



*Mekong River Commission*

# **Annual Report 2005**

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Lao PDR

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# A Regional Cooperation Programme for the Sustainable Development of

# The Mekong Basin



# The Mekong Programme

The Mekong Programme is a Regional Cooperation Programme for the Sustainable Development of Water and Related Resources in the Mekong River Basin which enacts the 1995 Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin. It is a country-owned programme implemented by Cambodia, Lao PDR, Thailand and Viet Nam, in conjunction with donors, development banks and the private sector. China and Myanmar are Dialogue Partners.

The Mekong Programme's vision is to make optimum use of the basin's water and related resources to promote socio-economic development for the benefit of all people in the basin, especially the poorest – such as the fishing communities of the floodplains and farmers in dry regions and in the Delta – while maintaining the ecological balance and contributing to the UN Millennium Development Goals. Using the principles of Integrated Water Resources Management, the Mekong Programme is seeking to promote balanced and well-coordinated activities in all water resources sectors, but principally in the areas of irrigation and drought management, hydropower, navigation, flood management, fisheries, watershed management, environment management and tourism as specified in Article 1 of the 1995 Agreement.

The Mekong Programme is supported by the Mekong River Commission (MRC), a knowledge-based river basin organisation created in 1995, which provides the institutional framework for this cooperation and regional integration. MRC supports member countries and investment partners through integrated development planning, knowledge and expertise which focuses on basinwide needs and employs the recognised triple bottom line procedure of duly considering, and giving equal weight to, economic growth, environmental impacts and social and cultural outcomes.

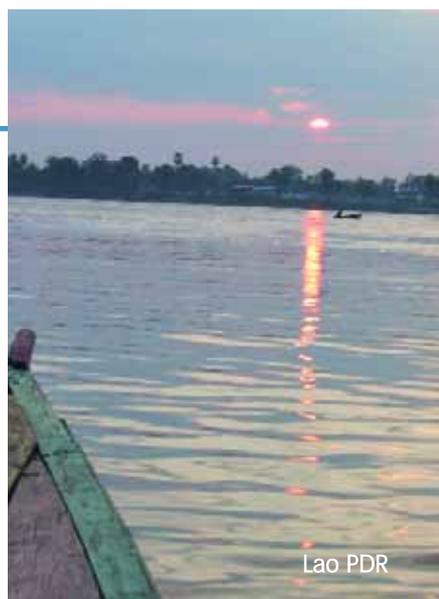
The Mekong Programme works in close relationship and is complementary to regional initiatives such as the Greater Mekong Sub-region Programme supported by the Asian Development Bank (ADB); the Association of South East Asian Nations (ASEAN) Mekong Basin Development Cooperation Framework and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). It offers a cooperation platform for bilateral development programmes in the water sector and for regional initiatives such as the Mekong Water Resources Assistance Programme (MWRAP) promoted by the World Bank and the ADB, and the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy, which involves the MRC's four member countries and Myanmar.

The Mekong Programme also works in partnerships with such organisations as the World Conservation Union (IUCN), the United Nations Development Programme (UNDP) and the World Wide Fund for Nature (WWF), as well as civil society and academic institutions.



Cambodia

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# The Mekong River Commission

The Mekong River Commission (MRC) is a river basin organisation built on a foundation of nearly 50 years of knowledge and experience in the region dating from 1957, when it began life as the United Nations-founded Mekong Committee.

On 5 April 1995 the governments of Cambodia, Lao PDR, Thailand and Viet Nam signed The Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin and agreed on joint management of their shared water resources and development of the economic potential of the river. This agreement formed the Mekong River Commission.

A dialogue mechanism has been set up with the two upstream countries, China and Myanmar. This is a framework of cooperation under which concrete joint activities are undertaken. In 2002, the MRC and China signed an "agreement on the provision of hydrological information on the Lancang/Mekong River in the flood season". Through this agreement, China contributes effectively to MRC's flood forecasting activities.

The MRC provides the institutional framework to promote regional cooperation in order to implement the 1995 agreement. It serves its member states by supporting decisions and promoting action on sustainable development and poverty alleviation as a contribution to the UN Millennium Development Goals. It also acts as a conduit through which the member countries can exchange information on formulating and implementing a joint basin development plan.

The work of the MRC is governed by the wishes of the four member countries and they hold regular consultations to decide strategy and policy.

The Council consists of one member from each country at ministerial or cabinet level and meets once a year to make policy decisions and provide other necessary guidance concerning the promotion, support, co-operation and co-ordination of joint activities and programmes in order to implement the 1995 Agreement.



The Joint Committee consists of one member from each country at no less than head of government department level and meets twice a year to approve budgets and strategic plans. This body functions as a board of management.

The MRC Secretariat provides technical and administrative support. The Secretariat is based in Vientiane, Lao PDR and employs more than 120 people including engineers, scientists, administrators and technical experts. The Secretariat is under the direction of a Chief Executive Officer. The Assistant CEO is appointed by the Council and serves a one-year term.

National Mekong Committees in each member country provide a link between the MRC and national governments and coordinate MRC-related activities at the national level through line agencies.

The MRC is funded through member country contributions and international development aid agencies from many countries. Formal consultation with the donor community is carried out through an annual Donor Consultative Group meeting.

The MRC's work is carried out through a broad range of partnerships and community involvement. The Commission coordinates and works directly with the governments of each member country, their line agencies, the local communities, development banks, UN agencies, the private sector and civil society.

# Message from the Chairman of the Mekong River Commission Council



On behalf of the Mekong River Commission (MRC), I would like to extend my best wishes to all member countries, donors and partners and invite you to share this MRC Annual Report 2005. It has been a busy and fruitful year for the MRC and I thank the MRC Secretariat, the National Mekong Committees, our line agencies, our development partners and our donors whose joint efforts helped MRC realise these achievements.

The year 2005 was a milestone year for the MRC. We celebrated the 10<sup>th</sup> anniversary of the signing of the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin and took time to reflect on our past achievements and our future plans. As part of our celebrations we came together with our friends and partners at the MRC Secretariat in Vientiane on 5 April 2005 to commemorate Mekong Day. Later in the year we returned to the place where the 1995 Agreement was signed, Chiang Rai, Thailand to hold an International Forum on Integrated Water Resources Management. This forum provided many lessons on how we can meet the future needs of the basin.

We are fortunate that our strong Mekong culture provides a sound basis for the cooperation needed to achieve our sustainable development goals. The 12<sup>th</sup> Meeting of the MRC Council was held back-to-back with a high-level retreat in Chiang Rai. All Council Members participated in this high-level retreat, which reviewed the experience of MRC activities with a view to finding ways and means to improve the organisation's performance in the next decade. It was recognised that there was a need to strengthen and reform the MRC Secretariat, to keep pace with the rapidly changing circumstances of globalisation, by emphasising a holistic approach to balance development needs with concerns over the degradation of the environment. At the 12<sup>th</sup> MRC Council meeting, we heard how the Mekong Programme, our Regional Cooperation Programme for Sustainable Development of Water and Related Resources in the Mekong River Basin, will focus on wise utilisation of water and related resources through regional cooperation and how it will be supported by a fully integrated MRC programme structure.

Our common new Strategic Plan for the next five years will also provide MRC with a better means to fulfil its mandate as an international river basin organisation promoting sustainable development for the direct benefit of the people of the Mekong, particularly the poorest.

I am pleased to report that during 2005 the Navigation Programme and the Flood Management and Mitigation Programme (FMMP) went through preparatory phases and started implementation. The FMMP opened its new Regional Flood Management and Mitigation Centre in Phnom Penh, Cambodia and is busy providing flood forecasting and river monitoring services for the region. The Basin Development Plan is now winding up phase one and preparing for Phase Two. It has formulated a short list of identified joint development projects which has been approved by the Joint Committee. Now these high priority projects can be taken forward for implementation to yield mutual benefits for the member countries. The Fisheries Programme and the Agriculture, Irrigation and Forestry Programme have been revised or refocused to better serve the needs of the countries and will both start new phases in 2006. Also the establishment of three new programmes has been initiated: the Drought Management Programme, the Information and Knowledge Management Programme and the Hydropower Programme.

The MRC's relationship with our Dialogue partners, China and Myanmar, has taken on a new quality. In 2005, at the invitation of the Chinese Government, the Chief Executive Officer and senior staff of the MRC Secretariat made an official visit to Beijing to discuss ways to increase cooperation and effectively manage trans-boundary water resources for poverty alleviation and economic development. We welcome these closer ties with China.

Building the basis for an increasing participation of the international donor community in the MRC programmes, the Member States have continued to increase their contributions to the MRC, which is now well placed to implement its Work Programme 2006. Our donors continued to show strong support for our work and several new funding agreements were signed in 2005, I should like to take this opportunity to express, on behalf of the MRC, our warm and sincere gratitude to our donors for their continued support for the MRC's work.

A handwritten signature in black ink, appearing to be 'Y. Tiypairat'.

**H.E. Mr Yongyut Tiypairat**  
Minister of Natural Resources and Environment of Thailand  
Chairman of the MRC Council for 2005/2006

# STRUCTURE OF THE MEKONG RIVER COMMISSION

## Members of the MRC Council

Members at Ministerial and Cabinet level, responsible for policy and decision-making



H.E. Mr Lim Kean Hor

Minister of Water Resources and Meteorology

Member of the MRC Council for Cambodia



H.E. Mr Somphong Mongkhonvilay

Minister of the Prime Minister's Office

Member of the MRC Council for Lao PDR



H.E. Mr Yongyut Tiypairat

Minister of Natural Resources and Environment

Member of the MRC Council for Thailand



H.E. Dr Cao Duc Phat

Minister of Agriculture and Rural Development

Member of the MRC Council for Viet Nam

## Members of the MRC Joint Committee

Members at Department Head level or higher, responsible for implementing policies and decisions



H.E. Mr Sin Niny

Vice-Chairman of Cambodia National Mekong Committee

Member of the MRC Joint Committee for Cambodia



H.E. Mr Sitaheng Rasphone

Vice-Minister of Agriculture and Forestry

Member of the MRC Joint Committee for Lao PDR



Mr Petipong Pungbun Na Ayudhya

Permanent Secretary, Ministry of Natural Resources and the Environment

Member of the MRC Joint Committee for Thailand



Mr Nguyen Hong Toan

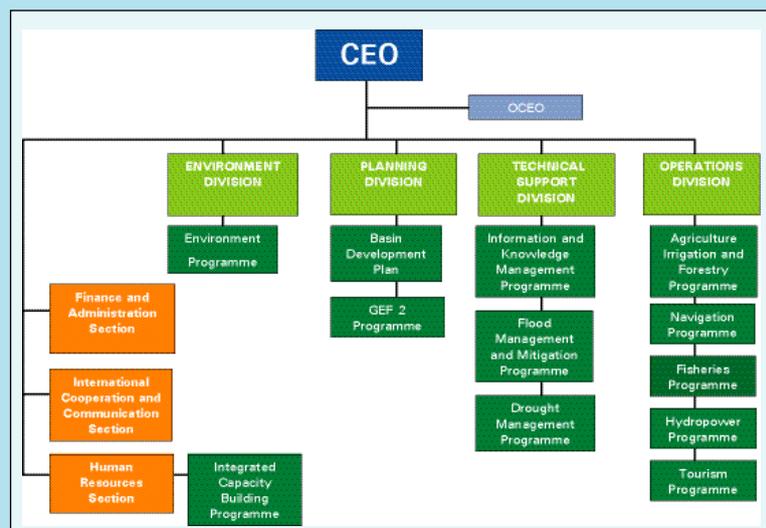
Secretary-General of Viet Nam National Mekong Committee

