



MINISTRY OF FOREIGN  
AFFAIRS OF DENMARK



# Report from The International Conference on the Mekong River Commission (MRC)

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#### **Mekong River Commission**

P.O. Box 6101,  
184 Fa Ngoum Road, Unit 18  
Ban Sithane Neua  
Sikhottabong District  
Vientiane, Lao PDR  
Tel.: (856) 21 263 263  
Fax: (856) 21 263 264  
Email: [mrcs@mrcmekong.org](mailto:mrcs@mrcmekong.org)  
Website: [www.mrcmekong.org](http://www.mrcmekong.org)

#### **Ministry of Foreign Affairs of Denmark**

Asiatisk Plads 2  
DK-1448 Copenhagen K  
Denmark  
Tel.: (45) 33 92 00 00  
Fax: (45) 32 54 05 33  
Email: [um@um.dk](mailto:um@um.dk)  
Website: [www.um.dk](http://www.um.dk)

#### **Embassy of Denmark**

19 Dien Bien Phu  
Hanoi, Vietnam  
Tel.: (84) 4 823 1888  
Fax: (84) 4 823 1999  
Email: [ambhanoi@um.dk](mailto:ambhanoi@um.dk)  
Website: [www.hanamb.um.dk](http://www.hanamb.um.dk)

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# Report from The International Conference on the Mekong River Commission (MRC)





**H.E. Dr. Cao Duc Phat**  
*Minister of Agriculture and Rural  
Development,  
Chairman of the Vietnam National  
Mekong Committee, Chairman of  
the MRC Council 2006-2007*



**H.E. Mrs. Ulla Tørnæs**  
*Minister for Development Cooperation  
of Denmark*

On 5 April 1995 the four Mekong countries Cambodia, Lao PDR, Thailand and Vietnam established the Mekong River Commission and agreed on the joint management of shared water resources and development of the economic potential of the Mekong River Delta. Since then, the cooperation under the Mekong River Commission (MRC) has reached many of its goals. However, the organisation has also faced a number of challenges in fulfilling its mission of sustainable development of the water and related resources in the Mekong Basin.

With a view to creating a high level forum for discussions among MRC member states, other Mekong countries, donors and development partners about ways to tackle these challenges and best support and promote the MRC to fulfil its mission, Vietnam and Denmark in early 2007 took the initiative to call for an International Conference on the Mekong River Commission.

The International Conference on the Mekong River Commission was subsequently held in Hanoi from 23 to 24 April 2007 under the joint chairmanship of Denmark and Vietnam, Chairman of the MRC Council for 2006-2007, bringing together some 89 high-level participants from 23 countries and organisations. The aim of the conference was to discuss how to strengthen the MRC as a politically and technically important intergovernmental mechanism for the sustainable development of the Mekong Basin.

The Conference proved to be a timely occasion to take stock and explore ways of furthering the work of the MRC. In a Joint Statement on the Mekong River Commission all participating countries and organisations expressed their shared commitment to provide stronger support to the MRC to ensure that it has the necessary capacity to undertake its mission.

The mandate of the Mekong River Commission is vital to the sustainable development in the utilisation, management and conservation of water and related resources in the Mekong River Basin. Around 65 million people live in the lower Mekong Basin and a large part of the population earns its income from small-scale agriculture and fisheries and is completely dependent on the river to sustain their livelihoods. The MRC is the only institution to which the member countries have committed to cooperate on the sustainable utilisation of the Mekong River, which is why the MRC is crucial to the millions of poor people who make their living from the Mekong Basin's natural resources.

It is thus our shared hope that the commitments of the International Conference on the Mekong River Commission as embodied in its Joint Statement, when turned into actions, will lead to improved and marked gains to the many millions who depend on the Mekong River for their livelihoods.

**H.E. Dr. Cao Duc Phat**  
*Minister of Agriculture and Rural Development,  
Chairman of the Vietnam National Mekong Committee,  
Chairman of the MRC Council 2006-2007*

**H.E. Mrs. Ulla Tørnæs**  
*Minister for Development Cooperation  
of Denmark*

# Joint Statement on the Mekong River Commission

On 23-24 April 2007 an International Conference on the Mekong River Commission (the MRC) was held in Hanoi. The Conference was attended by the four MRC member countries Cambodia, Laos, Thailand and Vietnam, the MRC Secretariat, the dialogue partners China and Myanmar as well as donors and development partners \*).

The Participants to the Conference discussed ways to strengthen the Mekong River Commission to play a stronger role in the sustainable development of water and related resources in the Mekong Basin, in collaboration with national, regional and international partners in order to reduce poverty in the Mekong region.

The Participants to the Conference reaffirmed the role of the Mekong River Commission as an important joint mechanism for informed political dialogue between the member states and their partners on the sustainable development and use of water and related resources in the Mekong Basin.

The participants to the Conference concluded that the following efforts to strengthen the MRC are needed:

- Member States, in demonstrating their riparian ownership reaffirm their commitment to the 1995 Agreement and undertake to ensure that MRC strategies and plans are adequately reflected in national development policies, strategies and plans in all relevant sectors – and vice versa. The National Mekong Committees are recognized as key channels to bring about this result.

- The riparian countries and their development partners will provide stronger support to the MRC and to the National Mekong Committees to ensure that it has the necessary capacity to undertake its mission and act as the key provider of knowledge, information and tools for the identification, technical support to and promotion of policies and investments in the Basin for sustainable development which are transboundary in nature or have transboundary implications.

- In order to continue to improve the cooperation and coordination with the Greater Mekong Subregion (GMS) the participants would like to see the MRC more actively involved in GMS programmes in the Mekong Basin within its mandate.

- The World Bank and the Asian Development Bank will further deepen their engagement and operational collaboration with the MRC in the identification and preparation of projects and implementation of activities in order to ensure optimal synergies and efficiency. Both banks will also contribute to the development of capacities of the National Mekong Committees and the MRC Secretariat for facilitation and promotion of sustainable development.

- In line with the Paris Declaration on Aid Effectiveness, the donor community will take concrete steps to harmonise and coordinate their support to the MRC with a view to moving to programme funding and budget support, thereby ensuring a more efficient operation of the MRC on the basis of a results-based management and monitoring system.

The development banks, as well as bilateral donors, will actively involve the MRC both during identification, formulation and implementation of their support to water-related development activities in the Mekong Basin that are transboundary in nature or have transboundary implications.

\*) Australia, Belgium, Denmark, Finland, France, Germany, Japan, the Netherlands, Sweden, USA, ASEAN Secretariat, the Asian Development Bank, IUCN, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), the World Bank, and WWF.

The MRC will, through its Secretariat, and in close coordination with the National Mekong Committees, engage with the different Basin stakeholders, including civil society and research institutions, in assessing and promoting development interventions in the Mekong Basin.

The recent report from the Independent Organisational, Financial and Institutional Review of the MRC Secretariat and the National Mekong Committees was welcomed. MRC member countries and donors are committed to support the implementation of its key recommendations, as will be decided upon by the MRC Council, both through concrete actions and financial support.

The MRC Council, at its annual meetings, will further increase attention to addressing strategic and policy issues, development options and proposals in the Mekong Basin which are transboundary in nature or have transboundary implications, inviting and encouraging the participation of the upstream riparian countries.

The importance of the joint development of water and related resources in the Mekong Basin calls for the involvement of the highest political level of the MRC member countries, and therefore the holding of an MRC Summit at an appropriate time will be promoted.

The participants to the Conference concluded that the appropriate follow up actions to implement these commitments should be taken through the MRC Joint Committee and Council as well as the MRC Donor Consultative Group.

The participants thanked the Governments of Vietnam and Denmark for their initiative and efforts in preparing for and hosting the Conference.

*Hanoi, 24 April 2007*



*Heads of delegations attending the International Conference on the Mekong River Commission.*

# Executive summary

Recognizing the vision of the Mekong River Commission (MRC) of 'an economically prosperous, socially just and environmentally sound Mekong River Basin', the International Conference on the Mekong River Commission was held in Hanoi on 23-24 April 2007 at the initiative of the governments of Vietnam and Denmark. The aim of the conference was to discuss how to strengthen the MRC as a politically and technically important intergovernmental mechanism for the sustainable development of the Mekong Basin.

The Conference was co-hosted by H.E. Dr. Cao Duc Phat, Minister of Agriculture and Rural Development of Vietnam, Chairman of the Vietnam National Mekong Committee and Chair of the MRC Council 2006-2007, and H.E. Mrs. Ulla Tørnæs, Minister for Development Cooperation of Denmark. It was the first high-level conference of its kind about the organisation. It had high-level participation from all MRC member countries; the upper riparian countries of China and Myanmar, Australia, Belgium, Denmark, Finland, France, Germany, Japan, the Netherlands, Sweden, USA, the ASEAN Secretariat, the Asian Development Bank, IUCN, the MRC Secretariat, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), the World Bank, and WWF.

The Participants to the Conference discussed (i) the comparative advantages of MRC in the Mekong River Basin; (ii) the cooperation between the MRC and the upper riparian states of China and Myanmar; (iii) the relations between the MRC and key regional and international actors; and (iv) the relations between the MRC and donors. For each of these themes, opinions were offered, advice was given and recommendations were made on strengthening the role of the MRC in order to enhance the mutual benefits of Basin-wide development and management of water and related resources.

As a basis for the discussions a background document (Annex C) had been developed prior to the Conference in a consultative process with the riparian countries and key development partners.



*From left: Under-Secretary for Bilateral Development Co-operation; Ambassador Carsten Nilaus Pedersen, Ambassador Peter Lysholt Hansen, Minister for Development Cooperation Ulla Tørnæs, Minister of Agriculture and Rural Development Dr. Cao Duc Phat, Vice Minister of Natural Resources and Environment Dr. Pham Khoi Nguyen and Secretary General of the Vietnam National Mekong Committee Mr. Nguyen Hong Toan.*

## A general consensus was reached on the following:

- The participants to the Conference reaffirmed the role of the Mekong River Commission as an important mechanism for political dialogue between the MRC member countries and their partners on the sustainable development and use of water and related resources in the Mekong Basin.
- The MRC member countries reaffirmed their commitment to the 1995 Agreement, undertook to ensure that MRC strategies and plans are adequately reflected by national development policies, strategies and plans and committed to provide increased attention to strategic and policy issues by the MRC Council.
- The participants to the Conference expressed commitment to provide stronger support to the MRC, including to the National Mekong Committees, to ensure that it has the necessary capacity to undertake its mission.
- The participants to the Conference agreed to promote stronger cooperation and coordination between the MRC and the relevant GMS programmes.
- The World Bank and the Asian Development Bank reaffirmed their commitment to deepen their engagement and collaboration with the MRC in identification, preparation and implementation of projects and activities and contribute to the development of capacities of the National Mekong Committees and the MRC Secretariat.
- The donor community expressed commitment to take steps to harmonize and coordinate their support to the MRC with a view to moving to programme funding and budget support and involve the MRC in their water-related bilateral activities in the Basin.
- That the MRC will engage with the different Basin stakeholders, including civil society and research institutions, in assessing and promoting development interventions in the Mekong Basin.
- The participants to the Conference welcomed the report from the Independent Organisational, Financial and Institutional Review of the MRC Secretariat and the National Mekong Committees and encouraged the MRC Council to implement its key recommendations.
- The participants to the Conference expressed interest in working to raise the discussions among the four MRC countries of Basin-wide issues to the higher level and promote the holding of an MRC Summit at an appropriate time.
- The participants to the Conference expressed commitment to start the appropriate follow up actions to implement these commitments through the MRC Joint Committee and Council as well as the MRC Donor Consultative Group.
- The MRC member countries and development partners welcomed the participation to the Conference of delegations from the upstream riparian countries and encouraged increased collaboration between these and the MRC.
- The issue of adaptation to climate change as an emerging key challenge for the development and management of the Mekong Basin was raised by many delegations and participants.
- The participants to the Conference adopted a Joint Statement on the Mekong River Commission, which outlines the consensus and includes recommendations on how to achieve a desired strengthening of the role and external relations of the MRC.

# 1 Introduction

## Acronyms and abbreviations

<i>ADB</i>	<i>Asian Development Bank</i>
<i>AMBDC</i>	<i>ASEAN-Mekong Basin Development Cooperation Programme</i>
<i>CTA</i>	<i>Chief Technical Adviser</i>
<i>DSF</i>	<i>Decision-Support Framework, the name of hydraulic and hydrological models owned and applied by the MRC</i>
<i>FMMP</i>	<i>The MRC's Flood Management and Mitigation Programme</i>
<i>GMS</i>	<i>The Greater Mekong Sub-region Programme</i>
<i>IWRM</i>	<i>Integrated Water Resources Management</i>
<i>MRC</i>	<i>Mekong River Commission</i>
<i>MWARP</i>	<i>Mekong Water Resources Partnership Programme initiated by The World Bank and the ADB</i>
<i>MWRAS</i>	<i>Mekong Water Resources Assistance Strategy of The World Bank and the ADB</i>
<i>NMC</i>	<i>National Mekong Committee</i>
<i>ODA</i>	<i>Official Development Assistance</i>
<i>UNESCAP</i>	<i>United Nations Economic and Social Commission for Asia and the Pacific</i>
<i>3-S</i>	<i>Acronym for the Se San, Srepok and Se Kong river Basins, between them covering parts of Cambodia, Laos and Vietnam</i>

The 'International Conference on the Mekong River Commission (MRC)' took place in Hanoi on 23-24 April 2007 at the initiative of the governments of Vietnam and Denmark. The aim of the conference was to discuss how to strengthen the MRC as a politically and technically important intergovernmental mechanism for the sustainable development of the Mekong Basin. The Conference was co-hosted by H.E. Dr. Cao Duc Phat, Minister of Agriculture and Rural Development of Vietnam, Chairman of the Vietnam National Mekong Committee and Chair of the MRC Council 2006-2007, and H.E. Mrs. Ulla Tørnæs, Minister for Development Cooperation of Denmark.

The Conference had high-level participation from all MRC member countries; the upper riparian countries of China and Myanmar, Australia, Belgium, Denmark, Finland, France, Germany, Japan, the Netherlands, Sweden, USA, the ASEAN Secretariat, the Asian Development Bank, IUCN, the MRC Secretariat, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), the World Bank, and WWF.

The Conference was the first high-level conference of its kind about the Mekong River Commission. The aim of the Conference was to address ways to strengthen the MRC in its important role within sustainable development of water and related resources in the Mekong Basin, in collaboration with national, regional and international partners.

In preparation of the Conference the conference organizers aided by the MRC Secretariat held consultations with the ministers and MRC Council members of each MRC member country, upper riparians, donors and development partners and the MRC Secretariat. A background document was prepared and circulated in advance with brief introductions to each of the four conference themes:

- **The comparative advantages of MRC**
- **The MRC and cooperation with upper riparian states**
- **The MRC and key regional and international actors**
- **The MRC and donors**

The present report summarises the discussions, outcomes and conclusions of the Conference.

The Conference statement can be found on page 6, the Conference programme in Annex A, the list of participants in Annex B, the Conference background document in Annex C and the speeches in Annex D.

## 2 Opening session

The Conference was opened by **H.E. MR. NGUYEN SINH HUNG, FIRST DEPUTY PRIME MINISTER OF THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM** who welcomed the initiative by the Government of Denmark and VNMC to hold the conference, as an important opportunity to discuss with the dialogue partners and development partners about the role of MRC. He reaffirmed the commitment of the Government of Vietnam to the role and mandate of the MRC.

