Mekong Subregion Economic Cooperation Program**

**23<sup>rd</sup> Ministerial Conference  
18 November 2019, Phnom Penh, Cambodia**

### ***Greater Integration, Inclusivity and Sustainability in the GMS***

## **REPORT OF GMS SENIOR OFFICIALS TO GMS MINISTERS**

The GMS Senior Officials convened a meeting on 17 November 2019 to review recent achievements of GMS cooperation, and would like to report to the GMS Ministers the following important achievements.

### **Transport**

Enhancing regional transport connectivity infrastructure continues to be a priority.

Transport projects make up the great majority of the projects in the GMS Regional Investment Framework (RIF) 2022 with a total estimated value of over \$78 billion, accounting for 84% of the RIF pipeline. Moreover, consistent with the focus on multi-modalism of the GMS Transport Sector Strategy 2030 endorsed by the GMS countries in 2018, these projects are not limited to roads but include major railway, logistics centers, and port development projects.

In railways, work continues in the Greater Mekong Railway Association on *The Framework Agreement on Cross-Border Railway Transport Connectivity in the GMS*, which is intended to be the software for enabling the smooth flow of cross border railway traffic in the GMS.

Road safety is also being given greater attention with the conduct of recent studies on road safety regimes in GMS countries, identifying key challenges and providing guidance for diagnostic work and formulation of effective policies in this area.

An assessment of GMS Economic Corridors evaluated the physical condition of the transport infrastructure of the economic corridors and the economic potential of areas surrounding the economic corridors in each GMS country. This provides a baseline for monitoring progress and also helps guide new project identification.

### **Transport and Trade Facilitation**

The Early Harvest Implementation of the GMS Cross-Border Transport Facilitation Agreement (CBTA) was launched on 1 August 2018, in Cambodia, Lao PDR, the PRC, Thailand and Viet Nam, allowing commercial buses and trucks to start cross-border transport operations through the issuance of up to 500 'Early Harvest' Permits per country and Temporary Admission Documents (TAD). Myanmar will start its implementation in 2021, and in the meantime will initially join the program through bilateral agreements with neighboring countries, with the first such MOU signed by Myanmar and Thailand in March 2019.

Negotiations for expanded coverage of the designated GMS corridors, routes and border crossings under CBTA Protocol 1 were concluded in early 2019 and are expected to continue to be discussed for possible operation soon.

Work is also progressing well on CBTA 2.0 and its Annexes and Protocols towards full implementation of the CBTA.

ADB continues to provide assistance in the conduct of time release studies with customs agencies in the region to identify ways to improve border procedures. Likewise, work supporting sanitary and phytosanitary standard arrangements in Cambodia, Lao PDR and Viet Nam is proceeding, with discussion ongoing for expansion of the program to Myanmar.

## **Energy**

The Regional Power Coordination Committee (RPTCC) continues to promote the acceleration and realization of regional power trade. In 2018, the RPTCC, through the two working groups—Working Group on Performance Standards and Grid Codes (WGPG)WGRI and Working Group on Regulatory Issues (WGRI)—focused on (i) the study of harmonization of technical performance standards and grid code, and (ii) the regional transmission planning and pre-feasibility study of the priority interconnections, including the study of transmission line company.

Meanwhile, cases of bilateral and thru-power trade among GMS countries are increasing, among which:

- Lao PDR entered into agreement of power cooperation with Cambodia to supply power of more than 3,000 megawatts (MW) and to expand power capacity to more than 6,000 MW from 2030 to support Cambodia's rising energy demand.
- Under to the agreement between Lao PDR and Vietnam on cooperation of energy and mining and the MOU of cooperation, Lao PDR will export power to Vietnam up to 1000 MW by 2020, 3000 MW in 2021-2025, and 5000 MW by 2030.
- The pre-feasibility studies for a Lao PDR-Myanmar and a Lao PDR-Cambodia interconnection are underway.

Discussions for the establishment of a GMS Regional Power Coordination Center are ongoing.