Member of the MRC Joint Committee for Viet Nam

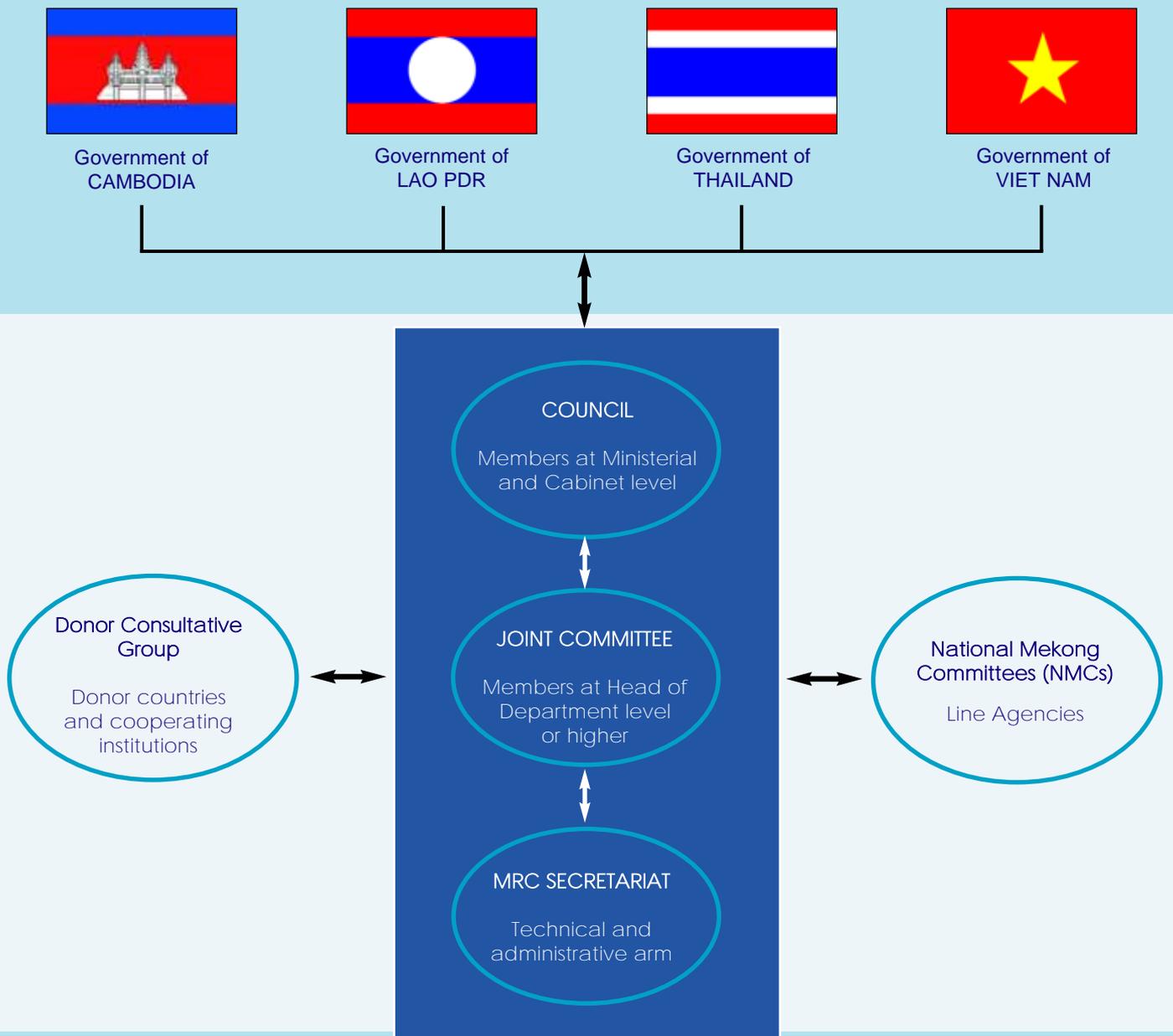
MRC Secretariat-  
Responsible for technical and administrative services



Dr Olivier Cogels  
Chief Executive Officer



# ORGANISATION OF THE MEKONG RIVER COMMISSION



## Our Dialogue Partners



China



Myanmar

# Basin Development Plan



Viet Nam

The Basin Development Plan (BDP) is an Integrated Water Resources Management and Development Plan for the Mekong Basin. The plan aims at identification, active promotion and coordinated implementation of priority initiatives and investment opportunities, as agreed between the member countries.

Using the principles of Integrated Water Resources Management (IWRM) the BDP aims to achieve a balance between socio-economic development and environmental concerns and to create a framework for development with emphasis and preference on joint and/or basinwide projects.

Through the formulation of planning scenarios, the BDP is able to provide models for future water needs of the Lower Mekong Basin from which strategies and planning guidelines can be developed to assist member countries plan their development in a sustainable way.

The BDP has now developed the strategic directions for IWRM, which will provide a development plan for the Lower Mekong Basin to:

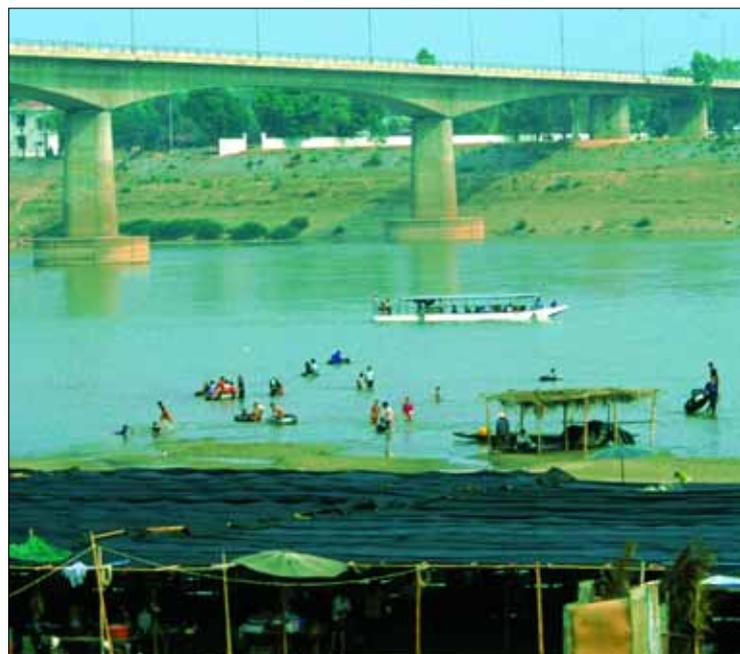
- Foster sustainable development
- Respond to the needs of the poor; and
- Ensure that economic growth and development is in harmony with the environment.

The Basin Development Plan (BDP) has extended Phase 1 of its operations until July 2006 and is now finalising BDP output including data system and assessment tools and is continuing with identification of joint priority development projects and national projects with basin-wide implications.

Much of the BDP's work during 2005 involved finalising the outputs of BDP Phase 1, that can be summarised under five main achievements:

- An established and ongoing basin planning process
- Data systems implemented and functional
- Capacity built and training provided within the MRC Secretariat, the National Mekong Committees and national organisations
- Sub-area and basin-wide scenarios and strategies formulated
- A Projects Database (long-list) set-up and projects prioritised (short-list)

Joint projects for consideration have been





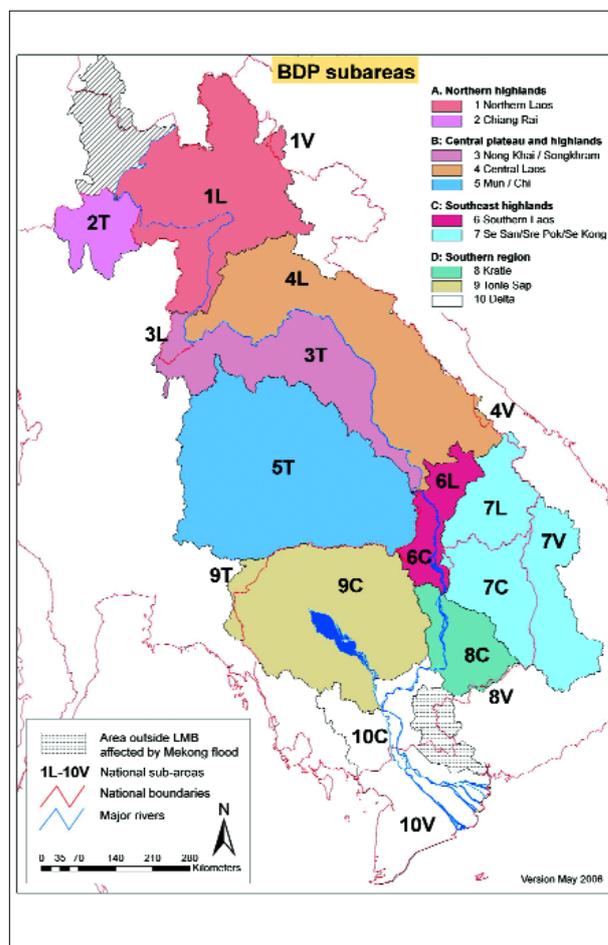
submitted by the four member countries and the first batch of these has been approved by the Joint Committee. MRC hopes to see a gradual hand-over of selected projects to NMCs, line agencies and other potential investors. Information available in the 'Projects Database' will also be made available to outside parties for promotion of the projects.

The BDP has employed strong member country engagement, the participation of many government officials and others in the four countries, and improved the format and data details on monitoring and reporting.

The BDP Phase 2 proposal document was prepared for a donor appraisal mission in January 2006, and Phase 2 is under discussion.

The BDP's primary achievements for 2005 include:

- Production of the document *Strategic Directions for IWRM in the Lower Mekong Basin*.
- Encouragement of trans-boundary planning and negotiation by organising international meetings on bilateral, trilateral and multilateral levels. These meetings are meant to be the basis for identifying joint priority projects and programmes.
- An initial list of BDP joint development projects and a project database.
- A process of prioritisation of joint projects to be placed on the BDP shortlist, which will now also be used for national projects.
- The approval by MRC Council and the Joint Committee of the first batch of priority projects to be placed on the BDP shortlist
- Production of sub-area atlases containing economic, social and geographical data on five sub-areas in the Lower Mekong Basin. Another five sub-areas are in preparation.
- A revised BDP Phase 2 document.



At the conclusion of Phase 1, the BDP will have established a planning network in the LMB built on a solid range of strategic planning tools and features. This includes the Strategic Directions for IWRM in the LMB, together with a portfolio of projects and programmes to support it (the MRC-BDP Projects Database).

Despite scaling down some of its Phase 1 programmes, due to limited funding, BDP has gained a substantial volume of knowledge, personal skills, and strengthened the MRC's institutional capacity. BDP is poised to help integrate on-the-ground river basin development projects included in the launch of Phase 2 of its operations.

# The Water Utilisation Programme

The Water Utilisation Programme (WUP) works to provide the MRC, its member states and other MRC programmes with tools to be used to improve water management for the economic and social development of the Lower Mekong Basin in an environmentally sustainable manner.

The WUP comprises four components:

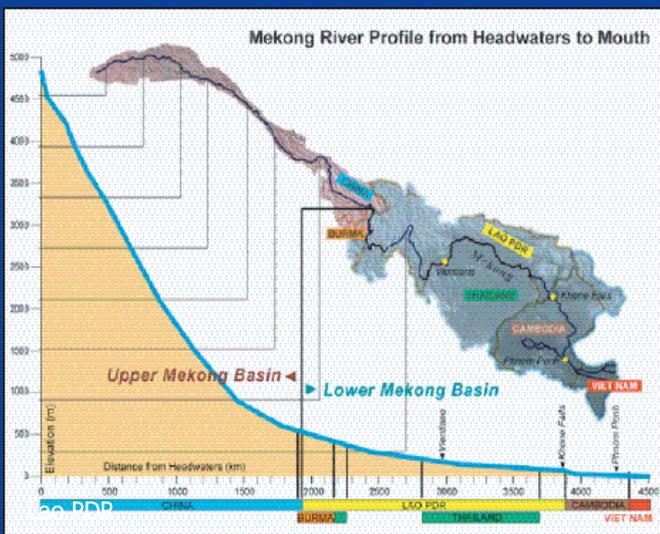
- Development of computerised Basin Modelling and Knowledge Base tools, known as the MRC's Decision Support Framework, supporting basin planning and impact assessment activities of the MRC
- Drafting of Procedures for Water Utilisation to elaborate various provisions of the Mekong Agreement
- Environmental and Transboundary Impact Analysis activities providing the technical support for the procedures on flow maintenance and water quality
- Management and Institutional Strengthening

The WUP is implemented in close consultation and collaboration with the member states through a well-defined and structured series of informal and formal discussions and negotiations facilitated by the MRCS.

The WUP is entering its final year of a programme initiated in 2000. In 2005, WUP made strong progress on the legal and technical content of procedures which will improve management of flow and water quality throughout the Lower Mekong Basin.