**H.E. MR. CAO DUC PHAT, MINISTER FOR AGRICULTURE AND RURAL DEVELOPMENT OF VIETNAM, CHAIRMAN OF VIETNAM NATIONAL MEKONG COMMITTEE AND CHAIRMAN OF THE MEKONG RIVER COMMISSION COUNCIL FOR 2006-2007** concluded that since the signing of the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin on 5 April 1995 the MRC and its four member countries had made major achievements. A Strategic Plan had been prepared and updated periodically, most recently as the MRC Strategic Plan for 2006-2010; and a number of programmes had been formulated and implemented, aiming at management and exploitation of the Mekong water resources in an integrated and sustainable manner, contributing to economic growth and poverty alleviation for the riparians living in the Basin.

However, due to the adverse impacts of the regional and global climate change and increasing demands of development, the MRC was facing great challenges in fulfilling its mission of sustainable development of the water and related resources in the Mekong Basin. The Conference was being called for as an occasion to discuss how to increase the support for strengthening the roles and functions of the MRC, both politically and technically.

**H.E. MRS. ULLA TØRNÆS, MINISTER FOR DEVELOPMENT COOPERATION OF DENMARK**, reaffirmed the great importance that the Government of Denmark attached to the MRC as a unique, inter-governmental organisation. Its importance stemmed from that fact that it combined the functions of an international river Basin organisation; a political forum for joint river Basin development and management; and a knowledge management institution that provided a framework for environmental monitoring and protection.

*Opening speech by Deputy Prime Minister Nguyen Sinh Hung*



The Government of Denmark was part of the initiative to call for an international conference on the MRC, because it attached great importance to the Mekong River Commission and wished to see the MRC and its member countries succeed in carrying out its mandate of ensuring sustainable development in the utilisation, management and conservation of water and related resources in the Mekong River Basin.

The success of the MRC, however, required a strong political, and in time also financial, ownership to and leadership of the organisation, its institutions and Secretariat by the MRC member countries; a secretariat with strong professional and technical capacity and credibility; close dialogue and collaboration with upstream countries; close ties with major regional initiatives, such as the Greater Mekong Subregion (GMS); inclusive relations with initiatives of development banks; and a constructive and interactive dialogue with donors and stakeholders and in turn harmonisation and alignment from its donors. The more open and constructive dialogue developed between the MRC countries and donors was highly appreciated. There was mutual recognition that while the MRC was entirely owned and managed by the member countries, who ultimately decide fully the direction of the MRC, its donors who currently fund around 93 per cent of the organisation's budget had a keen interest in being involved and consulted in advance of major policy and programme decisions.

She committed to provide a new grant for the implementation of the recommendations of a recent independent review of the organisation with up to 3 million Danish Kroner (530,000 USD) in support of capacity building activities in the MRC Secretariat.



*Deputy Prime Minister Nguyen Sinh Hung and Minister for Development Cooperation Ulla Tørnæs. Far left: Minister of Water Resources and Meteorology Lim Kean Hor, far right: Minister of Agriculture and Rural Development Cau Duc Phat.*

### 3 The comparative advantages of MRC

The central role of the MRC is to promote sustainable development in the Mekong Basin by providing:

- A regional cooperation framework
- A framework for environmental monitoring and protection
- Knowledge management and capacity development

Acting as an international river Basin organization, with its mandate provided by the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin signed on 5 April 1995, the MRC provides a regional cooperation framework for Basin-wide Integrated Water Resources Management (IWRM) and water-related development. This involves addressing water governance in a broad societal context and support to building compromises between competing demands for water among societal sectors and stakeholders at all levels.

The aim of promoting sustainable development through pro-poor investments is strongly supported by the member countries.

The thematic discussions were opened by key note speakers from Cambodia, Lao PDR and Thailand.

**H.E. MR. LIM KEAN HOR, MINISTER OF WATER RESOURCES AND METEOROLOGY, CHAIRMAN OF CAMBODIA NATIONAL MEKONG COMMITTEE, AND MRC COUNCIL MEMBER**, observed that the 1995 Mekong Agreement clearly described the commitment of the member countries to cooperate in all fields of sustainable development, utilization, management and conservation of the water and related resources of the Mekong River Basin. The Agreement not only provided the principles and mechanism of regional cooperation in terms of water use and development, but also laid down a foundation of trust and partnership.

Over a decade of its operation, the Mekong River Commission had made remarkable progress and achievements. The success had derived from the strengthened regional cooperation among the



member countries, with valuable assistance, both financially and technically, from the international donor community and development banks, and through collaboration with development partners.

The relationships and cooperation with the upstream countries, China and Myanmar, were also well progressing and further developments in the context of cooperation at the technical level and also at the higher level were hopefully forthcoming. The challenge for the MRC was to move forward with actual development actions at the ground with the main aim of concrete benefits to the grass-root communities of the member countries.

Cambodia was ready to move forward with a strong commitment, full participation and close cooperation with other riparian countries to ensuring the effective and successful implementation of the 1995 Mekong Agreement and the MRC Strategic Plan, 2006-2010 together with other instruments agreed upon within the framework of the MRC.

Cambodia was also eager to see good coordination and harmonization among donor countries and development banks, assisting the MRC in different ways. It wished to see the further development of the MRC into the real 'Master of the Mekong' and an effective joint mechanism for the Mekong development. To reach this aim, there was a real need to make the MRC stronger in its current performance as well as in the future through jointly practical actions. Convening an MRC Summit every two or three years with participation of the Prime Ministers of all riparian countries should therefore be considered.

Furthermore, the National Mekong Committees should be further strengthened and should be headed by the Prime Ministers. Hereby, the profile of the MRC would be raised more effectively at both the national and international arenas.

**H.E. MR. KHAMLOUAT SIDLAKONE, MINISTER TO THE PRIME MINISTER'S OFFICE, CHAIRMAN OF LAO NATIONAL MEKONG COMMITTEE, AND MRC COUNCIL MEMBER**, explained that to the Lao PDR the issue was not so much inadequate water availability but rather the lack of appropriate management tools and capabilities to effectively govern the water resource. Effectiveness and efficiency in this area was highly dependent on the development framework by which water initiatives were pursued and here the Mekong River Commission was an important institutional mechanism. The Government of Lao PDR had thus integrated all MRC's programmes into national priority programmes, which were currently being implemented under its National Socio-Economic Development Plan.

He strongly supported the riparianization of the Mekong River Commission Secretariat as agreed by the MRC Council and Joint Committee as well as other recommendations for improvement, including of the communication and reporting between the MRC and its member countries. The riparianization process should aim at strengthening the MRC Secretariat, while more emphasis should also be placed on strengthening the National Mekong Committees.

The joint initiatives of the Asian Development Bank and the World Bank on the Mekong Water Resources Partnership Programme (MWARP) were highly appreciated, including the fact that they provide financial support for investments in the Basin as identified through the integrated planning process of the MRC Basin Development Plan, and hereby strengthening the cooperation between the MRC, its dialogue partners, and donors.



### 3 The comparative advantages of MRC

It was hoped that the Conference would pave the way for the MRC to highlight its profile as a key river Basin organization for sustainable development and management in the Basin.

**MR. ADISAK THONGKAIMOOK, DEPUTY PERMANENT SECRETARY, MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT OF THAILAND, ALTERNATE MEMBER OF THE MRC JOINT COMMITTEE**, relayed greetings from H. E. Mr. Kasem Snidvongs, Minister of Natural Resources and Environment of Thailand, who had been unable to attend the Conference due to unforeseen events.

He stressed that the involvement in the Conference of all stakeholders concerned and interested parties represented a positive step toward building an even closer working relationship and partnership.

As an international river running through six countries and nurturing over 70 million people, it was in the interests of all the Riparian States to manage and utilize the river in a sustainable manner. During recent years, there had been an environmental degradation of the Mekong River which had caused significant impacts on the people who depended on the river for their livelihoods. The current unhealthy state of the Mekong River needed to be remedied and the river managed in a more efficient and environmentally sound manner. It was important to Thailand that all Riparian States took concerted efforts in tackling such problems of mutual concern, which had become more severe year by year and had adversely affected the economic development and environment in the region.

Since the launch of the Mekong Commission the organisation had accumulated a wealth of knowledge and expertise in relation to Basin-wide water-related development. That made the MRC the only regional centre of knowledge in this field, which was of mutual benefits to all member states. Every MRC programme did, however, not have to serve all the member states; but each member state could seek technical assistance from the MRC in any particular area within its development priorities.

Alongside the MRC, the Greater Mekong Sub-region (GMS) was another key regional cooperation forum, which played an important role in the region. Therefore, cooperation between the MRC and the GMS should be promoted. Thailand would like to see a forum established where the MRC and the GMS could share experiences and explore the scope for cooperation in the near future. Donors also had an important role to play, but improved coordination and more coherence of regional donor support was needed.

**AUSTRALIA** emphasised that the MRC should focus on its strengths within a manageable number of objectives. Australia had learned many lessons within river Basin management and would be pleased to share its experiences. It had contributed to the formulation of the MRC Strategic Plan 2006-2010, as well as a recent independent organisational and institutional review of the MRC



Secretariat and the National Mekong Committees and looked forward to their implementation. In so doing, the MRC should build on its core competencies, such as its knowledge base, and expand the links to the National Mekong Committees.

Implementation of the MRC Strategic Plan 2006-10 was a priority to **THE NETHERLANDS**. The MRC should focus on its core business. Stronger political support to MRC will be beneficial, as well as improved interaction with the national political systems. The suggestion about an MRC Summit was appreciated.

**THE ASEAN SECRETARIAT** stressed the need for sub-regional cooperation. The recent ASEAN summit in the Philippines had called for increased integration into an ASEAN community, joined by the organization's 10 members. The various sub-regional development efforts should be synchronized, and the comments made in the regard by the Deputy Prime Minister of Vietnam were welcomed.

**THE MRC SECRETARIAT** appreciated the good and steadily expanding relations with China. Over the last 10 years, MRC had built a vast amount of knowledge, and it was now time to act. The main role of the MRC was to promote sustainable development in the Basin. This role is supported by (i) providing a regional cooperation framework; (ii) providing a framework for environmental monitoring and protection; and (iii) providing knowledge management and capacity development.

**THE ASIAN DEVELOPMENT BANK (ADB)** referred to the issue of the Greater Mekong Subregion (GMS), which started in 1992 and now covers nine sectors. Environmental protection was increasingly being mainstreamed into all activities. A new Environment Programme component was seen as one clear opportunity for active collaboration with the MRC to which ADB was open.

**H.E. MR. CAO DUC PHAT, MINISTER FOR AGRICULTURE AND RURAL DEVELOPMENT OF VIETNAM, CHAIRMAN OF VIETNAM NATIONAL MEKONG COMMITTEE AND CHAIRMAN OF THE MEKONG RIVER COMMISSION COUNCIL FOR 2006-2007** concluded that there was joint commitment among MRC member states to strengthen the political dimension of the MRC as an intergovernmental River Basin Organisation by strengthening the role of the Council. Furthermore MRC countries were also committed to working to raise the discussions among the four MRC countries of Basin-wide issues to the higher level, possibly in the form of a Summit. There was an identified need to use and include MRC strategies and plans at national level planning and vice-versa. Lastly, both MRC countries and their partners were committed to ensure that the organisation had the proper capacity to undertake its mission.

## 4 The MRC and cooperation with upper riparian states

**MR. ZHANG WANHAI, MINISTER COUNSELLOR, PERMANENT REPRESENTATIVE OF CHINA TO UNESCAP** welcomed the opportunity to exchange views on the development of the Mekong River Commission and the cooperation between China and the MRC.

Cooperation in the Mekong Sub-region had made significant progress with concrete results and contributing to the economic and social developments as well as improvement of people's livelihood. These achievements were due to the joint efforts by the countries concerned and showed all the benefits of sub-regional cooperation.

The following recommendations were made for stronger sub-regional cooperation; (i) more long-term support to sub-regional cooperation by countries and donors in order to consolidate past achievements, broaden the areas of cooperation areas and raise the levels of cooperation; (ii) coordinated actions in regard to overall planning. A multi-sector perspective should be applied to meet the development needs and ensure that development use and protection are ensured. Success is attainable when resources and cooperation efforts are concentrated on projects that have strong economy effects; (iii) strengthened coordination and collaboration of sub-regional programmes as well as a strengthened interface between national and sub-regional plans.

Assistance from donors with knowledge and expertise, as well as financial assistance, was appreciated. Donors, however, should harmonize and coordinate their support to ensure assistance efficiency and to avoid duplication.

Since the establishment of a dialogue partner relationship between China and the MRC in 1996, the two parties had enjoyed good cooperation, and China had participated in all the dialogue meetings. This had enhanced mutual understanding and cooperation. In recent years, cooperation had progressed in among other thing the exchange of hydrological information, personnel exchange visits and participation to the meetings organized by the MRC. China would like to strengthen its cooperation with the MRC based on mutual respect and benefits and welcomed the proposal to conduct co-operation in navigation and capacity building.

China was actively involved in the GMS and the ASEAN-Mekong Basin Development Cooperation (AMBDC Programmes) in addition to its cooperation with the MRC. It attached great importance to the protection of the Lancang-Mekong River and made sure that development of its water resources was done in a scientific, reasonable and orderly manner and was eager to work with all parties concerned to ensure a better environmental protection of the Lancang-Mekong Basin.

The Chinese Government was ready to continue to expand and deepen its cooperation with the MRC countries in order to promote common progress and development based on mutual respect and benefit and consultation on an equal footing.

**THE REPRESENTATIVE OF MYANMAR** stated his government's appreciation for the holding of the Conference and its aims.

**H.E. MR. SIN NINY, CHAIRMAN OF THE JOINT COMMITTEE, CAMBODIA NATIONAL MEKONG COMMITTEE**, stressed that the MRC's annual dialogue meetings were extremely useful and that the dialogue with the upper riparian countries were of great benefit to the MRC. The upstream riparian countries could participate in relevant MRC programmes, with the Navigation Programme being a prime example. There were many other potential areas for active collaboration, and the MRC countries were all eager to continue and expand its collaboration with the upper riparian states.

**SWEDEN** appreciated the expanding collaboration. Experience from river basin management in the Middle East and Africa showed that the most beneficial approach was for all riparians to participate,

in one way or another in river basin management. An eventual Lancang-Mekong River Basin Commission was hoped for, as a long-term goal.

**FINLAND** noted that current challenges, such as low flows in the Mekong, decline in the fish resources and effects of global warming called for a close collaboration among countries in the entire Mekong Basin.

**GERMANY** referred to the Rhine Commission were experiences had clearly illustrated the benefits of involving all riparians. Given China's existing corporation with the MRC countries, joining the MRC would be a small step for China, but a big step to the region.

**MR. CHANTHAVONG SAIGNASITH, DIRECTOR GENERAL, LAO NATIONAL MEKONG COMMITTEE, JOINT COMMITTEE MEMBER** noted that all riparians shared common interests in relation to Basin-wide water resources management: Applications of the MRC's Decision-Support Framework modelling tools, data exchange for flood forecasting and navigation under the MRC's Navigation Programme. Benefits of cooperation were already evident in the existing range of bilateral agreements in a number of water-related sectors. Extended collaboration would generate confidence between the parties. As such, the dialogue could be extended to the level of the MRC Council.

**MR. NGUYEN HONG TOAN, SECRETARY GENERAL, VIETNAM NATIONAL MEKONG COMMITTEE, JOINT COMMITTEE MEMBER** emphasized the need and value of an extended collaboration between all riparian countries. One example was data sharing for flood forecasting. However, data was not only needed during the wet season, but during the dry season as well. Bilateral relations between China and Vietnam were expanding and appreciated as crucial, as well as China's commitment as an MRC dialogue partner. The involvement of Chinese expertise would be beneficial to the work of the MRC and navigation could potentially become an example of beneficial collaboration. The role of China was enhanced by its prominent participation in the GMS.