Studies were completed in 2018 focusing on integrating strategic environmental assessments (SEA) into power development planning in relevant GMS countries to illustrate how SEA can help GMS countries create sustainable national power development plans.

## **Agriculture**

There has been much progress in the implementation of the Core Agriculture Support Program Phase II and the GMS Strategy for Promoting Safe and Environment-Friendly Agro-Based Value Chains in the Greater Mekong Subregion and Siem Reap Action

Plan 2018-2022 toward strengthened commitment to food security, increase market access for small producers, and ensure food safety.

Support from development partners is forthcoming for a new GMS Sustainable Agriculture and Food Security Program to implement cooperative activities relating to inclusive, green and gender-conscious agri-food value chains; financing climate-smart agribusinesses; food safety and quality standards; cross-border animal health and value chains improvement; soil and water management for food security; and agricultural adaptation in the context of water-food-energy-climate nexus.

Initial round of consultations were also completed on a cross-border livestock health and value chains improvement project, which aims to establish animal disease control zones and strengthen livestock value chains in Cambodia, Lao PDR, and Myanmar.

## **Environment**

The Fifth GMS Environment Ministers' Meeting in February 2018 endorsed the Core Environment Program Strategic Framework and Action Plan (CEPSFAP) covering the period 2018-2022 that will address climate change, leverage green growth opportunities, and further decentralize implementation to the countries.

ADB is coordinating with development partners to support the proposed GMS Climate Change and Environment Sustainability Program which will focus on creating enabling conditions to leverage additional investment in priority areas such as: (i) climate resilience and disaster risk management; (ii) natural resources and ecosystem services; and (iii) green technologies and sustainable infrastructure.

## **Tourism**

There is continuing progress of GMS **tourism**, with international tourist arrivals in 2018 reaching 78.8 million, generating tourism receipts valued at \$95 billion, and 6.5 million jobs.

Efforts to better balance tourism growth are being pursued through promoting secondary destinations, and sustained investment in tourism-related infrastructure, technology, and human development.

We commend successful initiatives of the GMS tourism sector such as the annual Mekong Tourism Forum and the "Mekong Moments" campaign that have received international recognition as global best practices awards for inclusive tourism and cross-border collaboration.

## **Health**

The GMS Health Ministers endorsed the GMS Health Cooperation Strategy 2019-2023 with a collective vision of "*health and wellbeing shared by all in an integrated, prosperous, and equitable subregion.*" We look forward to the successful implementation of the Strategy and its associated regional action plan towards improving GMS health system performance, responding to public health threats,

strengthening health protection for vulnerable communities, and enhancing human resource capacity to respond to priority health issues.

Meanwhile, there are already ongoing efforts to strengthen public health security against communicable diseases, improve public health security systems and boost national and regional capacity for disease surveillance and response, risk assessment, case management, and subregional collaboration.

### **Urban and Border Area Development**

There is continued progress on the development of corridor towns in Myanmar, Lao PDR, and Cambodia, including building urban environment services and strengthening institutional capacity, private sector engagement, and supporting city master plans for regional economic connectivity.

There are also planned developments in GMS border areas between Guangxi, PRC and Viet Nam and between Yunnan, PRC and Myanmar. These include support for cross-border trade, investment, and financial transactions, particularly for small and medium enterprises; developing infrastructure and trade related services; improving border connectivity and policy coordination; and addressing urban and social development issues.

ADB is assisting an ongoing study on spatial planning along the GMS North-South Economic Corridor between Myanmar and PRC.

### **Tenth Economic Corridors Forum (ECF-10)**

We maintained our firm commitment to the development of the GMS economic corridors as the anchor of overall GMS integration and development. The Tenth Economic Corridors Forum (ECF-10) was successfully held on 13 December 2018 in Nay Pyi Taw, Myanmar.