Key achievements in 2005 included:

- Completion of the final text of the procedures regarding maintenance of flows on the mainstream. These procedures require member countries to cooperate on maintaining acceptable minimum monthly flows in the dry season; an acceptable natural reverse flow of the Tonle Sap during the wet season; and the prevention of peak flows greater than what occur naturally. Technical input to these procedures was provided through Integrated Basin Flow Management (IBFM) activities executed jointly with the Environment Programme (EP). During 2005 the first basin-wide flow assessments were completed, based on evaluation of the environmental, social and economic beneficial uses of water under flow regimes representing a range of possible future basin development activities.
- The drafting of the rules for water quality was initiated and is nearly complete. Integrated Water Quality Management (IWQM) activities, also executed jointly with the EP, provided the technical support for these rules commencing with agreement on initial water quality objectives, including criteria (indicators and targets) for domestic consumption and human contact.
- All previously approved procedures and guidelines were published and made available in the national languages of member states.
- The set-up of new WUP-FIN modelling tools, funded by Finland, to enable specific regional studies in each of the four member countries. The models have already been used





to complete a study on the potential trans-boundary impacts of increased development activities in the basin.

- Improvement of the performance and accuracy of the MRC modelling and knowledge base tools and continuation of the Associate Modeller Programme (funded by the Global Environment Facility and implemented by the World Bank), which offers on-the-job training to four National Mekong Committee trainees. This training significantly boosts the capacity of modelling work in the basin.
- Finalisation and publication of a comprehensive hydrological report on the Lower Mekong Basin entitled: Overview of the Hydrology of the Mekong Basin. This report is intended as an introduction to the hydrology of the Mekong River, based on analysis of the most up-to-date historical data, and it provides basic insights into the flow regime of the river.

In 2006, the programme will successfully complete its present scope of work, which will include finalising both the flow maintenance and water quality procedures and related technical guidelines. It will also coordinate the second phase of the WUP-FIN modelling activities and provide post-contract support for the Decision Support Framework knowledge base and modelling tools as well as technical support to various MRC and NMC programmes.

Finally, the programme will undergo national and regional consultations in order to prepare to move into a possible next phase.

# Environment Programme



The work of the Environment Programme assists the Mekong River Basin member countries to ensure sustainability of development by protecting and maintaining the ecological balance of the basin and minimising negative impacts from development and uses of water and related resources.

It also assists the other MRC programmes by generating data, information and knowledge for decision-making, and it supports the BDP process by offering advice and promoting cooperation among environmental agencies.

The programme has five components:

- Environmental Monitoring and Assessment
- Environmental Decision Support
- People and Aquatic Ecosystems
- Environmental Knowledge
- Environmental Flows Management

The Environment Programme is now into its 2004-2008 programme cycle and is expanding its fields of study and its support to MRC's other programmes.

Key work in 2005 included an assessment of the Mekong River Basin through an Indicative Basin Report Card on environmental conditions. The programme is also now working to finalise guidelines for a Transboundary Environmental Impact Assessment System. A five-year initiative on environmental flows assessment started in 2005.

During 2005 the programme achieved the following:

- The production of the technical document for an Indicative Basin Report Card on environmental conditions, which draws on results of basin-wide monitoring and assessments. The Report Card, to be finalised in 2006, will present an overall view of the Mekong River Basin's health. In late 2006, the Programme is also planning to prepare a Basin Report Card incorporating social and land-use issues.
- The development of guidelines for a Transboundary Environmental Impact Assessment System. It is envisaged these guidelines will be approved in 2006 following the acceptance of the detailed content by the four MRC member countries.



- Regular monitoring of the basin's ecological health began in 2005 with completion of assessments for the upper part of the Lower Mekong Basin as well as in the Sekong/Srepok/Sesan River basins. The results were released at the Annual Technical Meeting in November 2005. In 2006 the flood plain and the delta will be covered, and in 2007 the monitoring cycle completed by covering Northeast Thailand and Central and Southern Lao PDR.
- The completion of a year-long study (June 2004-May 2005) on the water quality of the Sesan River including a final report.
- Completion of a study and analysis of available sediment and sediment transport in the basin. Several recommendations will be followed up in 2006.
- Commencement of studies on environmental flows. The first fieldwork and workshop for the Environmental Flows Assessment supporting the Integrated Basin Flow Management (IBFM) initiative was conducted jointly with the Water Utilisation Programme (WUP) team in May 2005. After analysis a week-long workshop in November 2005 consolidated the results from over 20 experts in a report on the initial assessment of the environmental, economic and social consequences of flow changes in the Mekong River.
- The completion of a preliminary basin-wide map of wetland types as well as a



database for handling all wetland-related data. This work contributes to the programme's ongoing investigation into economic valuation and people's vulnerability and dependence on aquatic resources and is part of its contribution to the Mekong Wetlands Biodiversity Programme (a joint programme with IUCN and UNDP).

- Production of key information and reference materials for identifying aquatic invertebrates.
- Production of the Environmental Training Kit in five languages (English, Khmer, Lao, Thai and Vietnamese) on CD.
- The Programme's Second Annual Technical Meeting was held in November 2005 and the proceedings are available on CD.
- Initiation of a study on environmental impacts of tourism. This assessment will include an analysis of the MRC's comparative advantage in tourism, allowing for future programme development.

As part of its on-going river evaluation work, the Environment Programme is producing a technical report on its biological assessment of the river system (2004 basin-wide assessment). This will be the first ever attempt to characterise the condition of the river using biological indicators.

The programme will also undertake important work to strengthen the framework of transboundary management. Mechanisms will be initiated for addressing environmental conflicts, and environmental governance will be promoted in the NMCs and MRCS.

Work on environmental flows (IBFM Phase 3) will continue with specific studies addressing knowledge gaps identified under IBFM Phase 2. The Programme will also assist WUP with the development and implementation of the Integrated Water Quality Management Strategy.

# Flood Management and Mitigation Programme



3rd Annual Mekong Flood Forum

The aim of the Flood Management and Mitigation Programme (FMMP) is to prevent, minimise and mitigate people's suffering and economic losses due to floods, while also preserving the environmental benefits of yearly flooding.

The programme has five components:

- Establishment of a Regional Flood Management and Mitigation Centre (RFMMC) in Phnom Penh
- Structural Measures and Flood Proofing
- Mediation of Trans-boundary Flood Issues
- Flood Emergency Management Strengthening
- Land Management

The heart of the programme is a Regional Flood Centre, which provides technical and coordination services to the four countries in the Lower Mekong Basin.

The programme's components are involved in undertaking policy discussions on land use planning and infrastructure development in relation to flood impacts; implementing flood proofing measures; providing transboundary mediation services; performing analyses of risks and impacts; and strengthening the region's capacity to manage flood emergencies.

The FMMP went through a preparatory phase in the first half of 2005 with the opening of an interim Regional Flood Management and Mitigation Centre (RFMMC) in Phnom Penh, Cambodia in April 2005, marking its key achievement. In June 2005 the flood forecasting function was transferred from the MRC Secretariat (MRCS) in Vientiane, Lao PDR to the new RFMMC, ready for the 2005 flood forecasting season.

In 2005 the programme also signed the agreement concerning the operations of the RFMMC with the Cambodian Government. Construction of a permanent centre will begin in 2006 and completion is scheduled for 2007.

A series of achievements in 2005 have established a good base for the programme's future success.

- The programme has hired key staff including a Chief Technical Advisor, a Programme Coordinator, a Senior Flood Management Specialist and an Operations Manager for the RFMMC. It will continue this process in 2006 until it is fully staffed.
- A Draft Programme Implementation Plan was prepared and sent to the National Mekong Committees (NMCs). The programme also prepared a draft of a framework for development and implementation of Integrated Flood Risk Management guidelines for the Basin Development Plan and a proposal for the flood risk mapping pilot project for the 2T sub-basin in Thailand.
- In April 2005, more than 120 participants from around the world attended the Third Annual Mekong Flood Forum in Vientiane, Lao PDR. The theme of 'Flood Management and Mitigation' was based on the launch of the new FMMP and feedback from participants has been integrated into operations.
- Work commenced on what will be the first MRC Annual Flood Report of the Lower Mekong Basin, to be released in 2006.



**Achievements for Component 4, implemented by MRC and GTZ together with the Asian Disaster Preparedness Center (ADPC), include:**

- Completion of collection of baseline and other relevant data for the finalisation of a logframe document. Project Managers and National Coordinators are now on board.
- Completion of a study of the roles and responsibilities of various government agencies in Kandal and Prey Veng provinces in Cambodia as part of its emergency management efforts. Establishment of an office in Prey Veng and recruitment of a National Coordinator.
- Organisation of workshops for provincial disaster management personnel and continuing collaboration with the ADPC on a second phase of Capacity Building for Preparedness Through the Use of Flood Information Products in the LMB.
- The Disaster Preparedness arm of the EC Humanitarian Organisation (DIP-ECHO) conducted flood preparedness training courses for officials at district and community level.

**Achievements for Component 5 include:**

- The establishment of an office within the MRC Secretariat, employment of national coordinators in Cambodia and Viet Nam and start-up meetings held with the NMCs in Cambodia and Viet Nam (jointly with



Component 4). In Viet Nam, An Giang and Dong Thap provinces have been selected for field activities, while in Cambodia Kandal and Takeo provinces have been selected.

- Discussions with counterparts involved in land management and collection of baseline data have been held in order to produce flood probability maps for the pilot sites. Initial work for technical training is underway.

During 2005 work continued on the USAID/Office of Foreign Disaster Assistance-funded project "Provision of Flood Early Warning to Flood Vulnerable Communities in the Lower Mekong Basin, Phase: Cambodia and Lao PDR. Now entering its fourth year in Cambodia, the project is working with the American Red Cross and Action Contre La Faim in 40 villages in four flood-prone provinces.

In 2006 the project will also launch its activities in the Lao PDR, working with the National Disaster Management Office and other relevant line agencies. Five vulnerable villages in Champassak Province will be the pilot sites and various activities will be carried out in preparation for the 2006 flood season, including field surveys and installation of flood marks and village billboards.

The project to establish the Mekong Hydrological Cycle Observing System (Mekong-HYCOS) was endorsed by all member countries and funding has been secured. It has been decided that Mekong-HYCOS will become part of the MRC's Information and Knowledge Management Programme.

In addition to moving forward with the new RFMMC in 2006, the programme will focus on establishing national flood management and mitigation units located at NMCs; improving monitoring and forecasting operations; compiling an inventory of existing and planned flood-related infrastructure; and establishing a mediation and coordination section to deal with trans-boundary flood issues.

# Fisheries Programme



Fish tagging in Cambodia

The Fisheries Programme aims to manage the productive Mekong fisheries in order to sustain their high economic output for the generations of Lower Mekong Basin communities to come.

The programme undertakes research on capture fisheries, manages river and reservoir fisheries, promotes aquaculture of indigenous Mekong fish species and trains fisheries managers. It also disseminates a wide range of information to policy makers and planners in the member countries to better enable stakeholders, riparian governments and the MRC to carry out development planning and management.

The Fisheries Programme maintains four central components:

- Programme Management and Communication
- Fisheries Management and Governance
- Fisheries Ecology, Valuation and Mitigation
- Aquaculture of Indigenous Mekong Fish Species

The Fisheries Programme is now moving into Phase 2 of its operation, following a successful and positive appraisal by donors in April-May 2005. The programme was deemed to be making a significant contribution to the future sustainability of the fishery resources of the LMB.

Some major achievements for the Fisheries Programme in 2005 included:

- The production of reports on fish migration patterns (focused on documenting local knowledge of fish migration) in several formats. The programme has also cooperated with other agencies using hydro-acoustic techniques to monitor the use of deep pools by fish, confirming their importance as refuge habitats during the dry season.
- The strengthening of river and reservoir fisheries co-management capacity of all participating institutions, fishers and other local water resource users.
- The testing and development of economically feasible culture techniques. The priority has been on nine indigenous species selected for their potential to replace alien species in small-scale aquaculture. The programme also developed an aquaculture database on small-scale aquaculture in Cambodia that allows economic comparison of farming alien or indigenous species.
- The sponsorship of a highly successful visit by senior officials from the Thailand Department of Fisheries (DOF) to the Cambodian Department of Fisheries in January 2005. The visit included field sites in the Tonle Sap and Great Lake area. A second Thai DOF delegation also visited Cambodian fisheries in February.
- Implementation of the Technical Advisory Body (TAB) work plan. This included the commissioning of three regional studies: Triggers to Fish Migration, Gender in Fisheries, and Livelihoods in Aquatic Resource Management. The TAB has also published a brochure describing its work, several issues of a "TAB Update" newsletter as well as a series of Management Recommendations for various fisheries issues.
- A successful annual meeting on Gender in Fisheries in Ho Chi Minh City in March 2005. The meeting developed a report on the



role of gender in fisheries in the Lower Mekong Basin and other targeted activities to heighten awareness of women's roles in fisheries management and development.