**CHINA** appreciated the views and comments, which would be duly considered. It looked forward to an enhanced collaboration and more results. China had established relations with the MRC through its Embassy in Bangkok, which would always be open for dialogue and new initiatives, and which was looking forward to more exchange visits to enhance mutual understanding and collaboration.

**THE MRC SECRETARIAT** explained its real-time monitoring of flows in the Mekong and reflected on the character of the dry season flows. Dry season flows remained within a normal range, but parts of the Basin (including China) had suffered from drought. Increased storage capacity and improved reservoir operation were seen as useful development measures to mitigate and manage these phenomena, not least in the face of emerging changes due to climate change.

**H.E. MR. CAO DUC PHAT, MINISTER FOR AGRICULTURE AND RURAL DEVELOPMENT OF VIETNAM, CHAIRMAN OF VIETNAM NATIONAL MEKONG COMMITTEE AND CHAIRMAN OF THE MEKONG RIVER COMMISSION COUNCIL FOR 2006-2007** noted that all MRC member countries were happy for the opportunity to have an exchange with the upper riparian neighbours and looked forward to continuing the constructive cooperation and where possibly expanding it further.

## 5 The Mekong River Commission and key regional and international actors

The MRC Mekong Programme and the Greater Mekong Sub-region Programme (GMS) are complementary and widely different in terms of legal basis and formal mandate, political framework, geographical and population coverage, and field of operation, linking in some countries into different ministries without much liaison. The MRC Mekong Programme focuses on water-related management and development in the Mekong Basin, while the GMS Programme covers a broad range of regional development with focus on investments, led from a Secretariat hosted by the ADB. The broader membership of the GMS, as compared to the MRC, including the two upper riparians; the higher level political structure which includes regular high-level summits; and the investments resulting from this mechanism, all make it attractive to countries focusing on development, including the upper riparians.

With no water programme in the GMS, the MRC is the only actor in the region to ensure sustainable development of water resources, and is in a particular position, through informed dialogue between partners, to address issues and proposed developments with transboundary, inter-sector and Basin-wide implications. Recently, with involvement and support of the MRC, the ADB and The World Bank have developed a joint Mekong Water Resources Assistance Strategy (MWRAS), carried forward to the Mekong Water Resources Partnership Programme (MWRAP).

**H.E. MRS. ULLA TØRNÆS, MINISTER FOR DEVELOPMENT COOPERATION OF DENMARK** noted that the collaboration with development banks and regional initiatives such as the Greater Mekong Subregion Programme (GMS) had been subject of a lot of discussions within the MRC and with its donors. During preparation of the Conference there had been a lot of interest among MRC countries in exploring ways of establishing closer links between the MRC and the GMS programme within water related issues, including through closer involvement of the MRC in the GMS programmes, not least environment, energy, transport and agriculture. The MRC's cooperation with the World Bank and the Asian Development Bank in their bilateral and joint initiatives, such as the Mekong Water Resources Partnership Programme, had also been an issue where many felt that there was scope for a strengthened partnership in as far as Basin-wide investments and activities were concerned. Other regional cooperation fora and networks, such as the ASEAN, and the MRC's cooperation with other stakeholders and partners within civil society and the research community was also an area that could be explored further.

**DR OLIVIER COGELS, CHIEF EXECUTIVE OFFICER OF THE MRC SECRETARIAT** noted that even if the future in the region was bright, there were still many challenges facing the region. The biggest of these was the fight against poverty, and more particularly poverty in rural areas, which was directly related to land and water issues. In the Mekong Basin, tens of millions of poor farmers and fishermen



still suffered from severe droughts and floods and had very limited water storage and capacity to control and manage the distribution of the water in space and time.

To meet the development needs of the Basin there was a need for more investments in the water sector, both in infrastructure and in human and institutional capacities for increased food security through more efficient drought management and irrigation; more efficient river transportation and increased freedom of navigation; appropriate development of the Basin's important hydropower potential; maintenance and development of productive fisheries; better protection against floods, including flash floods; and prevention of river pollution from agricultural and industrial development and transportation of dangerous goods.

Many excellent projects were underway in the region focusing on the development and management of water related resources. The MRC, with its solid institutional basis, its technical expertise and knowledge base, its 50 years of experience in regional cooperation, was ideally situated to bring these building blocks together. The MRC had spent the past decade building up an exceptional information and scientific knowledge base and developing an enabling environment for regional planning and programming for water resources development. This knowledge base was one of the key added values of the MRC and should remain one of its main assets, but time had also come for the MRC to use its knowledge base and expertise for concrete action, serving more directly its member countries and their line agencies through demand-driven technical assistance in their priority areas of interest.

Partnerships were needed to overcome the challenges. The MRC had close cooperation with many development partners, development banks, private sector, NGOs and regional frameworks such as GMS, ASEAN, and ACMECS, and was pursuing the consolidation of these growing partnerships. The MRC was in the right place at the right time with the right capabilities to promote and coordinate the regional water programme for the Mekong Basin, implemented by the countries themselves in cooperation with donors, investment banks, the private sector and other stakeholders.

**MRS. KATHERINE SIERRA, VICE PRESIDENT, SUSTAINABLE DEVELOPMENT, THE WORLD BANK** referred to the World Bank's long-standing relationship with the countries of the Mekong, including continuing support to their efforts with the management of water resources, as well as with the Mekong River Commission. As the region as a whole was growing, economies were becoming more diversified and production slowly moving away from agriculture. Along with the opportunities came some serious challenges many of them related to the institutions, infrastructure, policies and programs that were needed to strengthen linkages between countries.



## 5 The Mekong River Commission and key regional and international actors

The region needed well-designed, well-coordinated and well-implemented programmes so that natural resources were managed sustainably. With the increasing number of hydropower and other development projects along the river, came risks of floods, droughts, degraded fisheries, sedimentation and decreased navigability. Climate change threatened to exacerbate these risks. Poorer countries downstream were most at risk from these negative impacts and these countries stood to benefit most from improved regional cooperation.

The MRC played a vital role in all of this and could, potentially, play an even stronger role. One of its strengths was to serve as a world-class knowledge centre, which could advise the member governments through its environment, fisheries, flood management and other programs. As the pressure for development grows, the MRC could play a larger role as a facilitator for good development decisions that are trans-boundary in nature or have Basin-wide relevance. Finally, moving to translate the scientific knowledge into actual national programs and investments would be important.

It was, however, important that the MRC countries took full ownership of the MRC's agenda. Otherwise, there was the risk that the MRC would be seen as advancing a donor-led rather than a country-driven agenda. A higher financial contribution by the MRC countries would strongly support this aim.

With the ADB and in consultation with the MRC, the World Bank had prepared the Mekong Water Resources Assistance Strategy, which would form the basis for an assistance and investment program in the Mekong River Basin. With the four countries and the MRC, the World Bank was also preparing the Mekong Integrated Water Resources Management Support Project. This would be based on the principle of planning regionally while funding cross-border activities that benefit local communities. Beyond the investments, support was anticipated to the National Mekong Committees and the MRC, so that they could build the capacity to lead.

Donors had a clear responsibility to fulfil the commitments to the Paris Declaration on Aid Effectiveness, which meant supporting the MRC to fulfil its role as a force for regional cooperation so that countries, donors and communities are working together to promote pro-poor and sustainable development. All donors should make an effort to align their country programs with their regional programs.

**MR. UROOJ S. MALIK, DIRECTOR, SOUTHEAST ASIA DEPARTMENT, THE ASIAN DEVELOPMENT BANK**, noted that the MRC and its predecessors had made substantial progress towards establishing the basic capabilities necessary to support sustainable development in the Basin. The MRC Secretariat had provided vital leadership in the collection and collation of an expanding database on natural resources information.



The relationship between the MRC programmes and that of the ADB-supported GMS Programme was subject of much discussion. There were, however, differences in the structure and activities between the MRC's focus on integrated water resources development and the broader range of development initiatives and issues being addressed under the GMS Programme. The Mekong Water Resources Partnership (MWARP) on its part provided an initial framework for enhancing cooperation among the major actors and would place the MRC at the centre of Mekong Basin development issues where the sound science and knowledge base of the MRC could play a pivotal role in important development decisions.

The continued collaboration of the MRC and other partners in the GMS Working Groups on Agriculture and Environment was welcome. The ADB was happy to commit to developing even stronger links with the MRC and the World Bank in relation to the MWARP and strengthen its relationship as spelt out in the ADB-MRC Partnership Agreement signed in 2000. It was hoped that a joint retreat would be convened in the near future to discuss further areas of cooperation.

The need for MRC to be an important and valuable partner in the development and management of the Mekong Basin was clearly recognized by all. This could be achieved by stronger linkages between the MRC and the national planning agencies in each country to ensure that development decisions were based on the best available information and specifically the cross-border implications of investment and operational decisions. In particular, there was a need to ensure stronger ownership of the MRC programmes on the part of the National Mekong Committees (NMCs). Equally, there was a need for the NMCs to show stronger leadership in the decision-making processes concerning transnational water governance issues.

The recent independent organizational and institutional review provided sound recommendations for the development of a stronger and better focused MRC and the ADB would seek ways to support the recommendations approved by the MRC Council.

**THE NETHERLANDS** supported using the MRC for concrete action - at the initiative of either the MRC or the NMCs. In the Netherlands there was a political pressure to demonstrate that 'aid helps'. Infrastructure investments were expensive and there was scope for involvement of the development banks in connection with such developments. As to the operation of the MRC, larger financial contributions from the member countries would assure that the owners rather than the donors drove the organization.

**SWEDEN** noted that for various reasons the MRC, the ADB and the World Bank in the past did not collaborate as closely as could have been wished for. However, the statements during the Conference

## 5 The Mekong River Commission and key regional and international actors



point at improvements. The next step would be to identify modalities for an expanded collaboration and Sweden would be pleased to assist, if so desired.

**FINLAND** also welcomed the good intentions present, but questioned whether these were adequate in relation to effective action towards challenges such as pollution, floods and drought.

**THE MRC SECRETARIAT** suggested that direct links be established between the MRC and the national line agencies in connection with an increased involvement of the National Mekong Committees, which were now affected by limited capacity. The MRC should have resources to extend technical and financial support directly to the line agencies on a demand basis, hereby enhancing the MRC's services and usefulness to the member countries.

**GERMANY** asked how the MRC could bring together all the building blocks as required for effective development. The MRC should not only be a veto-yielding body, but should engage positively in tangible development initiatives. Strengthening of the NMCs could be an important step in this direction. Ownership by the member countries was decisive.

**VIETNAM** noted that the position of the NMCs (within each country) could be strengthened and the relations of the NMCs with the ADB and the World Bank could be upgraded simply by sharing information. Some MRC activities might be delegated to the NMCs. National ownership would be consolidated by riparianization, with riparian managers and some foreign advisers and specialists. The MRC member countries had already agreed to increasing their financial contributions gradually over the years to come.

**THE WORLD BANK** acknowledged the need to work closer also with the NMCs, including sharing of information. The NMCs were also pivotal to the MWRAS. However, the World Bank and the ADB's main national entry points were within the Ministries of Planning and Finance, and the somewhat distant relations at the national level between these ministries and the NMCs had occasionally affected the dialogue.



**THAILAND** pointed to a need for enhanced capacity building and technology transfer from donor countries, as a basis for riparianization and increased national ownership. More use of regional expertise and experts in combination with international expertise would be a successful approach.

**FRANCE** observed that improved water resources management would have to build on improved technical, financial, and institutional, efficiency. Experience from implementation of integrated water resources management approaches showed that an integrated framework and willingness to joint actions are required. The MRC could be successful, but needed more time and flexible support.

**LAOS** commented that some progress was being made regarding national financial contributions, but donor support would remain important. The recommendations on riparianization made in the recent independent organisational and institutional review were agreed on. Laos appreciated the collaboration with the development banks in connection with the MWRAS formulation, as well as in connection with the ongoing studies of transboundary water resources management between Laos and Thailand by the World Bank, the 3-S Study by the ADB, and the collaboration with the ADB under the MRC's Flood Management and Mitigation Programme.

**UNESCAP** appreciated the conference and looked forward to continued good relations. UNESCAP has a particular experience within IWRM and would be pleased to share it.

**H.E. MRS. ULLA TØRNÆS, MINISTER FOR DEVELOPMENT COOPERATION OF DENMARK** concluded that there was clear commitment by both the World Bank and the Asian Development Bank to engage and collaborate even more actively with the MRC. There was also keen interest in ensuring coordination and collaboration between the MRC and relevant programmes within the GMS. These efforts would indeed support and strengthen the MRC in carrying out its mandate and would ensure that the knowledge and expertise of the MRC was utilised in their water-related developments. The next step was transforming these commitments into action.

## 6 The MRC and donors

Close interaction with the donor community has been a characteristic feature of the MRC. The donor community is actively involved in the scoping, formulation and implementation of the various MRC programmes and contributes 93 percent of the MRC's income (2005). The joint dialogue between the MRC and donors takes place at the annual Donor Consultative Group meetings and Informal Donor Meetings. Some donors undertake technical reviews of the activities in which they are involved, and some maintain a comprehensive financial and technical control. Bilateral donor support to or via the MRC reflects differing donor policy and strategy views, and different funding and implementation modalities. This lack of harmonization results in increased technical and administrative burdens to the MRC Secretariat and the National Mekong Committees, and renders country driven coordination difficult.

**H.E. MRS. ULLA TØRNÆS, MINISTER FOR DEVELOPMENT COOPERATION OF DENMARK** noted the need for increased donor harmonisation, coordination and use of a programme funding approach. Many current donor practises posed great administrative burdens on the MRC system which had to manage some 40 programme and specific project agreements. Hence donor harmonisation was highly called for, as well as increased programme funding and alignment to the MRC Secretariat's normal reporting and monitoring systems.

**H.E. MS GUNILLA CARLSSON, MINISTER FOR INTERNATIONAL DEVELOPMENT COOPERATION, SWEDEN**, noted that Sweden attached high priority to supporting joint management of trans-boundary water resources, as a key to peace, stability and regional economic development in general. The MRC had a critical role to play in this regard. The 1995 Mekong Agreement was a good basis for cooperation between the countries, but was less suitable to proactively address potentially conflicting interests of benefit sharing. The agreement lacked binding clauses and the member states sometimes had difficulties in reaching agreements on more contentious issues which left the impression at times that the Agreement lacked the full political support of the member countries.



The MRC had always been heavily dependent on external support for its operation, and Sweden was happy to see that the member countries were in the process of increasing their contributions to the commission. Sweden was providing its financial contributions in the form of programme support and Swedish contributions were pooled with corresponding resources from other donors. Other donors were encouraged to shift from project to programme contributions. Sweden was also prepared to move to budget or core funding arrangements, but certain conditions had to be fulfilled before this could happen: A strong political will among all the MRC member countries to support the foundation on which the MRC rests, i.e. sustainable use of the water in the Mekong River for the mutual benefit of the member states as well as for poor people; strong ownership of the MRC, including a commitment among the member states to assume greater economic responsibility for the financing and a strengthened 'riparianisation' process and staff capacity building; and finally an effective system for monitoring and evaluation of the MRC's progress and performance.

Meeting these conditions should pave the way for a shift from project to budget support to the MRC, given that the mandate for such a process comes from the MRC member countries. Sweden would positively consider providing further assistance and support if such a donor harmonisation process was initiated.