Among the takeaways from ECF-10 were:

- an updated assessment of the current state of development of various GMS economic corridors;
- the progress made in trade and investment facilitation through policy coordination, information sharing, private sector involvement and cross-border E-commerce cooperation;
- an update on activities related to regional logistics development; and
- various efforts related to community-building along the corridors, such as in health and safe labor migration.

We are also pleased with the success of the **GMS Governors' Forum and Economic Corridors Week** held in Kunming in June 2019, which included knowledge-sharing presentations from academic and research institutions whose work can underpin corridor development initiatives.

## **Deliverables Proposed for Endorsement by the Ministers**

In this 23<sup>rd</sup> Ministerial Conference, we are presenting to Your Excellencies two deliverables, namely:

**1. The GMS Regional Investment Framework (RIF) 2022: Second Progress Report and Update, which is being presented for Your Excellencies' endorsement.**

This Report highlights the progress achieved in 2019 in implementing the projects in RIF 2022, among which are:

- Total estimated costs of projects in the updated RIF 2022 is \$92 billion
- RIF 2022 includes 155 Investment Projects which is 8 projects more than 2018
- Projects with available funding now total \$55 billion or 60% of total estimated costs of projects; this was \$39 billion or 59% in the original RIF 2022 endorsed in 2017
- 9 investment projects worth \$1.55 billion have been completed during 2018-2019 mostly in transport and energy sectors.
- 57 investment projects are on-going.
- 17 TA projects worth \$32 M have been completed during 2018-2019.

**2. The GMS Health Cooperation Strategy 2019-2023, which is being presented for Your Excellencies' notation.**

The Strategy is the product of the GMS Working Group on Health Cooperation and was endorsed by the working group at its second meeting held in December 2018 in Yangon, Myanmar. The Strategy was subsequently endorsed *ad referendum* by the Ministries of Health of the GMS countries in the first quarter of 2019. The Strategy will be formally launched later in this Ministerial Meeting.

## **Key Items for the GMS Ministers' Consideration**

In addition to the foregoing, there are key items, which although are still work-in-progress, are major products of GMS cooperation that will impact the subregion's development going forward. These are:

**1. The draft of the proposed long term GMS Strategic Framework, called GMS 2030**

While there have been significant achievements of the GMS Program under the GMS Strategic Framework (2012-2022) and the Ha Noi Action Plan (2018-2022), rapid changes and critical trends in the regional and global context present new challenges as well as opportunities for our cooperation program.

Recognizing this, the GMS Leaders, at their 6<sup>th</sup> Summit in March 2018 in Ha Noi, mandated us, the GMS Ministers and Senior Officials, **“to begin considering the nature of our journey and future directions beyond the 2022 horizon of the**

**current strategic framework** and how the framework can be strengthened and reconfigured to remain flexible, responsive and relevant.”

In response to this mandate, we started the process of preparing the draft of the long term strategic framework. The process has been a highly consultative one, with consultation meetings held in the GMS countries, involving the relevant ministries and agencies and various stakeholders, including private sector and development partner representatives. The draft has also been discussed in an iterative manner in the SOM. The key elements of the latest draft have been presented to Your Excellencies in your Retreat.

Subject to the additional concerns and refinements that Your Excellencies raised, which we will try to address and incorporate in the document, we hope that this new strategic framework can be presented to the GMS Leaders at their 7<sup>th</sup> Summit in Phnom Penh, Cambodia in 2021 for their endorsement.

**2. A comprehensive research program, entitled “The Greater Mekong Subregion: Moving Forward Together – A Knowledge Program”**

This research program, under the leadership of ADB, is intended to support the implementation of the proposed long-term strategic framework by providing sound and rigorous analyses and information that can serve as basis for actions and policy setting toward the realization of the GMS mission and vision.

Again, we recognize that the GMS’ success critically depends on our countries’ continued commitment to cooperation and joint action toward our shared goals, and on our development partners’ continued support. In this regard, we wish to express our appreciation to the Asian Development Bank and to all our development partners for their unwavering support for our cooperation program.

Thank you for your kind attention.