- The publication of important communications products including: a report titled *Inland Fisheries of Cambodia* (the fourth publication in the MRC Development Series); proceedings of the 6th Mekong Fisheries Technical Series; *Fisheries Information CD Version 2*; three issues of *Catch and Culture* in English and one compilation issue in each of the four riparian languages; and a poster series featuring fisheries work from each country.
- Close and successful involvement with the Integrated Basin Flow Management project being implemented by the Water Utilisation Programme. This included the production of a specialist fisheries report.
- The Fisheries programme was also pleased to report that in the 2004-2005 fishing season the Tonle Sap dai fishery recorded the highest yield in the 10 years the fishery has been monitored. A contributing factor is thought to be a vigorous campaign mounted by the Cambodian Department of Fisheries against illegal fishing in 2004.

As part of its work for 2006, the FP has plans to: prepare for its Programme Phase 2; organise a fisheries management training course and study tour; produce a report on the fisheries of NE Thailand; increase the number of publications in riparian languages; publish a Vietnamese "Fishing Gears" book, produce films on fisheries in the Vietnamese delta, Lao PDR and Thailand and produce a major report on fisheries of the entire Mekong Delta.



# Agriculture, Irrigation and Forestry Programme

The Agriculture, Irrigation and Forestry Programme (AIFP) focuses on improving water use efficiency in agriculture and promoting healthy management of the basin for agriculture and forestry. The programme works directly to preserve the integrity of the four countries' watersheds through monitoring land-use practices, identifying challenges and development options and providing capacity building activities.

AIFP's strategy consists of a collaborative learning approach designed to meet the evolving needs of basin communities. The programme engages in the study of the best methods for monitoring land-use practices, which has included the acquisition and analysis of GIS and satellite images of the basin through cooperation with the Canadian Space Agency, and the completion of important baseline studies on watershed management, forestry and land use planning.

The programme provides MRC with a community-based mechanism for basin development, while facilitating the growth of basinwide policy and capacity building.

At the end of 2005 it was decided to incorporate the Challenge Programme on Water for Food under the AIFP umbrella.

The programme has two active components:

- The Watershed Management Project
- The Water Use Efficiency Component



Thailand

## The Watershed Management Project

The first phase of the Watershed Management project funded by German Technical Cooperation Association GTZ was successfully completed in November 2005. A progress review showed positive results for WSMP, and it has secured funding to progress to a second phase. Capacity building is an important part of the project's work and in 2005 it focused on improving knowledge levels among those involved in watershed work in the region.

Key achievements in 2005 included:

- Organising National Working Group (NWG) meetings in the four countries to allow discussion of issues in the progress review. As a follow up to these meetings, a joint workshop for NWGs on Watershed Management was organised in Siem Riep, Cambodia to identify needs for coordination and cooperation and identify options for cooperation regarding watershed management issues.
- Conducting a workshop on Natural Resources Governance and a Regional Policy Dialogue on Institutional Requirements for Watershed Management. The workshop addressed the issue of incentives of different stakeholders in their land use practices relating to sustainable watershed management. The dialogue was the second in the series of this project which provided a forum for policy advisers to exchange their views and experiences on institutional requirements and the changes needed to support sustainable watershed management.
- Holding two workshops on Understanding Organisations and the Management of Organisational Change in Ho Chi Minh City, Viet Nam and Watershed Management Awareness in Cambodia, Lao PDR and Viet Nam, the latter to help officials from different line agencies and other stakeholders better understand the concepts and principles of integrated watershed management.



- Conducting training courses on Information and Knowledge Management in the four member countries for participants from NMCs, different line agencies and institutions. The workshop aimed to help participants become familiar with basic Information Management Concepts and effectively use the Internet for research.
- Strengthening coordination with other MRC programmes through discussion with BDP on how WSMP could contribute to project identification and formulation through the BDP process and how pilot watersheds identified by WSMP fit the list of BDP projects. The AIFP Coordinator has also been actively involved in the conflict management concept activities under the Environment Programme.
- Expanding the content of the MekongInfo information website and adding the BDP section, *MekongResearch*, and a library of watershed management related documents to the information system.
- Completion of two studies: The Socio-Economic Driving Forces Behind Decisions Regarding Land Use and Land-Use Change and Payments for Environmental Services: A Review of Global Experiences and Recommendations for Their Application in the Lower Mekong Basin.

WSMP is currently planning a workshop on Natural Resources Governance to address stakeholders' incentives in their land use practices. Projects in preparation include the second phase of the MRC-GTZ Watershed Management Project as well as a pilot project funded by the KfW German development bank.

A project identified in the BDP database in the field of irrigation (Improvement and Rehabilitation of Nam Souang Irrigation Project) in Lao PDR will be promoted and facilitated under the AIFP in cooperation with the KfW.



# Agriculture, Irrigation and Forestry Programme



## Water Use Efficiency Component

The Water Use Efficiency Component of AIFP has been engaged in the study of paddy fields and irrigation water use across the LMB. The component has two projects:

- The Project to Demonstrate the Multi-functionality of Paddy Fields (DMPF) funded from 2002 to 2005.
- Improvement of Irrigation Efficiency on Paddy Fields (IIEPF) newly committed from 2005 to 2007 by the Government of Japan.

The Challenge Programme on Water for Food (CPWF) is also under the Water Use Efficiency Component.

Major achievements under DMPF for 2005 included:

- Reviewing the irrigation, land use and rice crop data and analysing them with GIS tools.
- Organising the 3rd regional workshop on the Demonstration of the Multi-functionality of Paddy Fields in July 2005 to sum up findings of the project's first phase and discuss its future activities.
- Conducting irrigation water use estimation based on existing data from past work and work carried out under DMPF to date.

Major achievements under IIEPF for 2005 included:

- The launch of the project in mid-2005. Much of the initial work was involved in redesigning the project.
- Presentation and discussion of a revised draft project document at a series of national consultation meetings.
- Establishment of a collaboration with the Food and Agriculture Organisation (FAO).

# Hydropower Programme

The new Hydropower Programme marks the evolution of the former Water Resources Management Programme (WRMP) into MRC's strategy relating to hydropower development in the Lower Mekong Basin. The water resources and hydrology components of the former WRMP are now part of the Information and Knowledge Management Programme.

The Hydropower Programme's aim is to strengthen member countries' capacity for hydropower planning and sustainable development by identifying the best options for the Lower Mekong Basin and creating recommendation criteria for prioritisation. There is a large hydropower potential in the Mekong region and hydropower options are included in the power development strategies of all Mekong countries.

Since 2003, hydropower experts together with the BDP Team have carried out surveys on the hydropower sector in the Lower Mekong Basin. In 2005 a task force was established at the MRC Secretariat for the development of the programme. A regional consultant was hired for the preparation of a concept paper for the programme's first phase. A round of national consultations was also held in each of the four member countries as part of the drafting procedure for the concept paper. The paper was presented to the 22nd Joint Committee meeting in August 2005.

The year 2006 will see development of the new Hydropower Programme, subject to the availability of funding. A programme document will be produced and provide full information on the expected outputs of the programme.

Activities under the MRC Hydropower Strategy and cooperation with the BDP will continue. Cooperation structures with hydropower segments in the riparian countries will be established and advice on the planning, development and operation of hydropower



plants in the Lower Mekong Basin (LMB) will be provided in close consultation with the riparian governments and the BDP. Hydropower projects in the LMB will be identified for the BDP planning process, and good progress has been made on the hydropower database which will now be developed further.

Costs and benefits of existing hydropower plants and dams will be analysed to support identification of options for best hydropower development in LMB. Studies will be carried out on the potential for improved efficiency, reduced power demand and savings in investments in the power sector in the riparian countries.

At the basin-wide level MRC will support proper planning and development of hydropower as well as monitoring of impacts and mitigation measures. Information on water resources will also support the Water Utilisation Programme and the Flood Management and Mitigation Programmes.

Participation of stakeholders and coordination with national authorities and international organisations in the formulation of development initiatives will be ensured.

# Navigation Programme

The Navigation Programme (NAP) aims at promoting freedom of navigation and increasing the international trade opportunities for the MRC member countries' mutual benefit. It also assists in coordination and cooperation in developing effective and safe waterborne transport in a sustainable and protective manner for the waterway environment.

The programme has five components:

- Socio-economic Analysis and Regional Transport Planning
- Legal Framework for Cross Border Navigation
- Traffic Safety and Environmental Sustainability
- Information Promotion and Coordination
- Institutional Development



Lao PDR

The NAP implemented a preparatory phase in the past year and continued to establish the navigation working group. The programme has since achieved a number of key preliminary objectives in 2005, laying the foundation for its coming work.

- Following preparation of a detailed design for installing navigation aids between Phnom Penh and the Cambodia-Viet Nam border, work on the preparatory phases of the project began in September 2005. This 154km stretch of the Mekong is crucial for the improvement of maritime shipping between the two countries and their overseas partners. The project will increase safety, enable night navigation and increase international trade.
- Recommendations for cooperation between China/Myanmar and MRC on Mekong Navigation Development have been formulated, based on the Chinese navigation strategy and MRC policy on improving waterborne transport on the Mekong River System. The proposal involves activities on navigation, research and training.
- The Navigation Programme produced an Integrated Water Resources Management and Development Strategy. The document was prepared by NAP to guide the BDP team on how to integrate waterborne transportation as a sector into its Strategic Directions for Integrated Water Resources Management in the Lower Mekong Basin.

In late 2005 the the Navigation Programme received funding support from the Belgian Government, so 2006 will be the first year for large-scale implementation of the programme.

The Navigation Programme has selected five outputs covering activities related to navigation safety and efficiency, a legal framework for cross border transport (trade facilitation), and environmental sustainability on which to use this



funding.

The five outputs which come under the umbrella of components 2,3,4 and 5, are:

- Installation of the aids to navigation on the Mekong River between Phnom Penh Port and the Cambodia-Viet Nam border. This will include a hydrographic survey, detailed design of the aids to navigation, international tendering for international companies to supply the material, a fully operational aids to navigation system and training of national counterparts.
- An updated and harmonised legal regime to guarantee freedom of navigation, consisting of legal and operational navigation

agreements.

- Risk Analysis and Contingency Plans.
- Coordination, Institutional Building and Training. MRC will continue to develop its relationship with China and Myanmar and hopes to work more closely with its upstream neighbours on increased cooperation on Mekong navigation issues.
- Pilot projects on morphology and bank erosion in Lao PDR, Thailand and Viet Nam and on hydrodynamic and morphological impact of dredging the Tonle Sap.

# Information and Knowledge Management Programme

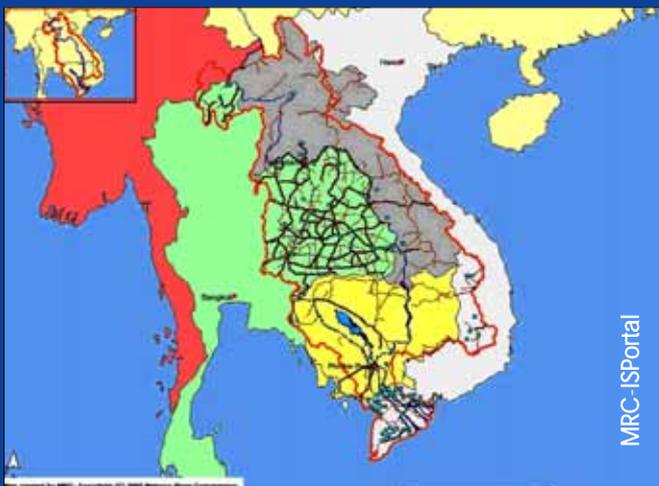
The Information and Knowledge Management Programme (IKMP) is a new MRC development, which provides a common information base and communication platform for all programmes. It is also supported financially by all the programmes.

The programme facilitates access to and use of the data, information and decision support tools comprising the MRC-Information System (MRC-IS) and is necessary to promote and co-ordinate sustainable development of water and related resources in the Mekong Basin.

As part of its hydrological information work, it maintains a network of hydrometeorological measuring stations along the Mekong which transmit near real-time information on water levels and rainfall for flood forecasting and other uses.