**H.E. MR. MASAYOSHI HAMADA, VICE-MINISTER FOR FOREIGN AFFAIRS OF JAPAN**, emphasised that the Mekong region was a priority area for Japanese ODA, the level of which was expected to be expanded in the future. To achieve sustainable development in the region, it was important that the MRC member countries made a self-help effort and discussed ways to effectively use the resources of the Mekong Basin with China and Myanmar. In this regard the role of the MRC, which had extensive expertise and experience in managing and developing water resources, was critical. Japan also hoped that the MRC Secretariat and the NMCs would strengthen their capacities, in accordance with the recommendations given by the Independent Organisational and Institutional Review.

## 6 The MRC and donors



Japan's ODA Charter stated that Japan should proactively participate in aid harmonization and Japan was thus actively promoting aid coordination with other donors and partner countries. Japan was committed to implementing the Paris Declaration on Aid Effectiveness and tried to provide assistance to the Mekong countries in a way that was aligned with each country's own development policy. To improve aid effectiveness, all donors had to cooperate to implement assistance that was aligned to the development strategy of the recipient. Hence, the MRC member countries should incorporate the priorities of the MRC's Strategic Plan into their own development strategies and implement it with a sense of ownership.

**THE MRC SECRETARIAT** noted that increased programme support would be helpful, as it would facilitate its administration. Another attractive mechanism would be the new MRC Water Resources Management Trust Fund, which would allow for timely and flexible response to the needs of the member countries.

**THE WORLD BANK** mentioned the need for regional and national alignment and better inter-sector and donor harmonization in connection with e.g. drought control. Drought control could involve choices between measures such as small/big reservoirs, transfer of water, water conservation, and shifts to less water-consuming agricultural production systems - which in turn could require measures such as tax breaks and technological support. Another example was combined development of hydropower and water resources.

**GERMANY** believed that the influence of the MRC would increase if the organization became more efficient and national ownership was strengthened. The recommendations of the Independent Organisational and Institutional Review should be implemented, and the member countries should cover the MRC's core budget as soon as possible. Hereby, the core budget would cover cost of in-house expertise, while reducing the reliance on external consultants, as a precondition for future useful operation.

**CAMBODIA** took note of the recommendations made. The national financial contributions were increasing, but donor support would remain a necessity in light of the different stages of development of the member countries. The individual procedures and administrative formalities of the various donors should be harmonized, and basket or programme funding should be preferred to specific funding of programme components. Support to the new Water Resources Management Trust Fund

was encouraged. The ADB was encouraged to reactivate their old partnership agreement with the MRC, to prevent duplication of efforts, and a similar agreement should be entered between the MRC and the World Bank.

**THE ADB** noted that the Nam Theun 2 hydropower project could serve as a model for future hydropower development, for which several opportunities have been identified on Laotian and Vietnamese tributaries. The ADB, the MRC and WWF were presently preparing guidelines on sustainable hydropower development in dialogue with the upstream riparians. The GMS had hydropower and agriculture programmes with environmental components, which could serve as entry points for an expanded collaboration. A joint session of the GMS Working Group on Environment and the GMS Working Group on Agriculture was envisaged, in which MRC and others were invited to participate. Water would be the obvious connecting element between these working groups.

**VIETNAM** agreed with the need to improve the efficiency of MRC, which would be addressed during the upcoming MRC Joint Committee meeting in May 2007. Political commitment was important in connection with the implementation of the 1995 Agreement. A scope was seen for harmonization between the ADB's and the MRC's transboundary environmental guidelines. It did not make sense to follow two sets of guidelines at the same time.

**THE WORLD BANK** informed that a Memorandum of Understanding was in the pipeline, covering the Bank's relations with the NMCs as well as with the MRC.

**LAOS** pointed out that considerable progress had been achieved within transboundary water resources management, for example under the MRC Water Utilization Programme, the MRC Environment Programme, and the MRC Integrated Basin Flow Management Programme. Knowledge, tools and procedures had been developed, which would hopefully assure maintenance of flows and water quality in the Mekong.

**H.E. MRS. ULLA TØRNÆS, MINISTER FOR DEVELOPMENT COOPERATION OF DENMARK** concluded that there was great commitment on the part of the donors in line with the Paris Declaration on Aid Effectiveness to take steps to harmonise and coordinate their support to the MRC with a view to moving to programme funding and budget support as soon as possible. The issue should be taken up at the next Informal MRC Donors Meeting and again at the Donor Consultative Group Meeting with a view to agreeing on a Road Map for donor harmonisation. She concluded that both development banks and bilateral donors were committed to actively involve the MRC both during identification, formulation and implementation of their support to relevant development activities in the Mekong Basin.



## 7 Conclusion and adoption of the Conference Statement



**THE CHAIRPERSONS, H.E. MR. CAO DUC PHAT AND H.E. MS. ULLA TØRNÆS,** noted the constructive discussions on a number of extremely important issues to the MRC and its role and functions in the Mekong Basin, its cooperation with upper riparians, regional initiatives as well as development banks, bilateral donors and civil society. They concluded that a general consensus had been reached on important issues and recommendations, and concluded that:

1. The participants reaffirmed the role of the Mekong River Commission as an important mechanism for political dialogue between the MRC member countries and their partners on the sustainable development and use of water and related resources in the Mekong Basin. MRC member countries have reaffirmed their commitment to the 1995 Agreement and was encouraged to provide increased attention to strategic and policy issues by the MRC Council.
2. The participants expressed commitment to provide stronger support to the MRC to ensure that it has the necessary capacity to undertake its mission.
3. The participants agreed to promote stronger cooperation and coordination between the MRC and the relevant GMS programmes.
4. The World Bank and the Asian Development Bank reaffirmed their commitment to deepen their engagement and collaboration with the MRC in identification, preparation and implementation of projects and activities and contribute to the development of capacities of the National Mekong Committees and the MRC Secretariat.

5. The donor community expressed commitment to take steps to harmonise and coordinate their support to the MRC with a view to moving to programme funding and budget support.
6. The MRC member countries agreed on the need for the MRC to engage with the different Basin stakeholders, including civil society and research institutions, in assessing and promoting development interventions in the Mekong Basin.
7. The participants welcomed the report from the Independent Organisational, Financial and Institutional Review of the MRC Secretariat and the National Mekong Committees and encouraged the MRC Council to implement its key recommendations.
8. The participants expressed interest in working to raise the discussions among the four MRC countries of Basin wide issues to the higher level and promote the holding of an MRC Summit at an appropriate time.
9. Lastly, the participants expressed commitment to start the appropriate follow up actions to implement these commitments through the MRC Joint Committee and Council as well as the MRC Donor Consultative Group.

The Participants to the Conference adopted the Joint Statement on the Mekong River Commission with recommendations on how to achieve a desired strengthening of the role and external relations of the MRC. The statement can be found on page 6.

The Participants to the Conference agreed that appropriate follow up actions should be taken through the MRC Joint Committee and Council as well as the MRC Donor Consultative Group.





# Annex A: Programme

## Opening session

Opening address by H.E. Mr. Nguyen Sinh Hung, First Deputy Prime Minister of the Government of Vietnam

Opening remarks by H.E. Mr. Cao Duc Phat, Minister for Agriculture and Rural Development of Vietnam, Chairman of Vietnam National Mekong Committee and Chairman of the Mekong River Commission Council for 2006-2007

Opening remarks by H.E. Mrs. Ulla Tørnæs, Minister for Development Cooperation of Denmark

## The MRC's comparative advantages in the Mekong River Basin

Opening remarks by:

H.E. Mr. Lim Kean Hor, Minister of Water Resources and Meteorology of Cambodia

H.E. Mr. Khamlouat Sidlakone, Minister to the Prime Ministers Office of the Lao PDR  
Mr. Adisak Thongkaimook, Deputy Permanent Secretary, Ministry of Natural Resources and Environment of Thailand

*Followed by discussion*

## The MRC and cooperation with upper riparian states

Opening remarks by:

Mr. Zhang Wanhai, Minister Counsellor, Permanent Representative of China to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)

*Followed by discussion*

## The MRC and key regional and international actors

Opening remarks by:

Dr. Olivier Cogels, Chief Executive Officer, the MRC Secretariat

Mrs. Katherine Sierra, Vice President, Sustainable Development, the World Bank  
Mr. Urooj S. Malik, Director, Agriculture, Environment and Natural Resources Division, the Asian Development Bank

*Followed by discussion*

## The MRC and donors

Opening remarks by:

H.E. Ms. Gunilla Carlsson, Minister for International Development Cooperation of Sweden

H.E. Mr. Masayoshi Hamada, Vice Minister for Foreign Affairs of Japan

*Followed by plenary discussion*

## Conclusions and adoption of the conference statement

H.E. Mr. Cao Duc Phat, Minister for Agriculture and Rural Development, Chairman of Vietnam National Mekong Committee and the MRC Council for 2006-2007

H.E. Mrs. Ulla Tørnæs, Minister for Development Cooperation

# Annex B: Participants

## ■ CAMBODIA

**H.E. Mr. Lim Kean Hor**, Minister of Water Resources and Meteorology, Chairman of Cambodia National Mekong Committee, Member of the MRC Council for Cambodia

**H.E. Mr. Sin Niny**, Vice-Chairman of Cambodia National Mekong Committee, MRC Joint Committee Member for Cambodia, Chairman of the MRC joint Committee for 2006/2007

**Mr. Pich Dun**, Deputy Secretary General, Cambodia National Mekong Committee

**Mr. Pohn Sachak**, Deputy Director General for Technical Affairs, Ministry of Water Resources and Meteorology

**Mr. Sun Suon**, Director of International Organization Department, Ministry of Foreign Affairs and International Cooperation

**Mr. So Sophort**, Director of Projects Department, Cambodia National Mekong Committee

## ■ LAO PDR

**H.E. Mr. Khamlouat Sidlakone**, Minister to the Prime Minister's Office, Chairman of Lao National Mekong Committee, Member of the MRC Council for the Lao PDR

**Mr. Chanthavong Saignasith**, Director General, Lao National Mekong Committee Secretariat, MRC Joint Committee Member for the Lao PDR

**Mr. Sourasay Phoumavong**, Deputy Director General, Lao National Mekong Committee Secretariat

**Ms Kanika Phommachanh**, Director General of International Organizations Department, MAF

**Dr. Kikeo Chanthabory**, Permanent Secretary, Committee of Planning and Investment

**Mr. Virana Sonnasihn**, Programme Officer, Lao National Mekong Committee Secretariat

## ■ THAILAND

**Mr. Adisak Thongkaimook**, Deputy Permanent Secretary, Ministry of Natural Resources and Environment, Alternate MRC Joint Committee Member for Thailand

**Mr. San Kemprasit**, Chief Engineer of the Water Resources System Department, Department of Water Resources, Ministry of Natural Resources and Environment

**Mr. Kraichok Arunpairojkul**, Diplomatic Officer, Development Affairs Division, Department of International Organizations, Ministry of Foreign Affairs

**Ms. Pakawan Chufamane**, Director, Mekong Affairs Division, Department of Water Resources, Ministry of Natural Resources and Environment

**Mr. Wijarn Simachaya**, Director, Environmental Quality and Laboratory Division, Pollution Control Department, Ministry of Natural Resources and Environment

**Ms. Photchana Auengpaibool**, Director, Natural Resources Planning Section, Office of the National Economics and Social Development Board

## ■ VIETNAM

**H.E. Dr. Cao Duc Phat**, Minister of Agriculture and Rural Development, Chairman of Vietnam National Mekong Committee, Member of the MRC Council for Vietnam, Chairman of the MRC Council for 2006/2007

**H.E. Dr. Pham Khoi Nguyen**, Vice Minister, Ministry of Natural Resources and Environment

**Mr. Nguyen Hong Toan**, Secretary General, Vietnam National Mekong Committee, MRC Joint Committee Member for Vietnam

**Mr. Le Van Minh**, Director General, Department of International Cooperation, Ministry of Agriculture and Rural Development

**Mr. Pham Vinh Quang**, Assistant Director General, Department of International Organizations, Ministry of Foreign Affairs

**Mr. Nguyen Duy Quy**, Deputy Director, Department of International Relations, The Prime Minister's Office

# Annex B: Participants

**Mr. Hoang Viet Khang**, Deputy Director General, Department of External Economics, Ministry of Planning and Investment

**Mr. Nguyen Nhan Quang**, Deputy Secretary General, Vietnam National Mekong Committee

**Mr. Tran Duc Cuong**, Deputy Secretary General, Vietnam National Mekong Committee

**Mr. Dao Trong Tu**, Deputy Secretary General, Vietnam National Mekong Committee

## ■ AUSTRALIA

**Mr. Michael Wilson**, Assistant Director General, Asia Bilateral Branch, Australian Agency for International Development (AusAID)

**H.E. Mr. William Tweddell**, Ambassador Extraordinary and Plenipotentiary to Vietnam

**Mr. Mark Palu**, Counsellor (Mekong), Australian Agency for International Development (AusAID), Australian Consulate-General, Ho Chi Minh City

**Mr. Simon Buckley**, Manager - Mekong Water Unit, Australian Agency for International Development (AusAID), Australian Embassy, Vientiane

## ■ BELGIUM

**Mr. Dirk Heuts**, Minister Counsellor, Embassy of Belgium, Bangkok

**Mr. Carlos Lietar**, Counsellor, Development Cooperation, Embassy of Belgium, Hanoi

## ■ CHINA

**Mr. Zhang Wanhai**, Minister Counsellor, Permanent Representative of China to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Embassy of People's Republic of China, Bangkok

**Ms. Jiang Ning**, Deputy Director, Department of International Organizations and Conferences, Ministry of Foreign Affairs

**Mr. Zhing Yong**, Deputy Division Chief, Associate Professor, Department of International Cooperation Science and Technology, Ministry of Water Resources

**Dr. Chen Jiwei**, Vice Director General, International Economic and Technical Cooperation and Exchange Center, Ministry of Water Resources

**Ms. Pu Xiaojun**, Assistant to Permanent Representative of China to UNESCAP, Embassy of People's Republic of China, Bangkok

## ■ DENMARK

**H.E. Ms. Ulla Pedersen Tørnæs**, Minister for Development Cooperation

**H.E. Mr. Peter Lysholt Hansen**, Ambassador Extraordinary and Plenipotentiary to Vietnam and the Lao PDR

**H.E. Mr. Carsten Nilas Pedersen**, Ambassador, Under-Secretary for Bilateral Development Cooperation, Ministry of Foreign Affairs

**Ms. Dorte Chortsen**, Counsellor, Embassy of Denmark, Hanoi

**Ms. Louise Brincker**, Private Secretary to the Minister for Development Cooperation, Ministry of Foreign Affairs

**Ms. Dorthe Lysdal Sørensen**, Press Secretary to the Minister for Development Cooperation, Ministry of Foreign Affairs

## ■ FINLAND

**H.E. Mr. Lars Backström**, Ambassador Extraordinary and Plenipotentiary to Thailand

**Ms. Helena Ahola**, First Secretary, Embassy of Finland, Bangkok

## ■ FRANCE

**Mr. Jean-Christophe Deberre**, Director, Development Policy Department, Ministry of Foreign Affairs

**Ms. Veronique Saugues**, Programme Officer, French Embassy

## ■ GERMANY

**Mr. Christian Neumann**, Director, South East Asia Division, Federal Ministry for Economic Cooperation and Development

## ■ JAPAN

**H.E. Mr. Masayoshi Hamada**, Vice-Minister for Foreign Affairs

**H.E. Mr. Norio Hattori**, Ambassador Extraordinary and Plenipotentiary to Vietnam

**Mr. Hideo Tarumi**, Director, First Southeast Asia Division, Southeast and Southwest Asian Affairs Department, Asian and Oceanic Affairs Bureau, Ministry of Foreign Affairs