The programme has four components:

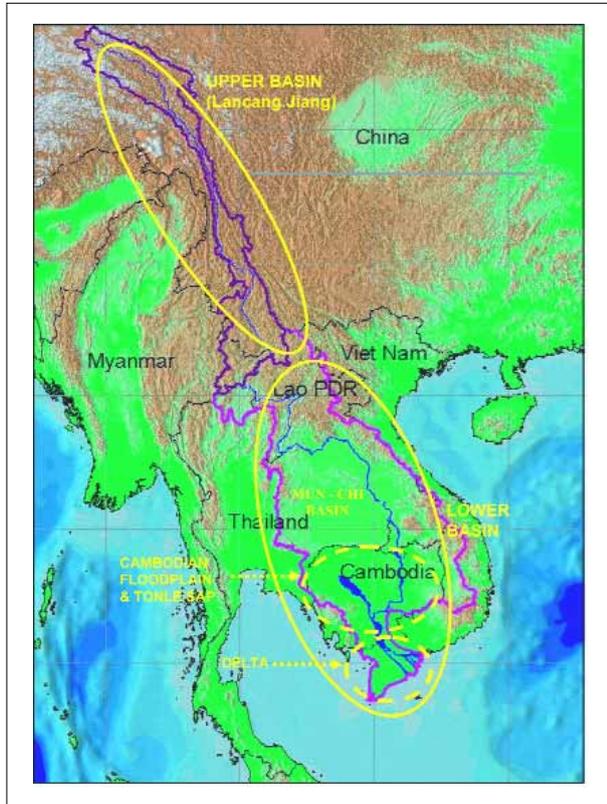
- Data Exchange and Sharing
- Information Management
- Decision Support Systems
- Capacity Building and Institutional Strengthening



The Information Knowledge Management Programme was formerly known as the Decision Support and Information Management Programme, and operates within the Technical Support Division. It was introduced into the 2005 Work Programme following the request of the Joint Committee at its 18th Meeting in 2003 to act regarding sustainability of the MRC-Information System (MRC-IS), and to prepare a proposal on allocation of funds for the development, implementation and maintenance of the MRC-IS for submission to donors.

Activities related to IKMP's objectives were carried out in 2005 under the Technical Support Division (TSD) of the MRCS and included:

- Development of the MRC-IS Portal. This information system has been developed with the assistance of The Canadian Space Agency and the Canadian Centre for Remote Sensing/Natural Resources Canada. The Portal was completed by December 2005 and launched in-house at the MRCS in January 2006. There is ongoing investigation into options for external access. The Portal includes key information services such as interactive maps, and a geographically-enabled metadata explorer with metadata for spatial datasets.
- Final development of the Document Management System (DMS), which is also part of the MRC-IS Portal. The DMS is designed to improve sharing of and access to documents and provide fully controlled access to a wide range of documents. The Document Management System is planned to be opened for external access in 2006.
- Implementation of international standards applying to MRC's metadata to conform to ISO 19115.
- Significant progress in the 'Data Exchange and Sharing' component: The first comprehensive list of Primary Custodians (the particular line agency in a country responsible



for collection and management of a particular dataset was completed toward the end of 2005. Guidelines for Implementation of Procedures for Water Use Management were also developed in collaboration with the Water Utilisation Programme and finalised in late 2005. Guidelines for Management of the MRC Hydro-meteorological Network were also approved by the Joint Committee in August 2005.

- Official acceptance of the Sustainability Plan for the MRC Hydro-meteorological Network by all MRC member countries in March 2005. The Appropriate Hydrological Network Improvement Project (AHNIP), scheduled to end in March 2006, is now in its final stage. AHNIP has continued to assist the NMCs and Line Agencies to consolidate and build their capacity to collect and share near real-time hydrometeorological data. AHNIP has also assisted the MRCS to draft guidelines

for the management of the MRC Hydrometeorological Network and Memorandums of Understanding with the NMCs and Line Agencies for operation of the AHNIP systems and monitoring stations.

- Continued collection and supply of timely hydro-meteorological information to all MRC programmes. The hydro-meteorological data collected from member countries through 2002 were also completely processed. The hydrologic yearbook in 2001-2002 was reproduced in an electronic version and disseminated to the member countries in late 2005.
- Provision of decision support to the Water Use Management Programme and the Basin Development Plan. Decision Support Framework modelling and knowledge base enhancements have also been realised.
- Implementation of Procedures for Data and Information Exchange and Sharing and Procedures for Water Use Monitoring has also continued in the member countries.

IKMP activities in 2006, in parallel with the programme's continued preparation, will put emphasis on facilitating the implementation of the framework of procedures and guidelines developed in the last three years through technical support and assistance.

The implementation of the Memorandum of Understanding for Management of the AHNIP Network, which will be continued in 2006, will also be an important activity not only to the remainder of the project but also for the long-term sustainability of MRC hydro-meteorological data collection.

A key project in preparation is the Mekong Hydrological Cycle Observing System (Mekong-HYCOS). Designed to improve river monitoring and flood forecasting capacity, IKMP will be formulating and developing the inception phase of the project.

# Integrated Capacity Building Programme

The Integrated Capacity Building Programme (ICBP) provides support to the Secretariat and National Mekong Committees in each country by improving the systems and expertise of administration, management and communications. The programme is built around a regional training programme involving a network of leading education and training institutions in the Mekong riparian countries, the region and worldwide.

The ICBP comprises several components:

- Training in Project Management
- Training in Information Management and Communication
- Training in Environmental Governance
- Junior Riparian Professional Project
- Strengthening Core Activities of MRC
- Research Coordination
- Gender Mainstreaming



The ICBP's Junior Riparian Professional (JRP) Project provides ongoing training of young riparian professionals, both on-the-job and through external training courses. The JRPs rotate through MRC's programmes gaining hands-on experience of the day-to-day planning and administration needed for effective river basin management. This training is also aimed at increasing regional cooperation and integration.

Many MRC programmes are also involved in capacity building activities within their own spheres of expertise involving employees from the MRC Secretariat, NMCs and line agencies.

The following are some ICBP achievements of the past year.

- The first batch of JRPs completed the three-year programme and on-the-job training at the Secretariat in June 2005. One has returned to his home country to take up a professional position in a water-related field and two have obtained positions within the MRC Secretariat. The second batch will complete their three-year programme in March 2006 and the third batch will complete a two-year programme in June 2006 when Phase 1 of the project will come to an end.
- All three batches of JRPs have undertaken regional study tours, paying visits to National Mekong Committees, development projects, institutions, the Mekong Delta, the Tonle Sap Great Lake where they met local people to discuss development topics. They have also undertaken training courses in Integrated Water Resources Management as well as specific courses related to their programme work.
- The programme initiated a new Gender Mainstreaming Project which will run through 2007. Funded by NZAID, the project has now built up a communication network between national focal points and finalised preparation



for implementing the project activities.

- A training programme for Lao support staff, funded by the UNDP, continued throughout 2005 and has now been extended until March 2006. All Lao support staff members were attached to programmes and activities in their related fields, and job transfer from their Cambodian counterparts was completed at the end of June 2005. The support staff have undertaken many training courses including office skills and administration, English language and technical skills related to their assignments.
- An evaluation of the current JRP project was held including input from all participants, programme managers and national Mekong Committees. Work is now underway to plan phase 2 of the JRP project which will run from 2006-2010.

In 2006 a proposal to extend the JRP project will be completed and funds will be sought for its implementation.

The Gender Mainstreaming Project commenced operation in late 2005 and in 2006 plans to

conduct a basin-wide gender workshop at the MRC Secretariat and gender sensitivity training in each riparian country, in addition to implementing various projects aimed at improving gender responsive water and related resources development programmes.

During 2005 the communications function worked to raise awareness and document MRC activities to member countries and the general public through information products and media relations.

Achievements this year included:

- The production of newsletters, annual reports, documents to support fundraising missions and several technical publications. The communications team undertook regular releases of press bulletins and maintained continual liaison with the media, researchers and tertiary institutions.
- The launch of a redesigned, more user-friendly MRC website ([www.mrcmekong.org](http://www.mrcmekong.org)).
- Support for events. In 2005 the communications function was heavily involved in organising events to celebrate the 10th anniversary of the Mekong River Commission, including a formal celebration held at the MRC Secretariat in Vientiane and the International Forum on Integrated Water Resources Management of the Mekong River Basin held in Chiang Rai, Thailand. It also supported the MRC's presence at the South East Asia Water Forum in Bali, Indonesia and World Water Week in Stockholm, Sweden and provided media and supporting activities for the 3rd Annual Flood Forum in Vientiane.

During 2006 the communications team plans to increase public awareness of the MRC and its work through improved media contact. It also plans to expand the website's educational section.

# 2005 Corporate highlights

## Chinese partnership strengthened

In June 2005, at the invitation of the Chinese Ministry of Foreign Affairs and the Ministry of Water Resources, MRC Secretariat Chief Executive Officer Dr Olivier Cogels and a delegation of the Secretariat's senior staff made an official visit to Beijing to hold technical consultations under the framework of cooperation between China and the MRC, within the scope of the Mekong Programme.

The delegation identified a number of potential areas of cooperation with the Ministry of Foreign Affairs, the Ministry of Water Resources and the Ministry of Communication, Information and Transport.

At meetings with officials, the CEO outlined the structure and procedures of the MRC and the nature of its work programme for the sustainable development of the Mekong River Basin.

These briefings were well received and spurred constructive discussions which identified potential areas for enhanced cooperation between the MRC and China. These included: increased communication and strengthened MRC-China cooperation within the current Dialogue Partnership; interest in the

mathematical models of the MRC and cooperation within the Flood Management and Mitigation Programme; and promising cooperation opportunities under the Navigation Programme. The Ministry of Communications, Transport and Information expressed interest in joint activities on navigation safety training in China for the six Mekong countries.

The MRC Secretariat is anticipating an enhancement of its good relationship with China within these areas of cooperation.

## Celebrating 10 years of cooperation

On 5th April 1995 Cambodia, Lao PDR, Thailand and Viet Nam came together to sign what became known as the 1995 Agreement and formed the Mekong River Commission.

On 5th April 2005 representatives from the four countries gathered again; this time to celebrate 10 years of cooperation at a reception held at the MRC Secretariat in Vientiane, Lao PDR.

The celebration was opened by Vice Prime Minister of Lao PDR, H.E. Mr Asang Laoly. Ministers and senior representatives of the four MRC member countries and MRCS CEO Dr Olivier Cogels, also gave short speeches. The





underlying theme for all was the importance of the Mekong Spirit of cooperation.

Speakers pointed out that the past decade had been one of strengthening cooperation, in many ways, especially institutionally, in basin development planning, in developing water procedures, building human resources and becoming a financially secure organisation. In the coming decades it was important to maintain these ties of cooperation so the MRC could move forward in its goal to improve economic and social development within the basin. The Mekong Spirit that united the countries during troubled times and in good times must continue to flourish.

Dr Cogels proposed that 5th April be named Mekong Day and encouraged member countries to make it a day of celebration every year.

### International Forum in Chiang Rai

As part of its ongoing 10<sup>th</sup> anniversary celebration, the MRC held an International Forum on Integrated Water Resources Management (IWRM) of the Mekong River Basin in Chiang Rai, Thailand in November, 2005.

More than 170 people from around the world attended and participated in the forum. These

included international experts, representatives from riparian governments and their line agencies, representatives from National Mekong Committees and river basin committees, development partners, scientists, researchers, students and stakeholders.

Joint planning and facilitation of investments in various water-related sectors, aiming at shared benefits for the Mekong countries, is the heart of the Mekong Programme. Achieving the right balance for sustainable development relates directly to managing the multiple claims on and uses of the Basin's water resources.

It was with this in mind that the forum participants discussed and exchanged ideas on how IWRM principles can be applied at a basin scale to best meet the economic and social challenges facing the basin.

Sessions were held under themes reflecting the four main goals of the MRC's new Strategic Plan 2006-2010: Meeting development needs; strengthening cooperation; maintaining the ecological balance and building capacity. Each session contained presentations from national and international speakers and was followed by a panel discussion with questions from the floor.

Prior to the main sessions presentations were made by H.E. Mr Krit Kraichitti, Thailand's Ambassador to Viet Nam, who was part of the negotiation team which drafted the historic 1995 Agreement, and Mr Les Roberts, General Manager Natural Resources, Murray Darling Basin Commission of Australia.

An exhibition highlighting the achievements of the MRC over the past decade complemented the forum.

The International Forum on Integrated Water Resources Management was made possible through the support of the governments of Australia, Germany and Sweden with assistance from the Thai National Mekong Committee and the MRCS.

### Working together with stakeholders

# 2005 Corporate highlights

Promoting regional cooperation for sustainable development plays a key role in the operation of the MRC and it knows that stakeholder involvement in decision-making is fundamental to achieving feasible, equitable and lasting solutions and that the quality of decisions can be improved by the inclusion of stakeholders who bring to the process important knowledge and relevant perspectives.

One of the MRC Secretariat's objectives is to invite greater participation from partners and stakeholders who share MRC strategic objectives for sustainable development in the Mekong River Basin.

These stakeholders include donor agencies, private sector groups, research institutions, civil society organisations, the media and other groups which can potentially contribute to the Lower Mekong Basin development planning process by providing information and participating in discussions during the planning process.

It was with these goals in mind that, on 8 August 2005, the Secretariat held the first Regional MRC Stakeholder Meeting in Vientiane, which gathered together representatives of several UN agencies, NGOs, the Asian Disaster Preparedness Centre and

partner programmes to share their views on the MRC's Strategic Plan 2006-2010.

The Secretariat's aim is to foster a new spirit of openness and inclusiveness among itself and all those working toward poverty reduction and sustainable development in the region. The MRC Regional Stakeholder Meeting will become a regular event in the MRC calendar.

## **New programmes meet basin needs**

At the 12<sup>th</sup> meeting of the MRC Council in Chiang Rai the Council approved the formation of three new programmes: a Drought Management Programme, the Information and Knowledge Management Programme (IKMP - formerly the Decision Support and Information Management Programme) and a Tourism Programme.

The MRC Secretariat has established a task force under its Operations Division to prepare a proposal for a Drought Management Programme. The Drought Management Programme will have strong links with the Flood Management and Mitigation Programme; the Agriculture, Irrigation and Forestry Programme and the Water Utilisation Programme.





Development of the programme proposal will be based on a study on Drought Forecasting and Management carried out in 2005 by the MRCS. The main objective of this study was to enable identification of deficient hydrological conditions resulting from the natural variability of the regional climate and to be able to distinguish these from impacts of resource developments and interventions.

The IKMP was originally introduced in the Work Programme 2005 following the request of the Joint Committee at its 18th Meeting in 2003 to take action regarding sustainability of the MRC-Information System (MRC-IS), and to prepare a proposal on allocation of funds for the development, implementation and maintenance of the MRC-IS for submission to donors. The Joint Committee at its Twentieth Meeting also highlighted the needs for hydrological data collection.

The IKMP is already operating activities under the umbrella of the Technical Support Division, but will embark on a six-month preparation to form a fully-fledged programme in the first quarter of 2006 and commence implementation in mid 2006.

Development of the Tourism Programme will be based on an analysis of needs and opportunities of the countries and it will be linked with related projects carried out under the tourism sector of the Asian Development Bank's Greater Mekong Subregion initiative and those being carried out by the Transport, Communications and Tourism Division of ESCAP, especially the Mekong/Lancang River Tourism Planning Study.

A baseline study on tourism is also being undertaken under the Environment Programme. This assessment will include an analysis of the MRC's comparative advantage in tourism, thus allowing for future programme development.

## Strategic Plan 2006-2010

In 2006 the MRC starts a new five-year cycle in its strategic planning. Within the strategic plan 2006–2010, the fundamental strategic direction of MRC and its vision statement remain, but the plan provides for an updated programme structure in a sector and cross-cutting programmes matrix, all feeding into an overlying basin development planning process. This will allow the MRC to address the development opportunities of the Mekong Basin in a more balanced and sustainable manner. The overall five year goal of the MRC will be: "More effective use of the Mekong's water and related resources to alleviate poverty while protecting the environment".

See page 34 for more on the new Strategic Plan.

## MRC on display

The MRC participated in World Water Week, held in Stockholm, Sweden in August 2005. The MRC's Water Utilisation Programme, made a presentation and the MRC shared an exhibition booth with the Challenge Programme on Water and Food (CPWF). The MRC is the coordinating institution for the CPWF in the Mekong region.

Two days later, the MRC and National Mekong Committee delegates joined The Southeast Asian Water Forum (SEAWF) in Bali, Indonesia. Here MRC co-convened a session entitled 'Reducing Vulnerability to Floods, Drought and Other Water-Related Disasters' with the Japan Bank for International Cooperation and the International Flood Network.

Six papers were presented during the session, which included one by the MRC entitled "Flood Forecasting and River Monitoring Systems in the Mekong River Basin". Results from the session and recommendations were presented to the SEAWF Plenary for reference to the Forum's Ministerial Meeting and for delivery to the 4th World Water Forum, to be held in Mexico in March 2006.

# Developing a new Strategic Plan 2006-2010

During 2005 a team of consultants spent many months working in close consultation with Mekong River Commission governing bodies, the National Mekong Committees, line agencies, the MRC Secretariat, and our donors and partners to draft a new Strategic Plan for 2006-2010 which will take the organisation forward into a new phase of its growth.

A first draft of this Strategic Plan was approved in principle by the MRC Council on 30 November 2005 and the plan is now undergoing a final consultation process with countries, donors, partners and stakeholders. It is envisaged that once all views are taken into account, the final plan will be approved in the third quarter of 2006.

MRC feels that this consultative process is important and that it will play an integral part of the success of its new strategy. This is, first and above all, a strategy of the member states and, as such, it required intensive discussion and input from the National Mekong Committees (NMCs) and their line agencies as well from MRC Secretariat. Comments have been sought from donor groups and stakeholders and these are being incorporated in what the MRC sees as a dynamic and forward-thinking strategy for a modern River Basin Organisation.

According to the 1995 Agreement, MRC's mandate is to promote "Cooperation in all fields of sustainable development, utilisation, management and conservation of the water and related resources of the Basin". Now 10 years on, and with considerable financial and technical assistance from donors, the MRC has made substantial progress in implementing the 1995 Agreement. It has acquired a strong reputation as one of the most efficient international river basin organisations in the developing world, with established and effective links to its member countries through the NMCs.

The MRC Secretariat has developed an

impressive knowledge base and powerful mathematical models to help it achieve its mandate of promoting cooperation and regional integration and this knowledge will provide the MRC's governing bodies with the tools they need for well-informed basin-wide development planning and decision-making.

During discussions, the MRC member countries expressed their desire to see the new Strategic Plan emphasise the production of tangible results focused on poverty reduction through sustainable development; increased ownership of the MRC and its programme work and the adoption of an integrated water resource management approach to the utilisation of the Mekong's common resources.

The Strategic Plan 2006-2010 plan is based on an analysis of the socioeconomic situation of the basin and its important development and environmental protection needs as identified by the member countries and relevant stakeholders. This process enabled the MRC to clearly define its role and set its goals, objectives and priority actions for the next five years.

The overall five-year goal of the MRC is:  
More Effective Use of the Mekong's Water and Related Resources to Alleviate Poverty While Protecting the Environment

During 2006-2010 the MRC will work to ensure development is conducted in a manner that optimises the multiple-use and mutual benefits of all riparians while keeping potential harmful effects to a minimum and emphasising the needs of the poorest and most vulnerable communities, such as those on the floodplains, or farming in the dry regions and the Delta.

The MRC has identified four areas on which to concentrate its efforts over the next five years. If it is to achieve its aims, there is a need to sustain the current strong commitment from the member states, donors and stakeholders as well



as the mobilisation of funds in support of the MRC's work programme and activities.

The MRC will work towards:

- Promoting and supporting coordinated and sustainable pro-poor development of the basin's water and related resources.
- Enhancing effective regional cooperation between member countries.
- Strengthening basin-wide environmental monitoring and impact assessment
- Strengthening the integrated water resources management capacity and knowledge base of the MRC bodies, NMCs, Line Agencies, and other stakeholders.

The MRC supports the Mekong Programme, a Regional Cooperation Programme for the Sustainable Development of Water and Related Resources in the Mekong Basin. This is a programme owned by the member countries, but MRC can play a critical role in lending guidance and support to its members by

providing the knowledge and expertise to promote cooperation and regional integration for sound, sustainable developments that are pro-poor, environmentally sustainable and based on fruitful cooperation between the Mekong countries.

The extensive consultations within the MRC member states showed that promotion of regional cooperation for sound sustainable development is considered as one of the most valuable services the MRC can offer to them. However, the MRC should only act to fill a gap where member states agree that action at regional level would provide real value-added to actions at national and sub-national levels.

With this new Strategic Plan, MRC is confident of becoming a real country-driven international river basin organisation, able to play a leading role in regional integration and cooperation for the coordinated sustainable development of the Mekong River Basin.

Compared with international rivers in most developing countries, there is a substantial level of concrete regional cooperation in water related sectors in the Mekong and this continues to grow fast. Of course, there is more to be done and what is already quite effective in areas such as navigation, fisheries, flood management and environment monitoring should be extended to the use of water for irrigation and hydropower, where regional cooperation can still be enhanced. Cooperation with upstream countries also needs further development, although significant steps have been achieved recently.

With the generous support of our donors, MRC will continue to strengthen its capacity to agree on common plans for long-term and integrated developments, to address transboundary issues with a trusting spirit of cooperation, and to promote environmental and social awareness to ensure sound protection of the river as well as the livelihoods of the poorest and most vulnerable communities in the basin.



# Powerful models bring planning tools to the basin

The Lower Mekong Basin is home to around 60 million people, but within the next 20 years this number is expected to rise to at least 80 million, if not more, and this will put the basin's natural resources under increasing pressure.

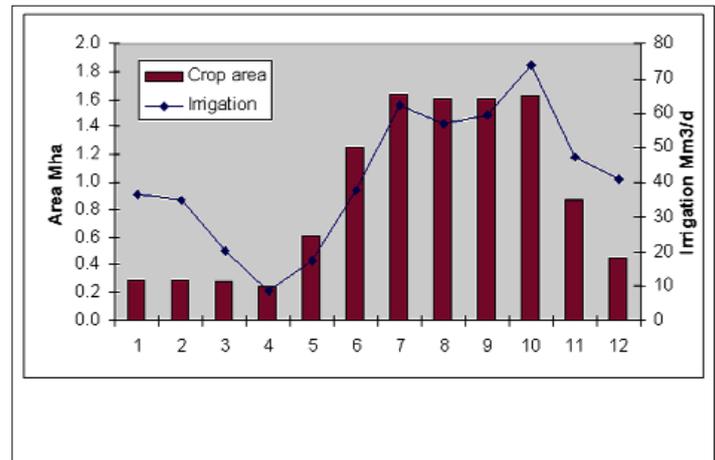
The majority of the population of the Lower Mekong Basin is still highly dependent on an agricultural lifestyle and remains relatively poor. If the region is to achieve its goal of alleviating poverty and improving its economic well being, the riparian governments know that they must find ways of developing its natural wealth.

The good news is that the region has huge water resources which could be developed in a sustainable manner, not only to allow the current population to improve their standard of living, but also to cope with the predicted population upsurge. Current levels of water use and regulation in the LMB are very low compared to most other large rivers in the world, for example, irrigation diversion accounts for less than 10% of the total water available and most tributaries in the LMB remain unregulated.

Equally, all countries depend on the natural river flows on which both the environment and people depend. Consequently, the principles of Integrated Water Resources Management (IWRM) need to be applied to basin development planning to consider impacts not only for the intended sector and country, but across all sectors and countries.

Development without due consideration of impacts on the environment is not in the MRC equation, so careful planning is essential prior to action. Development sectors that most impact water resources are:

- Hydropower, which will redistribute water from the wet season to the dry season; and
- Irrigation, which will divert large volumes of water from the Mekong River and tributaries in both the wet and dry seasons.



This is where the expertise of the Mekong River Commission Secretariat comes to the fore. The MRC's Technical Support Division, with the assistance of the British consulting group Halcrow, has developed a software suite of powerful modelling tools called the Decision Support Framework (DSF), which enables them to ascertain how much development can be undertaken before there is any significant effect on the water flows. These calculations are backed up with a huge amount of data gathered from across the basin, including China.

The data includes a vast range of input from the MRC's four member countries through the National Mekong Committees and the relevant line agencies, with the most detailed data coming from the area stretching from Chiang Saen in Thailand down to the delta region in Viet Nam. The data is updated regularly.

The database includes statistics on terrain elevation; land use; land cover; river tributaries and watersheds; crops planted; physical data such as river cross sections; rainfall; evaporation, temperature, discharges and water levels. Using this data the modellers can forecast what will happen if the basin's environment is altered in any way and they can produce many varied results.



Building the original database and modelling system was a huge task. Halcrow developed the base model and finished in 2004. Since then the data have been updated and the models have been refined.