**Mr. Yoshoyasu Iseki**, Executive Assistant to H.E. Vice-Minister Mr. Masayoshi Hamada, Ministry of Foreign Affairs

**Mr. Daisuke Matsunaga**, Minister, Embassy of Japan, Hanoi

**Mr. Tomoyuki Okada**, First Secretary, Embassy of Japan, Hanoi

## ■ MYANMAR

**Mr. Than Sain**, Chargé d'Affaires a.i., First Secretary, Embassy of Myanmar, Hanoi

**Mr. Aung Kyaw Moe**, Second Secretary, Embassy of Myanmar, Hanoi

## ■ THE NETHERLANDS

**H.E. Mr. André Haspels**, Ambassador Extraordinary and Plenipotentiary to Vietnam

**Dr. Armand Evers**, First Secretary, Royal Netherlands Embassy, Hanoi

## ■ SWEDEN

**H.E. Ms. Gunilla Carlsson**, Minister for International Development Cooperation

**H.E. Mr. Jonas Hafström**, Ambassador Extraordinary and Plenipotentiary to Thailand

**Ms. Anne Höglund**, Director, Ministry of Foreign Affairs

**Mr. Christer Holtsberg**, Minister, Director, Swedish Environmental Secretariat for Asia (SENSA), Embassy of Sweden, Bangkok

**Mr. Mikael Östlund**, Press Secretary, Ministry of Foreign Affairs

**Mr. Rolf Samuelsson**, First Secretary, Embassy of Sweden, Hanoi

## ■ USA

**Mr. Olivier C. Carduner**, Mission Director, United States Agency for International Development (USAID), Regional Development Mission/Asia, Bangkok

**Mr. W. Bowman**, Regional Environment Director, United States Agency for International Development (USAID), Regional Development Mission/Asia, Bangkok

**Ms. Piper Hackett**, Regional Program Coordinator, Environmental Cooperation - Asia (ECO-Asia)

**Dr. Vitoon Viriyasakultom**, Senior Environmental Governance Specialist, Environmental Cooperation - Asia (ECO-Asia)

## ■ The ASEAN Secretariat

**Dr. Anish Kumar Roy**, Director, Office of Coordination, BERG, ASEAN Secretariat, Jakarta

# Annex B: Participants

## ■ ASIAN DEVELOPMENT BANK

**Mr. Urooj S. Malik**, Director, Agriculture, Environment and Natural Resources Division, Southeast Asia Department, ADB, Manila

**Mr. Ayumi Konishi**, Country Director, ADB Resident Mission, Hanoi, Vietnam

**Mr. Ian W. Makin**, Water Resources Engineer, Director, Agriculture, Environment and Natural Resources Division, Southeast Asia Department, ADB, Manila

**Ms. Kanokpan Lao-Araya**, Finance, Governance and Trade Specialist, ADB Vietnam Resident Mission, Hanoi, Vietnam.

## ■ IUCN

**Mr. Andrew Ingles**, Regional Group Head, ELG 1, IUCN Thailand

**Dr. Kathrine Warner**, Country Group Head, IUCN Vietnam

**Mr. Benard O' Callaghan**, Programme Coordinator, IUCN Vietnam

## ■ UNESCAP

**Mr. Rae Kwon Chung**, Director, Environment and Sustainable Development Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Bangkok

## ■ THE WORLD BANK

**Mrs. Katherine Sierra**, Vice President, Sustainable Development

**Mr. Laurent Msellati**, Acting Country Director, World Bank, Vietnam

**Mr. Guy Alaerts**, Principal Water Resources Specialist

## ■ WWF

**Mr. Eric Coull**, Representative - Greater Mekong Programme, World Wide Fund for Nature (WWF), Hanoi

## ■ THE MRC SECRETARIAT

**Dr. Olivier Cogels**, Chief Executive Officer

**Mr. Te Navuth**, Assistant Chief Executive Officer, Director, Technical Support Division

**Mr. Do Manh Hung**, Director, Operations Division

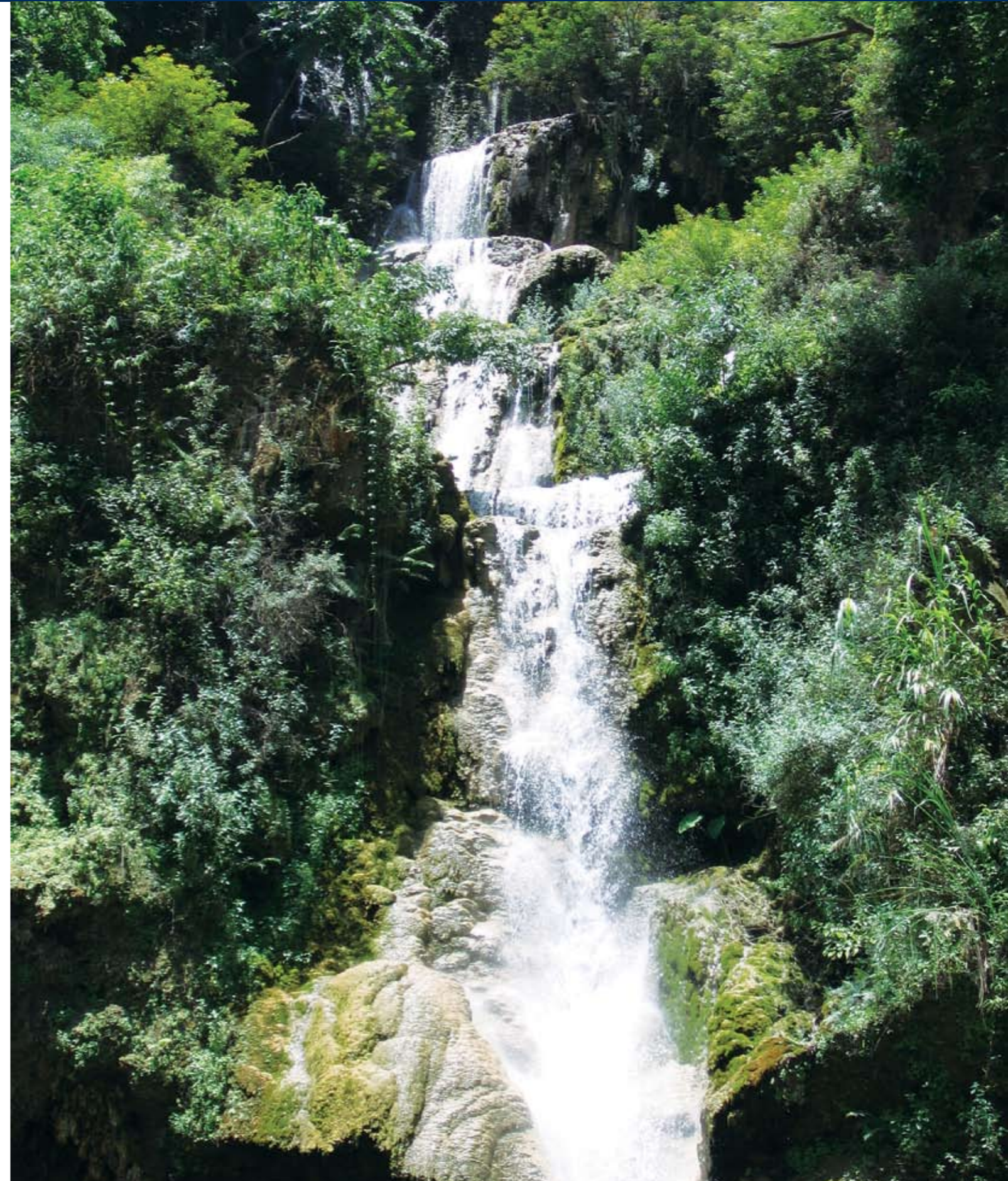
**Mr. Boriboun Sanasisane**, Director, Natural Resources Planning Division

**Mr. Wolfgang Schiefer**, Chief, International Cooperation and Communication Section

## ■ CONFERENCE CONSULTANTS

**Prof. Torkil Jønch Clausen**, Managing Director, DHI Water Policy

**Tue Kell Nielsen**, Water Resources Management Advisor



# Annex C: Conference Background Paper

## The rationale for the International Conference on the Mekong River Commission

The Mekong River Basin is located in territories of the six countries China, Myanmar, Laos, Thailand, Cambodia and Vietnam. For centuries, riparian people have exploited the water and related resources in the Basin for various purposes to sustain their livelihoods. The development and management of the Basin by the riparian countries have for decades been supported by international development partners.

The Mekong River Commission (MRC) came into being with the Mekong Agreement, signed in 1995 by Cambodia, Laos, Thailand and Vietnam. Hereby, the member countries agreed to cooperate in all fields of sustainable development and in the utilization, management and conservation of water and related resources in the Mekong River Basin. To date the cooperation under the Mekong River Commission has brought about a number of results of vital importance to the sustainable use and development of the river, both in terms of outputs of its sector programmes as well on issues relating to river governance.



The MRC member countries, development partners and donors maintain a close dialogue, most recently during preparation of the new MRC Strategic Plan 2006-2010. In support of this Plan, a scope is seen for enhancing this dialogue, as well as the dialogue with the upstream riparians China and Myanmar, in order to strengthen the MRC and its important role within water-related development.

With its knowledge base, the MRC is best placed to ensure that development and investment in the water related sectors in the Mekong Basin are well-coordinated across borders and between sectors, based on an Integrated Water Resource Management (IWRM) approach, targeted to poverty reduction and sustainable development and providing mutual benefits to the member countries through a dialogue and cooperation process. Given the fundamental role that the Mekong Basin's water and related resources play in socio-economic development, management of the river must be linked to relevant political and economic initiatives, and effective links must be forged with regional initiatives - not least the Greater Mekong Subregion (GMS) initiative. This in turn must ensure that the MRC is actively involved when new development and investments are planned.

Every year, back-to-back with its Council meeting, the MRC holds a meeting with the donor community where the two sides can table the issues relating to the work of the MRC and its programmes and projects supported by donors. The donors' view, shared by the MRC and its member countries, is that a more open and frank dialogue between the MRC and all involved parties, other regional actors as well as bilateral and multilateral donors and stakeholders, formally or informally, should be frequently organized. Through increased dialogue and effective coordination, the MRC's comparative advantages can better benefit the people and countries in the Basin.

Against this background and recognizing the MRC vision of 'an economically prosperous, socially just and environmentally sound Mekong River Basin', the International Conference on the Mekong River Commission is being held in Hanoi from 23-24 April 2007 in support of the desired strengthening of the MRC, in line with the MRC Strategic Plan 2006-2010, as a politically and technically important intergovernmental mechanism for the sustainable development of the Mekong Basin. The aim is to pursue this goal by promoting a general consolidation of the MRC; by upgrading relations between the MRC and other important actors; and by strengthening collaboration and coordination with donors and development banks, including new and enhanced funding modalities.

The Hanoi Conference is a dialogue forum between high-level political decision makers. It will focus and discuss four main overarching themes of critical importance to the future of the MRC, i.e.

- The comparative advantages of the MRC.
- The cooperation with the upper riparian states (China and Myanmar).
- The working relationship between the MRC and key regional and international actors.
- The MRC and donors.

An 'Independent Organizational, Financial and Institutional Review of the MRC Secretariat and the National Mekong Committees' (January 2007) has recently made a number of recommendations on how to improve the functioning of the MRC Secretariat and the National Mekong Committees established in each member country, and the recommendations are presently under consideration in the MRC system. The Conference will address the role of the MRC in the Basin, and in so doing address the internal structure and improvements within the MRC Secretariat to the extent that these have direct bearing to this discussion.

# Annex C: Conference Background Paper

## Development in the Mekong Basin

### The Challenges

The Mekong Basin is a unique region in terms of water-related geography and economy. The Basin covers parts of Cambodia, China, Laos, Myanmar, Thailand and Vietnam. The area of the entire Basin is 795,000 km<sup>2</sup>, of which the Lower Mekong Basin is 606,000 km<sup>2</sup>.

The population in the Lower Mekong Basin is approximately 60 million people. 80 % live in rural areas, and most rural livelihoods are water-dependent. The traditional livelihood is paddy cultivation. The Mekong fishery is the largest inland fishery in the world, estimated to be worth at least US\$ 2 billion annually, and providing the major protein source for many people in the Basin. Rural incomes are low, and 40 % of the population live in poverty.

The annual water flow in the Mekong is around 475 km<sup>3</sup>/year, or 8,500 m<sup>3</sup>/person/year. Annual water withdrawals are estimated at around 60 km<sup>3</sup> (or 13 % of the annual flow). The total volume of regulated water storage in the Basin, including the Upper Basin, for hydropower and irrigation is less than 5% of the annual flow. The water flow is highly seasonal, with frequent floods and droughts, severely affecting livelihoods and economy.

The water quality in the mainstream of the river is generally good, except for saline intrusion, acid sulphate drainage and pollution in intensively used areas of the Mekong Delta. However, with increased economic development and intensified cultivation, water quality issues may become more important in the future.

Today, major regulation is related to hydropower development, including a cascade of hydropower dams on the Mekong Mainstream presently under construction in the Yunnan Province of China, as well as the development of tributary dams in Laos and Vietnam.

Key development concerns include poverty alleviation, support to rural water-dependent livelihoods, and preservation of aquatic and floodplain habitats and fish resources. The urgent need to balance in-stream water uses against demands from agricultural production is expanding rapidly. During the wet season, between 1 and 4 million hectares of floodplain are submerged, including the Tonle Sap Great Lake. The flood pulse, i.e. the time, duration and height of the annual flood, is important for the floodplain habitats and the Mekong fishery. In the dry season, the Mekong Delta is exposed to salt water intrusion from the sea, affecting public water supplies and cultivation; the exposure depends on the Mekong flow and will increase if the minimum flow decreases.

Climate change can affect the water availability and hence the water-related economies. Also, it may increase the severity and frequency of floods and droughts. Related knowledge-building, awareness and strategic preparedness are seen as major challenges.

Development opportunities include improved agricultural water management, addressing seasonal excesses and shortages of water, including irrigation infrastructure; increased water efficiency and improved incomes; water diversion from water-rich parts of the Basin for cultivation elsewhere; an attractive hydropower potential, only a small part of which is used today; and an open-ended scope for tourism development. Basin-wide flood management, drought management and expanded navigation are important for livelihoods and income, as well as preservation of the fisheries.

Good Basin-wide water governance is a precondition for continued social and economic development.

### The Actors

Apart from the national governments and the MRC, several parties are involved in water-related development in the Mekong Basin, with different roles and various interfaces and degrees of interaction.

The Association of Southeast Asian Nations (ASEAN) was established in 1967 by five original member countries. Today, all lower riparian Governments are members. As an important regional political forum, the ASEAN aims to accelerate economic growth, social progress and cultural development and to promote regional peace and stability. The Greater Mekong Subregion, or the GMS, which consists of Cambodia, China, Laos, Myanmar, Thailand, and Vietnam was formed in 1992 with support from the Asian Development Bank (the ADB) to enhance economic relations and development.

The World Bank has been active in the energy sector, providing a regional study of power trade followed up by implementation-oriented technical assistance. Within water resources, the World Bank and the ADB have recently prepared their joint Mekong Water Resources Assistance Strategy (MWRAS), carried forward to the Mekong Water Resources Partnership Programme (MWRAP), which will form the basis for an assistance and investment programme in the Mekong River Basin and potentially provide a framework for donor support harmonization. The ADB has, apart from its leading role in the GMS, established a Mekong Regional Department, facilitating investment preparation. A Partnership Agreement established in 2000 exists between the ADB and the MRC.

A number of bilateral programmes are also important to sub-regional development. Japan is the major bilateral donor in the region and has a long history of involvement. China is playing an increasing role as a development partner, and Thailand provides financial and technical assistance to Cambodia, Laos, Myanmar, and Vietnam.

Major actors within the United Nations system are the United Nations Development Programme (UNDP), who guided the formation of the MRC, and the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) based in Bangkok, who played a key role in setting up the Committee for Coordination of Investigation of the Lower Mekong Basin, the predecessor of the current MRC.

*Appendix 2 includes additional information on the regional actors, including civil society stakeholders.*

## Conference Themes

### 1. The comparative advantages of the MRC

#### The MRC created to benefit the people of the Mekong Basin

Since the creation of the Committee for the Coordination of Investigations of the Lower Mekong Basin in 1957, the four lower riparian countries have had high expectations to the MRC and its forerunners as a mechanism to accelerate sustainable development in the Basin by promoting environmentally sound investments providing benefits to the people of the Basin. For example, the MRC Fisheries Programme has produced new knowledge about the social and economic significance of inland fisheries, and the MRC is becoming a major player within regional navigation and flood management. By attracting international funds and expertise it has helped a region with relatively poor countries, and this international support is highly valued. Today, the MRC has a strong focus on providing benefits to people in the form of economic development while respecting and protecting the sensitive environment and improving the livelihoods of the many poor people of the Basin.

#### The MRC as a strong international river Basin organization

The role and comparative advantages are summarized in the MRC Strategic Plan 2006-10. The central role is: Promoting sustainable development in the Basin, supported by:

- Providing a regional cooperation framework
- Providing a framework for environmental monitoring and protection
- Providing knowledge management and capacity development

Acting as an international river Basin organization, with its mandate provided by the 1995 Mekong Agreement, the MRC provides a regional cooperation framework for Basin-wide Integrated Water Resources Management (IWRM) and water-related development. Using the definition proposed



by the Global Water Partnership, Integrated Water Resources Management is 'a process that promotes the co-ordinated development and management of water, land and related resources in order to maximize the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems'. It addresses water governance in a broad societal context and provides an approach to building compromises between competing demands for water among societal sectors and stakeholders at all levels. This includes mechanisms for optimal allocation of water between sectors, and for compromise building and addressing disputes and differences between stakeholders.

The aim of promoting sustainable development through pro-poor investments is strongly supported by the member countries, all of which have clearly indicated that they consider facilitation of tangible development initiatives as the ultimate purpose of the MRC.

#### The MRC as a knowledge management institution

In acting as a knowledge management institution the MRC provides stakeholders – and their banks and donors – with data, information and analytic tools to be applied for environmentally sound developments in the Basin. This is a commonly agreed 'niche' for the MRC, but at the same time the demands to deliver, both in terms of quality, capacity, transparency and stakeholder involvement pose a major challenge. Member countries and stakeholders expect well-documented and up-to-date data and information, and analytical tools of highest international standard, to be provided speedily when needed, and in an open, inclusive and transparent manner. Unless the MRC is empowered to do so, by increased support and capacity building to its Secretariat, its credibility may suffer and stakeholders may look for alternative solutions. The same is the case for the National Mekong Committees with their close links to responsible national agencies and stakeholders.

#### The MRC as a political forum for joint river Basin development and management

The MRC promotes bilateral, tripartite and multilateral cooperation among the member countries. It has three important constituent institutions: The Council, the Joint Committee, and the Secretariat, all playing their respective roles in Basin development and management:

- The Council is the policy making body of the MRC at ministerial level;
- The Joint Committee is the management board of the MRC;
- The MRC Secretariat is the technical and administrative arm of the MRC.

Furthermore,

- The National Mekong Committees (NMCs) act as national coordinating bodies for the MRC in each of the member countries. Their structure, political-administrative location and capacity vary between the countries.

In their regular meetings the Joint Committee and the Council focus on the one hand on internal MRC management issues, and on the other on addressing key issues in Basin development and management. If the MRC is to increase its role and visibility as an operational political forum for the riparian countries in the Basin, the Council may activate its potential for a stronger role and provide more focus on addressing Basin issues.

Other ministerial fora in the region play a stronger and more visible political role, such as those exercised through the ministerial meetings of the GMS and the ASEAN. Little reference is made to the MRC in these fora, and a stronger association between the MRC and these bodies may contribute to strengthening the role of the MRC in the region.

# Annex C: Conference Background Paper

## **The role of the MRC in infrastructure development**

The role of the MRC in infrastructure development has been the subject of much debate in recent years. A common understanding has now been reached and reflected in the MRC Strategic Plan 2006-10, which builds on the 1995 Agreement calling for promotion, support, coordination and cooperation in sustainable water resources development. The MRC will engage actively in the development of projects which are trans-boundary in nature and/or have Basin-wide implications, including providing tools and expertise to ensure that proper Environmental Impact Assessments are conducted. For smaller national projects the MRC plays only a supporting role, but will address their cumulative impact from a Basin perspective. The MRC Strategic Plan 2006 – 2010 established wide agreement on the role of the MRC in the project cycle in general and with regard to infrastructure development in particular. However, stakeholders in the Basin – and their supporting banks and donors – may have different interpretations of what is ‘large’, ‘small’ and ‘Basin-wide’ and how the MRC should address ‘cumulative impacts’. Hence the MRC finds itself in a delicate situation in several respects. One is that the MRC on the one hand plays an important role in promoting infrastructure development in the Basin – ‘meeting the needs’ - while on the other hand addressing environmental and social consequences of such developments, i.e. the promoter of sustainable development, or ‘keeping the balance’. Another is finding the appropriate level of involvement, in all aspects of project development and promotion, of the MRC Secretariat, the National Mekong Committees and the national line agencies and their supporting banks and donors. Greater clarity on these roles, and strengthening of the MRC in playing its part, is important to ensure that the MRC becomes a credible partner in infrastructure development in the Basin, in accordance with the wishes of the member countries.

## **Riparian ownership to the MRC**

The MRC was created, and is “owned”, by the lower riparian countries as an important platform for optimal and well-balanced development and management of water resources in the Basin. Obviously, all activities in the Basin occur in the countries themselves, as part of their national development, and following their respective national economic and sector plans, policies, priorities and strategies. This implies that the MRC plans and programs, including its overall Basin Development Plan, must reflect national plans and priorities, and vice versa that the MRC must be an active partner in national development as far as the Mekong Basin is concerned. Several formal and informal mechanisms are in place to ensure this, including the National Mekong Committees, the Joint Committee and the Council, but it is not always obvious that this ensures the appropriate dialogue and coordination between the national and the regional development processes. Whilst the MRC through the National Mekong Committees seems to have the requisite information about national plans and strategies, Mekong issues and the MRC plans and strategies do not always “make it” to the national processes at the higher political levels, particularly in the economic and sector authorities outside the line agencies representing the countries in the MRC. This challenge applies equally to the development banks and donors, who in supporting national development work directly with economic authorities and line agencies at the country level without necessarily linking this to the regional processes through the MRC.

Raising the profile of the MRC in the national discourse at all levels, including the capacity and political standing and access of the National Mekong Committees, will contribute to ensuring better coordination between national and regional ownership to the MRC, and hence strengthen its credibility, visibility and role as an important regional partner in development of the Basin.

## **Key issues and questions for the Hanoi Conference include:**

- **Is the potential of the MRC political bodies (the Council and the Joint Committee) fully utilized today to address visions and challenges of joint and shared developments in the Basin? Is there a scope for a more active role of the Council to address Basin development issues? Is there a scope for strengthening the MRC through regular Summits?**
- **How can the MRC strengthen its roles as a knowledge provider, a political dialogue mechanism, and a development facilitator, jointly with the National Mekong Committees? Can the MRC play a more active role in the identification, facilitation and promotion of pro-poor water development and water-related development, within the mandate of the Strategic Plan 2006-2010?**
- **How can the coherence and interaction be improved between the MRC’s regional Integrated Water Resources Management strategies and plans, and the corresponding national policies, strategies and plans of the member countries?**
- **How can the MRC and the National Mekong Committees strengthen their relations with national planning, finance and investment bodies, as well as with civil society, in order to better link national and regional priorities, and hence improve riparian ownership to the MRC?**

## **2. Cooperation with upper riparians**

The upper riparians, China and Myanmar, are active members of the GMS, as well as the ASEAN/ASEAN+1. In comparison, their relations with the MRC are more sporadic. The general economic collaboration between China and all four lower riparians is growing rapidly. Cambodia, China, Thailand and Vietnam are WTO members with expanding international trade and investment. A large number of protocols and agreements exist between two or several riparians.

### **Present collaboration**

Today, there is some data exchange in the wet season in support of the MRC’s flood forecasting services that is proposed to expand to the dry season. Both China and Myanmar participate in the MRC’s Dialogue Meetings at Joint Committee level, and Myanmar is represented at the Council and Donor Consultative Group meetings.

All parties appreciate the current cooperation and look forward to enhanced technical cooperation. It is agreed that an expanded collaboration should be pursued in small steps and in a way that is mutually beneficial.

### **Benefits from collaboration**

Immediate as well as long-term benefits of a closer collaboration are related to the broader context of social and economic development of the Mekong Basin, as well as to the existing good and steadily expanding political relations among the riparian countries.

Depending on the preferred collaboration modalities, benefits to the upper riparians may comprise various political and technical support to water-related development and investment, including loan-financed investment, as facilitated by a consolidated MRC. Benefits to the lower riparians may comprise a higher level of recognition of the MRC and a broader basis for water resources development and management, including activation of benefits of manageable dry season flows.

# Annex C: Conference Background Paper

Benefits to all riparians may comprise a broader basis for Basin-wide water-related development, for example within river transport, energy and tourism, and general technical collaboration and human resources development.

## Expansion of relations

Given the consensus that the collaboration should be expanded, and that this should proceed gradually, the question is which areas are suited for closer relations in the short term. Possibilities include political dialogue about water-related Basin-wide development; technical collaboration in specific areas, for example linked with some of the existing or planned MRC programmes; joint training and capacity-building activities, study tours and professional seminars; and a staff secondment programme. In any case such expansion may imply an increase in the frequency and levels of the dialogues between the MRC and the upper riparians.

## Key issues/questions for the Hanoi Conference include:

- **What are the commonly agreed shared interests between the Mekong riparians in relation to Basin-wide water-related development?**
- **Which options and modalities are most attractive in the short term for an expanded collaboration between the MRC and the upper riparians?**

## 3. Working relationship between the MRC and key regional and international actors

### The MRC and the Greater Mekong Sub-region Programme (the GMS)

The MRC and the GMS are complementary and widely different in terms of legal basis and formal mandate, political framework, geographical and population coverage, and field of operation, linking in some countries into different ministries without much liaison. The MRC focuses on water-related management and development in the Mekong Basin, while the GMS covers a broad range of regional development with focus on investments, led from a Secretariat hosted by the ADB. The broader membership of the GMS as compared to the MRC, including the two upper riparians China and Myanmar; the higher level political structure which includes regular high-level summits; and the investments resulting from this mechanism, all makes it very attractive to countries focusing on development, including the upper riparians. This is to some extent in contrast to the MRC with its lower political standing – and prestige – and a perceived focus on planning, regulation and environmental protection rather than promotion of investments.

However, with no water programme in the GMS, the MRC is the only actor in the region to ensure sustainable development of water resources and is in a particular position, through informed dialogue between partners, to address issues and proposed developments with inter-sector and Basin-wide implications. A closer link between the two seems compelling, for example in the form of a GMS Water Programme, facilitated or even led by the MRC and through closer involvement of the MRC in the GMS Summit and programmes, not least environment, energy, transport and agriculture. Such closer links would raise the role and profile of the MRC and make it more attractive to all six riparians.

### The MRC, the ADB and the World Bank

Like the GMS, the development banks are important and attractive partners to countries seeking development through investment. Both countries and banks obviously promote pro-poor and

sustainable development and acknowledge the related role of the MRC. The banks draw on the MRC as mainly a provider of knowledge, information and data, but not so much as a facilitator of informed regional cooperation and political dialogue on key Basin issues. Similarly, the banks appreciate and work with the National Mekong Committees as good partners at the national level, as much as a linkage to the MRC and the Basin. In both cases, there is a scope for a more active involvement of the MRC in the activities of the development banks.

The banks acknowledge the MRC and its Secretariat as a knowledge centre on the Mekong and use it for their portfolio development or draw upon MRC data for projects like the Nam Theun 2 Hydro-power Project. The World Bank, with Global Environment Facility (GEF) funds, has provided much support to the MRC, particularly through the Water Utilization Programme, soon to enter into a second phase, but much more support is required for the MRC to achieve excellence and credibility as a knowledge provider.

Recently, with the development of their joint Mekong Water Resources Assistance Strategy (MWRAS), carried forward to the Mekong Water Resources Partnership Programme (MWARP), the World Bank and the ADB have joined forces, and with involvement and support of the MRC developed comprehensive visions and long-term strategies for Basin development to support their operations. These strategies have been subject to wide consultations in the Basin, but not formal political adoption through the MRC mechanism. Without links to the MRC strategies and procedures developed through the Basin Development Plan of the MRC and the ownership by donors supporting country programmes, the national and regional ownership of MWRAS might be questioned.

A partnership agreement has been concluded between the MRC and the ADB in 2000, the implementation of which both parties agree needs to be accelerated. A similar agreement does not exist between the MRC and the World Bank.

Strengthening the MRC to the point where the development banks find it a credible and legitimate partner is urgent, not only in its role as knowledge provider, but also as the appropriate instrument for regional dialogue and cooperation in all phases of major bank-supported water resources developments in the Basin. This may be developed through a confidence-building sequence of active collaboration linking the Mekong Water Resources Partnership Programme and the MRC Mekong Programme.

In this connection, the MRC must demonstrate its ability to make timely and practical political decisions at the regional level and support national decision-making, and the development banks should upgrade MRC's involvement in the decision-making processes.

### The MRC and the ASEAN

Due to its political role in the region the ASEAN is a potentially important partner for the MRC. The ASEAN has recently created a Working Group on Water Resources, an ASEAN-Mekong Programme exists, and representatives from the ASEAN are invited to and participate in MRC activities. However, while at the national level relations work well, the cooperation at the regional level is still weak. Increased collaboration, possibly linked to the GMS, would hold a potential for political strengthening of the MRC in the region.

### The MRC and other actors

The Hanoi Conference is a one-day high-level event with political focus, primarily addressing relations to those partners who play an operational regional role in the work of the MRC, such as the GMS, the ASEAN, the banks (the ADB and The World Bank) and the donors. However, good collaboration with a host of other actors and development partners is of course critically important for the MRC but will not be addressed specifically in this context.



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Of major importance, not just for the MRC, but for sustainable development in the Basin in general, is the active participation of civil society, both directly through transparent public participation in Basin development activities, and indirectly through the involvement of national and local NGOs. The involvement of civil society organizations and NGOs also contribute to highlighting and promoting gender issues in the development of water and related resources. All countries of the region consider such civil society participation as useful for socially sustainable development. Civil society relations are recognized as key in the MRC Strategic Plan 2006-2010, and the need is stressed for the MRC to follow good integrated water resources management practices of facilitating stakeholder consultations, including civil society and NGOs in the Basin.

International NGOs also play a key role for the MRC. Several MRC programmes and other activities cooperate with these organizations based on the complementary mandates and expertise. The MRC has signed Memoranda of Understanding with the World Wide Fund for Nature (WWF) and the World Conservation Union (IUCN). Concrete cooperation has been established with the World Conservation Union on wetlands management and with the WWF Greater Mekong Programme on road construction in flood plains and on environmental criteria for hydropower planning.

The MRC has long standing relations with the United Nations system, which historically has played a key role in the establishment and support of the MRC and its forerunners. Good working relations exist with UNDP and UNESCAP.

Furthermore, the MRC collaborates with numerous international, regional and national research and development organizations, including the Challenge Programme for Water and Food, the International Water Management Institute (IWMI), as well as Asian Institute of Technology (AIT) and a number of other universities.