There are three main models:

- The hydrologic model is used to measure how much water is coming into the river and includes run off from the watersheds and tributaries. The model enables modellers to look at different land uses, climate changes, development and what impacts these would have on the hydrological regime.
- The water management model tracks water needs for irrigation or power. It can report if there will be enough water at certain times of the year for a region's needs and how distribution of water changes during the year. One important use of the model is to demonstrate the impact of new man-made structures, such as dams, on the flow regime.
- The hydraulic model concentrates on the flood plains in the Lower Mekong and delta

area as well as the Tonle Sap system, and deals with such problems as the effects of embankments on flooded area and salinity intrusion due to tides in the delta.

Because of the nature of water and developments involving water, many of the models incorporate transboundary issues in their development scenarios and this is one of the primary reasons for the system's development. It is important that all data and modelling be transparent, so the DSF outputs will be accepted by all member countries and can become an integral part of their decision making process.

The results from the models will allow member countries to see what impact, if any, a development in one country will have on water resources in another. They can then be aware of the mitigation needed or be in a position to negotiate mutually agreed solutions.

The DSF can also be used for local applications. In fact, many of the current projects being studied are local, but may have some



# Powerful models bring planning tools to the basin

transboundary implications. At the member countries' request, the modelling team is currently working on two case studies per country, and these studies will be carried out together as a joint venture.

- In Lao PDR there are hydropower projects and a water diversion plan to Thailand
- In Thailand the team will look at watershed management, effects on crop patterns and a flood and drought study
- In Cambodia a study of a multipurpose development project is underway. This project involves power, water resource management and irrigation as well as navigation channel improvement around Phnom Penh, and flood protection.
- In Viet Nam the team will look at salinity intrusion and water resource development in the Sre Pok River.

The most important aspect of the DSF is its ability to model the whole Mekong basin. It is sufficiently detailed to make accurate predictions on how changes, be they man-made or natural (such as climate change), will affect the river and its tributaries.

The team has been working with the DSF for two years now and, in conjunction with the World Bank, has developed several development scenarios. These are:

- A baseline scenario
- High development in hydropower with low development in irrigation
- Low development in hydropower with low development in irrigation
- Low development in hydropower with high development in irrigation
- High development in hydropower with high development in irrigation

These scenarios can provide quantitative points

of reference against which actual projects, or aggregations of projects, can be rapidly assessed. This is expected to assist BDP with the process of short-listing projects and the development of selection criteria.

The DSF models have been modified and improved in their accuracy since their original inception. The calibrated parameters are used as baseline values and the team examines changes rather than absolute values. By producing these models and scenarios MRC hopes to provide sufficient knowledge for countries to launch successful projects. Using the models, agencies can examine development impacts and work towards optimum results.

The team is now working with the NMCs on their projects, but there is also scope for the MRC to use the DSF internally. The team is keen to support all programmes within MRCS and is currently working with the Water Utilisation Programme and the Environment Programme on environmental flows which form part of the Integrated Basin Flow Management work to support the Procedure for Maintenance of Acceptable Flows on the Mainstream and/or highlight areas of potential concern.

The DSF has access to an enormous amount of data which can be used to predict any number of scenarios. Predictions can be related to aquatic life and other environmental indicators. For example, results can be used for indicating changes in aquatic life due to changes in seasonal flows and salinity. They can also be used to predict the extent of floods and effect the construction of embankments and dykes can have on water resources.

Eventually this tool will be in the hands of local experts. Some training in the DSF has been undertaken in the member countries and the assistant modellers working within the MRCS will soon be able to return to their home countries adept at using the models.

# The importance of partnerships



The role of the Mekong River Commission (MRC) is to ensure that the development of the Mekong Basin's water and related resources contributes to accelerated economic development which is widely dispersed, sustainable, and in accordance with the basin vision and the 1995 Mekong Agreement.

This role must however be executed under a broad development agenda where the MRC does its part to support increased economic integration, including promoting an enhanced environment for intra-regional trade and investment. But it cannot do this alone.

Partnerships at all levels are a vital element to the MRC's work, and in order to achieve its strategic goals, the MRC has forged effective links with other regional economic cooperation initiatives.

These initiatives include the Association of South East Asian Nations (ASEAN), the Greater Mekong Sub-Region Economic Cooperation Programme (GMS), the emerging World Bank Mekong Water Resources Assistance Programme (MWRAP), The Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy

(ACMECS) and Thailand's Neighbouring Countries Economic Development Cooperation Fund (NECF).

Strategic partnerships can help to clarify appropriate roles and complementarities of these initiatives resulting in synergies for a coherent development process, accelerated economic growth and poverty alleviation.

## The World Bank and the Asian Development Bank

The MRC has a long standing relationship with the World Bank, which has implemented an important Global Environment Facility-funded water utilisation project for the past five years.

Recently the World Bank and the MRC formed another partnership. In 2005 the World Bank together with the Asian Development Bank (ADB) finalised its Mekong Water Resources Assistance Strategy. The MRC provided the technical expertise to help formulate the strategy using its powerful Decision Support Framework (DSF) modelling tool and the skills of its modellers to produce a range of scenarios involving different levels of development within the basin.

# The importance of partnerships

This strategy provides for a “big picture” of the region and aims to make the bank’s water-related assistance more effective. It identifies strategic sub-regional studies/projects (known as “priority actions for dialogue and investment”) in which the MRC will be associated as a partner.

Over the course of this joint planning exercise the MRC Secretariat modelling team, in conjunction with the World Bank, developed several development scenarios which model the whole basin. These take into account different levels of development in hydropower and irrigation and enable basin planners to predict changes in the river regime.

The World Bank and ADB are now working with MRCS to develop this strategy into the Mekong Water Resources Assistance Programme (MWRAP) that provides a framework for the implementation of those priority actions. MWRAP is being prepared in consultation with member governments, donors and civil society.

The World Bank and ADB will now take an interest in assisting the countries separately, as well as the MRCS, with integrated water resources management at a basin scale and with planning for meaningful sustainable developments. Following consultations with country governments, the bank has jointly identified a number of transboundary activities in which MRC will cooperate.

Three cross-border/bi- or tri-lateral project packages of sub-regional/catchment scale areas were identified as offering opportunities:

1. The sub-basins of the Sesan-Srepok-Sekong shared by Cambodia, Lao PDR and Vietnam.
2. The region along the Mekong shared by Thailand and Lao PDR
3. The flood/navigation/agriculture nexus in the delta, shared by Viet Nam and Cambodia.

Because the investment banks want to take a basin-wide view of development they will pursue

a planned list of mutually complementary projects/investments in which the banks as well as bilateral donors are involved. MRC will use its knowledge base to support basin-wide projects as well as national projects which have significant transboundary implications.

## **Greater Mekong Subregion**

The GMS Economic Cooperation Programme, initiated in 1992 with the assistance of the ADB, aims to facilitate sustainable economic growth and to improve the standard of living of the people in the sub-region. There are nine key sectors for GMS activities: agriculture, energy, environment, human resource development, investment, telecommunications, tourism, trade, and transport.

The MRC’s Flood Management and Mitigation Programme is a major component of the GMS flagship Flood Control and Water Resources Management Programme. Cooperation is already quite advanced and can point the way toward further activities in other areas.

Transport sector programmes and their requirements for multi-modal linkages including river transport could be coordinated between the MRC’s Navigation Programme and the GMS. Another area with complementarities for further enhancement is with the land use policy component and the MRC’s Watershed Management programme component.

The Strategic Environment Framework Programme also offers room for enhanced cooperation. Objectives for this programme include support to GMS countries in order to build effective institutions for improved governance of natural resources and the need to strengthen the sub-regional environmental information and monitoring systems. Active involvement of MRC in GMS will increase cooperation with China and Myanmar, particularly to allow integrated water resources management of the whole basin.



### ASEAN

MRC member states Cambodia, Lao PDR, Thailand and Viet Nam are also members of ASEAN. The MRC's role and accomplishments in promoting regional cooperation is a key area where MRC aims to work with ASEAN. In addition to a stronger link with broader economic development and cooperation initiatives, this type of regional recognition can build the trust and political will to reach acceptable solutions to difficult, complex issues.

### ACMECS

The objectives of this new initiative are to bridge the economic gap among the four countries, and to promote prosperity in the sub-region in a sustainable manner. Leaders of Cambodia, Lao PDR, Myanmar and Thailand have agreed on five priority areas of cooperation, and endorsed the "Economic Cooperation Strategy Plan of Action," under which 46 common projects and 224 bilateral projects were listed for implementation over the next 10 years.

Viet Nam has now also joined the group. The MRC is working with its member countries to help them gain the best outputs from this association.

### NECF

The Thai NECF makes available concessional loans for socio-economic infrastructure development projects and works with neighbouring country government agencies, state enterprises and state-owned financial institutions.

Within this framework MRC recently collaborated with Thailand's Ministry of Finance to help it identify a project it could support on the Nam Souang in Lao PDR. In this case the Thai Government intends to secure funds for the development of the rehabilitation of the Nam Souang Irrigation project, and will be working with the Lao Department of Irrigation.



The MRCS will act as a cooperating agency to support the partnership with Line Agencies and provide experts in the fields of hydrology, irrigation, GIS, agronomy, environment and public relations.

### Private Sector

The MRC is keen to work with the private sector where development aims match those of its programme work. One example of this is in Lao PDR where the MRC's new Navigation Programme has been involved in initial investigations into uses of the Mekong River as a means to transport goods in and out of Lao PDR supporting the Government in its cooperation with a foreign gold mining concern.

As an international river basin organisation, the MRC can provide a basin-wide dimension in planning and working with partners is an important way it can assist the basin's people.

# Going with the flows

Sustainable development in the Mekong River Basin calls for finding the right balance between economic and social benefits and environmental and social impacts. If these decisions are to be careful and informed they need a wide range of data and this is where the integrated basin flow management (IBFM) work being undertaken jointly by a team from the Water Utilisation Programme (WUP) and the Environment Programme (EP) is being implemented.

The MRC'S IBFM activities are designed to provide information to the member states of the predicted costs and benefits of land and water development of the basin. This information is to aid discussions between the countries on the trade-offs that may be necessary between basin development and social and environmental impacts and allow them to agree on a mutually acceptable framework for sustainable development. It will also allow for reasonable and equitable transboundary sharing of benefits and serve as a basis for stakeholder dialogues, identifying valuable assets and acceptable levels of change in relation to benefits from water resources development.

These IBFM activities encompass three phases over the period of 2004-2008. Phase 1, already completed, was a one-year hydrological assessment of the Lower Mekong Basin. An important outcome of this work was a review and synthesis of the available data and information and the subsequent publication of the *Overview of the Hydrology of the Mekong Basin* (MRCS 2005). This aim of this report is to inform a wide readership about essential hydrometeorological features of the Mekong Basin and the modelling capacity in the MRCS.

During 2005 the MRC completed its first basin-wide flow assessments based on evaluation of the environmental, social and economic beneficial uses of water under possible future flow regimes representing a range of possible basin development activities. This approach has not been used in the Mekong Basin before and



the results form part of the WUP's holistic approach to basin planning in Phase 2 of its IBFM activities.

The purpose of environmental flows (according to an IUCN definition) is to provide a flow regime that is adequate to ensure downstream environmental, social and economic benefits. The appropriate environmental flow for a particular river will depend on the values placed on different economic and social requirements. Those values will determine decisions about how to balance environmental, economic and social aspirations and the uses of the river's waters.

WUP and the EP gathered a 19-strong multidisciplinary team during 2005 for a pilot study of how the MRC's flow assessment work should be undertaken. The team consisted of specialists in hydrology, hydraulics and hydrodynamic modelling, water quality, botany, geomorphology/sedimentology, aquatic invertebrates, fisheries, herpetology, ornithology, sociology and economics.

Their joint activities produced three streams of information, each providing important insights in its own right, as well as being part of a comprehensive picture of possible change:

1. A biophysical assessment of how the river and its resources could change as a result of



development-driven changes in flow.

2. An economic assessment which presented a first approximation of the value of all the present attributes and beneficial uses of the river system and how these could change with a changing river.

3. A social assessment of how the changing river could have an impact, both positively and negatively, on people living near the river and in the Basin.

The study concluded that:

- Much of the of the Mekong system is in relatively good condition, but, locally, some ecosystem components have been severely degraded.
- There is substantial room for further water-resource development without severe ecological degradation of the river ecosystem.
- It is likely that the future development interests of the member-States can be managed and/or mitigated with good up-front planning, good project design and operation and a good spirit of cooperation.
- The findings provide details upon which discussion can begin, both within countries and between countries on possible trade-offs

between development and resource protection.

- On a macro scale, much of the social impact associated with increased development of water and related resources in the Basin will be positive.
- There are some important areas of concern requiring further study, including the vulnerability of the Tonle Sap and the Cambodian floodplain to possible flow changes and the maintenance of deep pool habitats for fisheries below Khone Falls in Lao PDR.

The work also constitutes part of the Mekong Wetland Biodiversity Conservation and Sustainable Use project (a joint programme with IUCN, UNDP and MRC). It has also provided an enabling framework for sustainable development through which member countries can agree on procedures regarding maintenance of flows on the mainstream.

In April 2006, the EP will commence a four-year research programme, building on the experience gained in IBFM Phases 1 and 2.

Under this study, which combines hydrological analysis with detailed multidisciplinary research of various aspects of river and flood plain ecology, a team of international and riparian specialists will collect flow-related information at several sites within the basin. Information on geomorphology, hydrodynamics, water quality, fish, invertebrates, vegetation, birds and human uses of riverine resources are among the disciplines to be incorporated into the study.

At the end of each year findings will be summarised at a Review Workshop and the predictions of change that came from Phase 2 will be reviewed and revised if necessary. The findings from these workshops can be used progressively by the MRC and the four national governments in their decision making processes. At the same time use of international mentors will increase technical capacity within the countries.



# Donor Cooperation in 2005

In 2005 donor cooperation increased, boding well for a positive medium-term funding outlook. Many current donors and some new ones showed strong support for the MRC's work. The MRC was encouraged to receive such generous support from donors, a fact it sees as an indication of the appreciation of the international donor community has for its work.

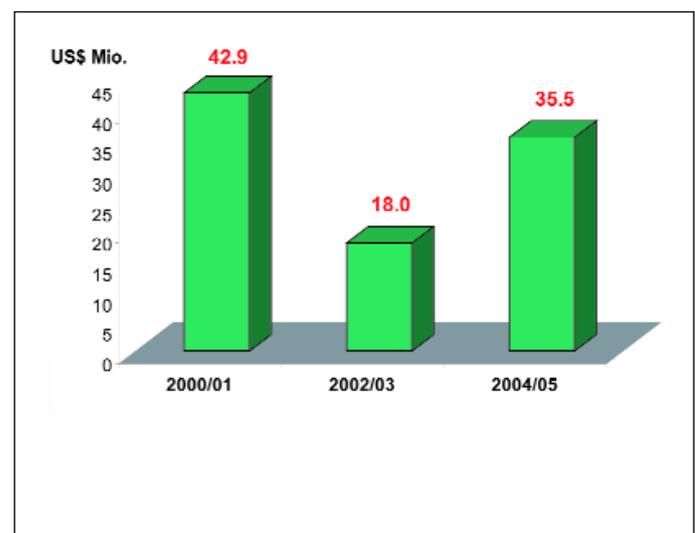
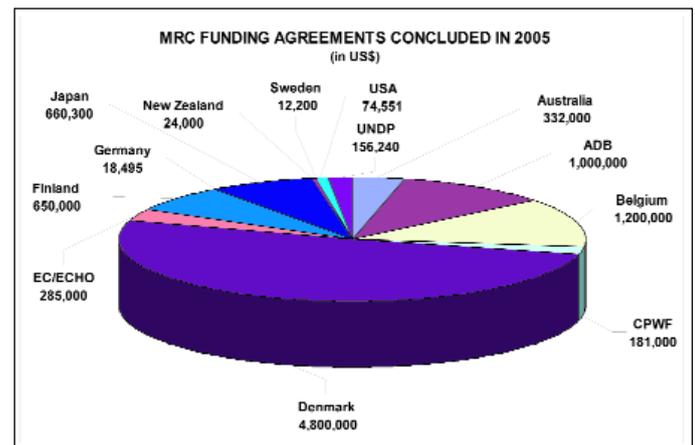
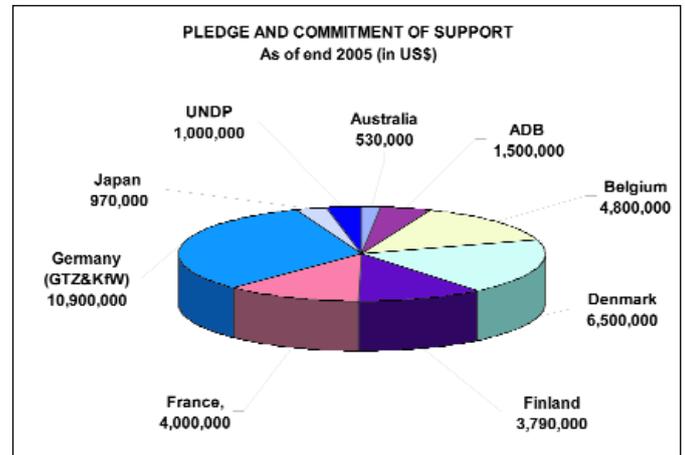
New funding agreements amounting to US\$9,393,786 were concluded with Australia, ADB, Belgium, IWMI/CGIAR, Denmark, EC/ECHO, Finland, Germany, Japan, New Zealand, Sweden, the USA and UNDP.

Continued support was also extended to MRC through the provision of technical assistance. The Government of Japan provided two experts assigned to the Secretariat working within the Basin Development Plan and the Agriculture, Irrigation and Forestry Programme. The Government of France seconded one Senior Technical Advisor and one Junior Professional Officer to work within the Programme Coordination Section of the Secretariat.

Donors formally indicated multi-year pledging and commitment of support totalling US\$33.99 million (as at year end 2005). Pledges of support were made to the Information and Knowledge Management Programme, the Agriculture, Irrigation and Forestry Programme, the Environment Programme, the Navigation Programme and the Basin Development Plan.

The MRC is pleased that there is an overall trend toward increasing donor support – in the past two years agreements amounting to US\$35 million have been signed. At the start of 2006 the organisation has funds amounting to US\$39.4 million to support its work, in addition to the funds pledged.

In 2005 the World Bank enhanced its engagement with the MRC and became an observer to MRC governance meetings. The MRC has also concluded a Framework Partnership Agreement with the European Commission to become a partner of the European Commission Humanitarian Aid Office (ECHO).



Biennial summary value of donor agreements concluded (2000-2005) Total US\$ 98.6 million

# Funding Signed in 2005

Donor	Amount US\$
Australia	332,000
ADB	1,000,000
Belgium	1,200,000
CPWF	181,000
Denmark	4,800,000
EC ECHO	285,000
Finland	650,000
Germany	18,495
Japan	660.300
New Zealand	24,000
Sweden	12,200
USA	74,551
UNDP	156,240
<b>Total</b>	<b>9,393,786</b>

# Firm Pledging received in 2005

Donor	Amount US\$
Australia	530,000
ADB	1,500,000
Belgium	4,800,000
Denmark	6,500,000
Finland	3,790.000
France	4,000,000
Germany (GTZ & KfW)	10,900,000
Japan	970,000
UNDP	1,000,000
<b>Total</b>	<b>33,990,000</b>

# Finance and Administration

Following on from the past three financial years, the MRC has continued its stringent budgeting rules and maintained a surplus in the operating expenses budget. This vigorous financial control will be maintained throughout 2006.

The year 2005 was the first complete year in Vientiane, Lao PDR after the relocation of the Secretariat from Phnom Penh, Cambodia. By early 2005 all Lao administrative staff members were on board and had participated in on-the-job training with their counterparts from Cambodia and in external training, which was funded by UNDP, working in conjunction with the Lao National Mekong Committee. The on-the-job training by the Cambodian staff was completed successfully by the end of June 2005.

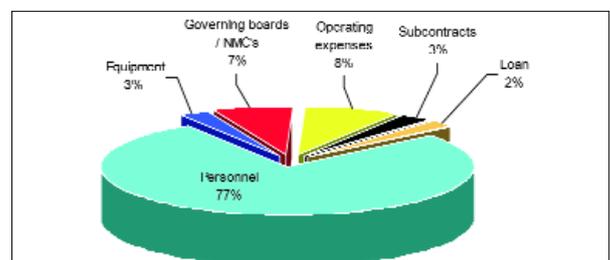
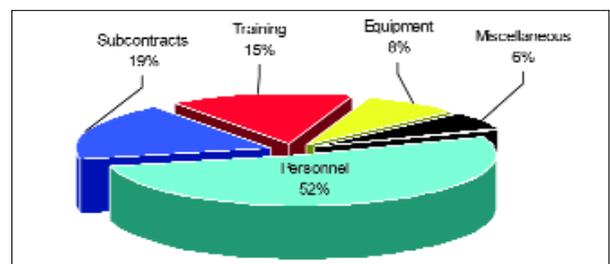
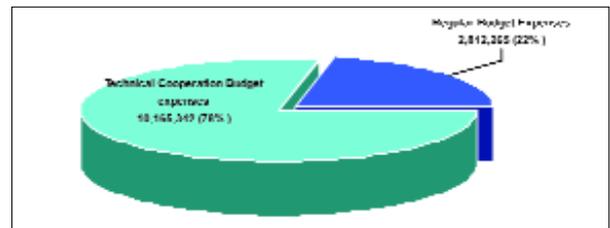
In 2005 the Regional Flood Management and Mitigation Centre opened its doors in Phnom Penh to host the Flood Management and Mitigation Programme. The programme gathered full steam in 2005 with the recruitment of the essential management staff, technical and administrative staff.

## 2005 income and expenditure

MRC is funded by the Member States and by the international donor community. The funds received contribute to the Technical Cooperation Budget, which is mainly used for personnel, subcontracting and training activities, and to the Regular Budget, which finances the services that the Secretariat provides to its governing bodies and to its programmes and projects and personnel costs. The Technical Cooperation Budget is 100% funded by donors, while the



Regular Budget is funded by both the Member States and donors. Cash income received in 2005 from the donor community, from the Member States and other sources amounted to US\$ 14,858,753.



# Income and Expenditure in 2005

	%	2005	2004
		USD	USD
<b>Contributions</b>			
Donors	92.6	13,754,662	12,897,394
Riparian governments	7.3	1,078,332	1,006,586
<b>Revenue</b>		<b>14,832,994</b>	<b>13,903,980</b>
Interest	0.05	13,883	5,293
Miscellaneous	0.05	11,876	21,014
		<b>25,759</b>	<b>26,307</b>
<b>Total Income</b>	<b>100</b>	<b>14,858,753</b>	<b>13,930,287</b>
<b>Expenditure</b>			
<i>Project expenditure</i>			
Personnel services	45.2	5,888,778	4,706,284
Sub-contracts	4.1	539,478	429,291
Training	8.5	1,106,553	944,343
Equipment	6.4	834,765	493,199
Miscellaneous expenses	4.9	632,513	383,427
Water Utilisation Project	16.3	2,126,540	1,915,798
		<b>11,128,627</b>	<b>8,872,342</b>
<i>Relocation project</i>			
Secretariat relocation expenditure	0.1	14,984	551,678
<i>Administrative expenditure</i>			
Staff salary and fees	5.2	671,086	702,053
Common staff costs	3.1	402,500	392,080
Travel	0.2	22,047	3,420
Contractual services	1.1	141,484	60,826
General operating expenses	1.4	180,726	168,343
Supplies	0.2	27,571	31,431
Furniture and equipment	0.5	70,290	18,634
MRC meeting expenses	1.1	146,489	157,243
Support to National Mekong Committees and programmes	0.4	54,605	52,487
WUP management support	1.3	167,198	168,997
		<b>1,883,996</b>	<b>1,755,514</b>
<b>Total Expenditure</b>	<b>100</b>	<b>13,027,607</b>	<b>11,179,534</b>
Foreign exchange (loss)/gain		<b>(3,290)</b>	<b>(7,756)</b>
<b>Movement in Fund Balances</b>		<b>1,827,856</b>	<b>2,742,997</b>
<b>Fund Balances as at 1 January</b>		<b>7,147,444</b>	<b>4,404,447</b>
<b>Fund Balances as at 31 December</b>		<b>8,975,300</b>	<b>7,147,444</b>



**Mekong River Commission**

P.O.Box 6101, 184 Fa Ngoum Road, Unit 18, Ban Sithane Neua,  
Sikhottabong District, Vientiane Lao PDR

**Telephone:** (856) 21 263 263 **Facsimile:** (856) 21 263 264

**E-mail:** [mrcs@mrcmekong.org](mailto:mrcs@mrcmekong.org)

**Website:** [www.mrcmekong.org](http://www.mrcmekong.org)