The Global Water Partnership (GWP) is a global network for the promotion and implementation of integrated water resources management (IWRM). Its Southeast Asia network was established in 1997 with all four MRC member countries as members, and GWP country water partnerships exist in all these countries, but so far without much dialogue with the MRC.

## Key issues/questions for the Hanoi Conference include:

- **How can the political bodies of the MRC, the Joint Committee and the Council, be better utilized in a mutually beneficial cooperation with GMS?**
- **How can the MRC Mekong Programme, as a water-related programme, be better linked to the GMS? Is there scope for a GMS water programme supported by the MRC? Can active participation be increased in relevant GMS programmes (such as flood management, environment, transport, energy)? Should the GMS take better advantage of the MRC's knowledge and expertise in their water-related developments?**
- **What can and should the MRC and the development banks do to strengthen the role of the MRC as a knowledge provider and as a preferred political partner in connection with bank supported projects?**
- **How can the Mekong Water Resources Partnership Programme (MWARP) and the MRC strategies and procedures be implemented in harmony and used by all stakeholders (countries, development banks, donors – and civil society) in coordinated national and regional development?**

## 4. The MRC and donors

### Present collaboration

Close interaction with the donor community has been a characteristic feature of the MRC. The donor community is actively involved in the scoping, formulation and implementation of the various MRC programmes and the MRC Strategic Plans. Donors contribute 93 percent of the MRC's income, which reached 14.9 million US\$ in 2005.

The dialogue between the MRC and the donors takes place via annual Donor Consultative Group meetings and annual Informal Donor Meetings, together with continuous bilateral relations. Some donors undertake technical reviews of the activities in which they are involved, and some maintain a comprehensive financial and technical control.

Bilateral donor support to or via the MRC is managed under some 40 programme and specific project agreements that often reflect differing donor policy and strategy views and different funding and implementation modalities. This lack of harmonization results in increased technical and administrative burdens for the MRC Secretariat and the National Mekong Committees, and renders country driven coordination difficult.

Relations between the MRC and the donors are addressed in detail in the MRC Strategic Plan 2006-2010. Regarding implementation of development initiatives, a distinction is made between two typical cases. In one case, the MRC Secretariat acts as the executing/implementing agency of projects of Basin-wide significance and upon request of the funding agency. Funds are channeled through the MRC Secretariat and disbursed to line agencies according to a clearly specified project implementation and work plan. This case typically comprises existing and new MRC programmes and components. In the other case, funding and service agreements are made directly between the funding agency and the line agencies as the implementing agencies. The MRC Secretariat's involvement in project implementation is restricted to coordination and the provision of some support and advisory services.

The National Mekong Committees maintain in-country coordination, including line agency liaison. They collaborate with donors via the MRC as well as directly for specific purposes. The MRC member countries with their different levels of economic development have different preferences and needs in relation to donor collaboration.

### Benefits from collaboration

The involvement of a donor organization is mandated by the donor's particular policies, strategies and preferences for water-related development. These policies often represent a fairly harmonized view on Integrated Water Resources Management and river Basin management under an objective of sustainable development based on economic, social and environmental concerns. However, to some extent, these preferences are also dictated by the values and traditions of the donor country itself and may not always be appropriate and easily adapted in the specific political-cultural environment of the Mekong countries. The donor will benefit from a collaboration to the extent that the collaboration can support its goals, and the same is the case for the MRC. In each case, the benefits generally reflect a commonality of development priorities shared by the MRC and the donor, typically related to sustainable economic growth, improvement of livelihoods and poverty alleviation.

In the MRC-donor collaboration the MRC can contribute within one or several of its roles: As a water resources allocator and regulator; a conflict manager; a knowledge-producer; a technical coordinator; a regional strategy and planning coordinator; a development agent or partner; and/or an investment facilitator.

# Annex C: Conference Background Paper

## Expansion of relations

Expansion of relations and mutual benefits can take place within each of the roles of the MRC. The MRC can upgrade its participation in regional development strategy formulation through the Basin Development Plan (as initiated by the MRC's 'Strategic Directions for Integrated Water Resources Management in the Lower Mekong Basin', December 05), hereby adding to the context and focus of regional as well as national and local development initiatives. In parallel, the MRC can expand its political support to donor-funded regional water-related development, including major individual development initiatives and projects. Via the National Mekong Committees there is a scope for better interaction between the regional perspective applied by the MRC and the national and local (river Basin organization/river Basin committee) management levels.

Also, the MRC's involvement in Basin development planning can be strengthened and more action-oriented, for example by including planning of donor-funded projects in the countries under relevant MRC programmes (as already in preparation under the Flood Management and Mitigation Programme and the Navigation Programme).

The recent Paris Declaration on Aid Effectiveness (March 2005) provides an important general framework for streamlining of practical donor relations. With the MRC's activities being structured into programmes, it can be imagined that support to or via the MRC can conveniently be more oriented towards programme support and possibly basket-funded.

## Key issues/questions for the Hanoi Conference include:

- How can the MRC and the donors together improve the coherence and coordination of regional support through the MRC and bilateral national support to the individual countries? Can the National Mekong Committees play a more active role to ensure this?
- Are donors prepared to coordinate their support and harmonize their procedures in dealing with the MRC, as e.g. in terms of funding, reviews and general dialogue about the MRC visions, strategies and plans for development of the Basin?
- Should new funding modalities and instruments be considered, both in terms of core versus programme funding and increased basket funding?
- Is the present partner dialogue (through the Donor Consultative Group, Informal Donor Meetings, annual consultations and donor visits) adequate? If not, how can it be improved?

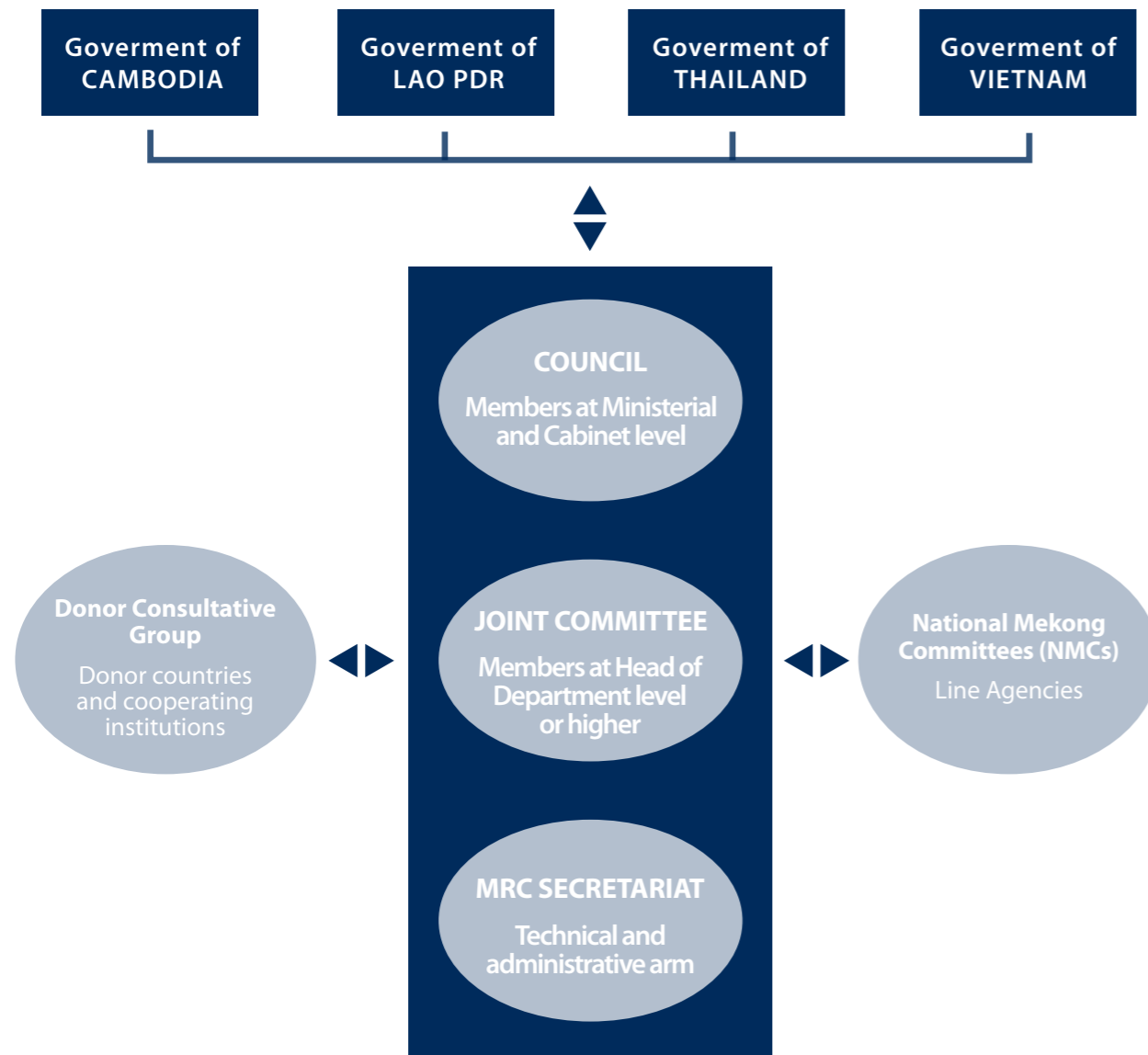


# Annex C: Conference Background Paper

## Appendix 1:

### MRC organization structure

Ref. MRC Strategic Plan 2006-2010



## Appendix 2:

### Actors and development partners

**National governments:** The national governments of Cambodia, Laos, Thailand and Vietnam established the Mekong River Commission (MRC) through negotiations leading up to the 1995 Agreement on Cooperation for the Sustainable Development of the Mekong River Basin. They supervise and set the policy for the MRC through the Council and the Joint Committee. National government coordination with regard to the MRC is undertaken by the National Mekong Committees (NMCs) in each country.

**The Mekong River Commission:** The Mekong River Commission (MRC) is the successor to the Mekong Committee, a donor funded effort established in 1957 to finance research and studies on opportunities for sub-regional cooperation in the Mekong River Basin. Lack of stability in the region resulted in the interruption of Mekong Committee sessions in the late 1970s. In response to Cambodia's absence, Laos, Thailand and Vietnam in 1977 adopted a new statute forming the basis of the Interim Mekong Committee. The statute provided for the eventual reactivation of Cambodia's membership and the transformation into the MRC through the 1995 Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin. The 1995 Agreement tasks the MRC with promotion, support, cooperation and coordination of sustainable development through a Basin Development Plan. At present there is an increasing need for coordination of investments in the water sector. In its current Strategic Plan 2006-2010 the MRC states its central role to be in promoting sustainable development supported by (i) providing a regional cooperation framework, (ii) knowledge management and capacity development and (iii) environmental monitoring and protection. Central to the purpose of the Commission are three programmes: The Basin Development Plan (BDP), supported by sector programmes, the Water Utilization Programme (WUP), and the Environment Programme (EP).

**The Greater Mekong Subregion Programme:** The Greater Mekong Subregion Programme (the GMS) comprises Cambodia, the People's Republic of China, Lao People's Democratic Republic, Myanmar, Thailand, and Vietnam. In 1992, with ADB's assistance, the six countries entered into a programme of subregional economic cooperation, designed to enhance economic relations among the countries. This programme began with a number of studies and consultations with the GMS countries that led to the shaping of common visions in a number of areas and a large ADB-funded technical assistance and investment programme. The GMS regional cooperation programme is anchored in annual ministerial meetings that review the work and discuss regional integration issues. The programme has made most progress in the transport sector where the ADB was able to successfully help develop and then support regionally agreed priorities for construction of road links between countries as an adjunct to its country lending programs for Vietnam, Cambodia and Laos.

**The ASEAN:** The Association of Southeast Asian Nations (ASEAN) was established in 1967 by the five original Member Countries -- Indonesia, Malaysia, Philippines, Singapore, and Thailand. Brunei Darussalam joined in 1984, Vietnam in 1995, Laos and Myanmar in 1997, and Cambodia in 1999. The main objectives of the ASEAN are: (i) to accelerate the economic growth, social progress and cultural development in the region through joint endeavors in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of Southeast Asian nations; and (ii) to promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries in the region. The ASEAN established the Initiative for ASEAN Integration (IAI) to promote south-south cooperation and support from other donors in helping the newer ASEAN members (Cambodia, Laos, Myanmar and Vietnam) reduce the development gap with the middle income member countries. The IAI has four priority areas: infrastructure, human resources development, information and communications technology, and

# Annex C: Conference Background Paper

regional economic integration. A range of capacity building activities are carried out in these four areas such as training, conferences and seminars, work studies, and study abroad. IAI's programs are financed by donors, primarily from ASEAN countries.

## The External Support Agencies

**The World Bank:** The World Bank contributed a regional study of power trade strategy followed up by technical assistance to prepare the foundation for implementation. This provided important input into the design of an Inter-Governmental Agreement (IGA) on power trade, which was signed in 2002 and which represented a significant milestone of achievement for the GMS programme. With respect to involvement in water resources, the World Bank built on its support to the MRC's Water Utilization Programme by taking leadership in 2004 in a joint initiative to develop the Mekong Water Resources Assistance Strategy (MWRAS), which in 2006 transformed into an assistance and investment programme - the Mekong Water Resources Partnership Programme (MWARP).

**The Asian Development Bank (the ADB):** The ADB has a leading role in the Greater Mekong Subregion Programme and collaborates with The World Bank on the Mekong Water Resources Assistance Strategy and the Mekong Water Resources Partnership Programme. Also, ADB supports river Basin management at the sub-Basin level, for example in connection with the planned Tonle Sap Basin Management Organization. A Partnership Agreement exists between the ADB and the MRC.

**Bilateral cooperation:** A number of bilateral programmes are also important to sub-regional development. Japan is a very important bilateral donor in the region and has a long history of involvement there. Japan supports the GMS both through bilateral funding to countries and through the ADB and is also a significant donor to the MRC. China is playing a role of increasing importance in the region both through formal and informal channels. Thailand is also playing an increasingly important role. At Thai initiative Cambodia, Lao PDR, Myanmar and Thailand in 2003 adopted the Bagan Declaration, affirming their commitment to cooperate in 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 a ten year period. The economic cooperation framework was called the "Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy" or ACMECS. Vietnam joined the group in 2004. Through ACMECS, Thailand provides financial and technical assistance to Cambodia, Laos, Myanmar, and Vietnam.

Important bilateral donors to the MRC are Australia, Belgium, Denmark, Finland, France, Germany, Japan, The Netherlands, Sweden, and USA. Bilateral donor support is managed by the MRC Secretariat in some 40 programme and project specific agreements.

## The UN System

**UNDP:** In the early 1990s, UNDP provided leadership for the restructuring of the governance of the MRC. Because of funding constraints, the sub-regional programme managed out of Bangkok has been scaled back in recent years and now focuses on crime prevention, a UN inter-agency project on human trafficking, a regional HIV/AIDS initiative focusing on mobile populations in the GMS area, and a GEF-funded, IUCN-executed wetlands protection project in the lower Mekong in conjunction with the MRC.

**UNESCAP:** The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) is the UN's main convening authority in the region. UNESCAP has been supporting regional cooperation in the Mekong sub-region for many years and was the original sponsor of the creation of the Mekong Committee in 1957. UNESCAP's primary involvement has been convening technical

meetings on important issues affecting the countries in the region. In recent years, priority has been given to the so-called "HI-FI Plan", which focuses on human resources, institution building, facilitation of trade, and investment promotion.

## The Civil Society and NGOs

The MRC is engaged with two NGOs through Memoranda of Understanding: The World Wide Fund for Nature (WWF) and the World Conservation Union (IUCN). These organizations also enjoy observer status at the MRC's governance meetings. Memoranda of Understanding or cooperation agreements also exist with a range of other NGOs either in the context of concrete fieldwork in technical cooperation or in more applied research oriented activities. The MRC has undertaken two NGO and stakeholder consultations in the framework of the development of the new strategic plan.

Concrete examples for NGO cooperation are cooperation with IUCN on wetlands management and with the WWF Greater Mekong Programme on road construction in flood plains and on environmental criteria for hydropower planning.

## Research and Development Institutions

The MRC has a wider network of cooperative research institutions, specific to its area of work, often within sector programmes. A more general example of such cooperation is the work undertaken with the Finnish Environment Institute; the Challenge Programme for Water and Food, and International Water Management Institute (IWMI). Cooperation on the basis of a Memorandum of Understanding exists in capacity building with the Asian Institute of Technology (AIT) and a number of universities.

# Annex D: Speeches



## **H.E. Mr. Nguyen Sinh Hung, Vietnam**

### **First Deputy Prime Minister**

**Excellencies, Distinguished Representatives of Donor Countries and International Organizations, Members of the Mekong River Commission Council and Representatives of Mekong upper riparian Countries, Ladies and Gentlemen,**

First of all, on behalf of the Government of the Socialist Republic of Viet Nam, I would like to warmly welcome members of MRC's Council, delegates from MRC member states, representatives of donor countries, international organizations, and dialogue countries China and Myanmar to the International Conference on the Mekong River Commission Cooperation, held in Hanoi.

We highly appreciate the initiative of the Government of Denmark and the Viet Nam National Mekong Committee in organizing this Conference. This Conference is a very important occasion for the MRC member countries, MRC Council, donors, dialogue partners and international community to exchange views and discuss cooperation measures for the sustainable utilization and development of water and related resources in the Mekong river Basin, as well as the roles of the MRC in assisting its member countries in successfully implementing the Agreement on the Cooperation for Sustainable Development of the Mekong River Basin signed in 1995.

#### **Distinguished Delegates, Ladies and Gentlemen,**

A River Basin of 'economically prosperous, socially just and environmentally sound' is the task that MRC has been set and tried to achieve for more than a decade. This task is once again confirmed in the MRC Strategic Plan for 2006-2010. The balance and sustainable development of all economic, social and environmental aspects are also the goals of some other important regional cooperation frameworks such as GMS, CLMV ASEAN, ACMECS etc. However each framework has its own priorities and focal themes of activities. Therefore, for the time being, it is our shared task to clearly identify the concrete goals and orientations, the detailed actions for each cooperation framework for the common prosperity and comprehensive development in the region in order to unite all our efforts instead of overlapped and competitive actions.

#### **Distinguished Delegates, Ladies and Gentlemen,**

In our Basin, although water resources are abundant, they are unevenly allocated in different locations and seasons. Besides, the water demands to serve national development of the river-side countries are also diverse plus the special complicated changes in climate, all have been posing great challenges to us. In fact, not only Viet Nam but also most of Mekong Basin countries are suffering from severe drought in dry seasons. This is a mathematics problem that requires regional countries to work closely together to find the answer. It is only with regional coherence efforts that the problem can be completely solved.

Therefore, we highly appreciate MRC's role in developing transboundary Basin-wide programs. We also value the cooperation among Mekong riparian countries. And we are deeply grateful to the precious support and assistance of the donor community in helping us realize these programmes, especially in improving the coordination with other related initiatives and programmes in the Mekong region.

#### **Distinguished Delegates, Ladies and Gentlemen,**

Being a party to the 1995 Mekong Agreement, the Government of Viet Nam always seriously the provisions under this Agreement. On this occasion, on behalf of the Government of Viet Nam, I would like to reaffirm our determination and full cooperation with other member countries in implementing the Agreement and other MRC's programmes so that more than 60 million people living along the Mekong Basin in our region will be able to enjoy prosperity and sustainable environment. We would like to call upon other MRC member states to realize our commitments and to work closely with Mekong upper States for the sustainable development and utilization of the Mekong water resources, especially for the facilitation of MRC's activities. We would also like to call upon the donor community, other countries and international organizations to stand side by side with us in succeeding these goals.

With that strong belief, I would like to declare the International Conference on Strengthening the Mekong River Commission Cooperation open. I hope that we will frankly and openly discuss all cooperation issues within and even beyond MRC's framework in order to form a common voice among parties concerned, thus strengthening the role of MRC to help this organization carry out its missions.

With that, I would like to wish the Conference a great success and wish you all a memorable stay in Hanoi, the beautiful Capital and City for the Peace.

Thank you.



### **H.E. Mr. Cao Duc Phat, Vietnam**

**Minister for Agriculture and Rural Development, Chairman of Vietnam National Mekong Committee and Chairman of the MRC Council for 2006-2007**

**H.E. Mr. Nguyen Sinh Hung, First Deputy Prime Minister of the Socialist Republic of Viet Nam,  
H.E. Mme. Ulla Tørnæs, Minister of Development Cooperation of Denmark,  
Excellencies Ministers, Vice-Ministers, Distinguished Delegates, Ladies and Gentlemen,**

On behalf of the Mekong River Commission, Viet Nam National Mekong Committee and Madame Ulla Tørnæs, Minister for Development Cooperation of Denmark, the Co-chair of this Conference, I have the honour to express our sincere thankfulness to Your Excellency, Mr. Nguyen Sinh Hung, the First Deputy Prime Minister of Socialist Republic of Vietnam for coming and opening the International Conference on Strengthening the Mekong River Commission held in Hanoi, Viet Nam, the MRC Council Chairmanship Country for 2006-2007.

The presence of Your Excellency and the profound Opening Statement prove the keen interests of the Government of Vietnam attached to the development cooperation in the Mekong region in general and to the Mekong River Commission (MRC) in particular.

It is our great pleasure to inform Your Excellency, the first Deputy Prime Minister that together with Vietnam, other MRC Member Countries, the dialogue-partners of the upper Mekong Basin, donor countries and international community have always paid a great attention and provide support through time to the Mekong cooperation and the MRC. Thus, in addition to regular sessions of the MRC, the meetings between MRC and dialogue partners as well as between the MRC and donors community; the concerned parties have positively responded to the initiative of the VNMC and Denmark in convening this International Conference on the MRC and sent high-level representatives to attend.

#### **Excellencies, Ladies and Gentlemen,**

On behalf of Madame Ulla Tørnæs, as co-chair and the host of this Conference, I would like to warmly welcome the presence of the Excellencies Ministers, Chairmen of the National Mekong Committees, Members of the MRC Council for and high-level representatives of Cambodia, Lao PDR and Thailand; representatives coming from the two upper Mekong countries – China and Myanmar; Excellency Minister for International Development Cooperation of Sweden, Excellency Vice-Minister of Foreign Affairs of Japan, and the Ambassadors, Distinguished Delegates from the donor countries: Australia, Belgium, Finland, France, Germany, the Netherlands, and the United States; Vice President of the World Bank, the director of ADB; the MRC CEO; and representatives from the international organizations: UNESCAP, ASEAN, and IUCN, WWF.

As you know, on 5 April 1995 by the signing of the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin, four countries namely Cambodia, Lao PDR, Thailand and Vietnam established the MRC. After 10 years of being and development, inheriting experiences and lessons of its predecessors – the Mekong Committee established in 1957, the Mekong Interim Committee and of other international river Basin organizations, the MRC has gained the initial recognized achievements, including formulation of its Strategic Plans that has been updated periodically, the most recent one as the MRC Strategic Plan for 2006-2010; formulation and implementation of a number of programmes aiming at management and exploitation of the Mekong water resources in an integrated approach and sustainable manner, contributing to economic growth and poverty alleviation for the riparians living in the Basin. However, due to the adverse impacts of the regional and global climate change and increasing demands of development, the MRC is facing great challenges in functioning its mission of ‘sustainable development’ of the water and related resources in the Mekong Basin.

Therefore, I believe that this Conference would be a precious occasion for us – who participate in the policy making process in the MRC riparian countries, donor countries, the development banks, the international organizations and stakeholders to discuss together on the ways to increase the support for strengthening roles and functions of the MRC, an inter-governmental cooperation mechanism to be capable both politically and technically hence to assist effectively the member countries to develop the Mekong River Basin becoming an ‘economically prosperous, socially just and environmentally sound’ river Basin.

Taking this opportunity, on behalf of the Mekong River Commission, I would like to thank the donors and international communities for your continuous interest in the Mekong Cooperation, to the development of the MRC through providing support to its projects, programmes and activities.

#### **Excellencies, Distinguished Delegates, Ladies and Gentlemen,**

As outlined in the Conference documents that have resulted from consultations of the Preparatory Team with riparian countries and some donors and international organizations, we would like the Conference to focus our discussion on the four following themes:

- **Strengthening the MRC as an efficient political dialogue mechanism through that the MRC Member Countries and developers could openly exchange their opinion and ways towards sustainable development and utilization of water and related resources in the Mekong River Basin;**
- **Further strengthening the cooperation between the MRC and the two upstream countries;**
- **Consolidating the working relationship between the MRC and key regional and international actors such as WB and ADB; and**
- **Increasing the cooperation and collaboration between the MRC and the donor and development banks aiming at ensuring better coordination and harmonization of the donor support including improvement of funding procedures.**

We are looking forward to your active participation and valuable comments during discussions. Finally, before transferring the floor to the Madame Minister Ulla Tørnæs, the Conference Co-chair, I would like to take this opportunity to express my deep gratitude to the Government of Denmark for the generous support granted to Vietnam, especially through projects and programmes in the Agriculture and Water Resources sector, which have been contributing considerably to improvement of people’s livelihoods and rural development in various regions in our country. In this regards, I do hope that Denmark will continue to provide, either through MRC or bilateral channel, valuable support to Vietnam.

## Annex D: Speeches



### H.E. Mrs. Ulla Tørnæs, Denmark

#### Minister for Development Cooperation

**First Deputy Prime Minister Hung, Minister Phat, Ministers, Vice-ministers, Excellencies, colleagues, ladies and gentlemen,**

It is indeed a great honour for me to be here today to co-chair with Minister Phat this Conference on the Mekong River Commission.

I am part of this initiative, because the Government of Denmark attaches great importance to the Mekong River Commission. We wish to see the Commission and its member countries succeed in carrying out its mandate of ensuring sustainable development in the utilisation, management and conservation of water and related resources in the Mekong River Basin.

The Mekong River Commission is a unique, inter-governmental organisation that its four member states should rightly be proud of. You can hardly find similar institutions in other parts of the world, which are based on an inter-government agreement.

Its importance stems from that fact that it combines the functions of an international river Basin organisation; a political forum for joint river Basin development and management; and a knowledge management institution that provides a framework for environmental monitoring and protection.

With such an important mandate and functions, I am convinced that if the MRC did not exist – you would have to invent it.

But for the MRC to succeed there are a number of requirements, as I see it, which need to be ensured:

- **Before everything else – a strong political, and in time also financial, ownership to and leadership of the MRC, its institutions and Secretariat by the MRC member countries;**
- **A secretariat with strong professional and technical capacity and credibility;**
- **Close dialogue and collaboration with upstream countries;**
- **Close ties with major regional initiatives, such as the Greater Mekong Subregion (GMS);**
- **Inclusive relations with initiatives of development banks;**
- **And last but not least, a constructive and interactive dialogue with donors and stakeholders and in turn harmonisation and alignment from its donors.**

The MRC might still score low on some of these requirements. But then of course, cooperation in water management across the borders of four sovereign countries is never easy. There are no quick fixes. MRC member countries and donors do not always see eye to eye on every issue. But we have improved our collaboration over the past couple of years in a number of ways. Not least have we strengthened the dialogue between the MRC members and MRC donors.

We have found a new mode of more inclusive and open collaboration between MRC countries and donors. There is mutual recognition that while the MRC is entirely owned and managed by the member countries, who ultimately decide fully the direction of the MRC, its donors who currently fund around 93 per cent of the organisation's budget have a keen interest in being involved and consulted in advance of major policy and programme decisions.

Denmark fully supports the commitments made by the MRC Member Countries to elevate discussions of Basin wide issues in the Mekong to the higher political level. As the largest donor

to the organisation, Denmark is keen to see the MRC cooperation more strongly underpinned by a direct political link and mandate.

Of course, this will have to be a first step toward reinvigorating MRC cooperation. The relevance and impact of MRC programmes and activities will be a next step to address. Just a few months ago, Denmark provided a new grant of 9 million USD to the MRC, including 7.5 million USD to the Basin Development Plan. We hope eventually to see the Basin Development Plan develop into the central planning tool for all development initiatives in the Mekong Basin.

A number of recommendations made by a recent independent review of the organisation need to be addressed in order to improve the functioning of the MRC institutions and executive arms and Denmark hopes to see these recommendations endorsed without delay by the MRC Council. Denmark is committed to support this process both politically and financially. I am therefore happy to announce today that Denmark in 2007 will provide a new grant for the implementation of the review recommendations with up to 3 million Danish Kroner – or roughly 530,000 US Dollar – in support of capacity building activities in the MRC Secretariat as recommended by the review team. The grant should be used to contribute to ensuring that the MRC has the necessary capacity to undertake its mission and act as the key provider of knowledge, information and tools for the identification, technical support to and promotion of investments in the Basin.

Today we are here to look ahead and discuss ways and options of moving the MRC agenda forward. We want to turn challenges into opportunities and stronger partnerships. With our presence today at high level we are giving the MRC a political forum. We will focus on a number of these key issues of vital importance to the role and functioning of the MRC.

In the process of preparing for this conference we have consulted closely with all major players in preparing the outcome of this conference. The draft statement that you have before you, and which we expect to be able to adopt at the end of today's deliberations, is a result of these consultations. I encourage you to reflect on its content in your remarks where relevant.

It is the hope of Minister Phat and I that we will come out from our discussions with a strong joint commitment towards strengthening the role and functions of the MRC. Not necessarily running the full mile in the course of an afternoon, but initiating a process of placing the MRC where it has a comparative advantage, key knowledge and capacity to share.

It is our hope that you will all participate actively – and interactively. We encourage you to share your views and perspectives under the relevant agenda items and focus your interventions on policy and strategy issues and desired results of this conference. And we invite all present to make their views heard.

Thank you.

## Annex D: Speeches



### **H.E. Mr. Lim Kean Hor, Cambodia**

#### **Minister of Water Resources and Meteorology, Chairman of Cambodia National Mekong Committee**

##### **Mr. and Mrs. Co- Chairpersons, Excellencies, Distinguished Delegates, Ladies and Gentlemen,**

Today the Delegation of Cambodia is pleased with honor indeed for having been invited to attend the International Conference on Mekong River Commission, being organized in Hanoi, the Socialist Republic of Viet Nam.

The Delegation of Cambodia would like to take this opportunity to express our sincere thanks to the Governments of Viet Nam and Denmark for having jointly taken initiative to organize such an event. The Delegation of Cambodia thinks that the Conference today is truly important and will provide the basis for good harmonization between the Mekong River Commission the international donor community and development banks, the World Bank and Asian Development Bank, aiming at reaching the effective development efforts toward the poverty reduction of Basin peoples with the sustainability of the Mekong resources.

Along with this, as one of the MRC member countries, the Delegation of Cambodia would also like to express on behalf of the Royal Government of Cambodia, our sincere and profound thanks to the international donor community and the development banks, for their generous and steady support to the Mekong River Commission till now and their fully continuous commitments to further support in the future. Such a good gesture of the donors is so important and will help enable the Mekong River Commission to effectively fulfill its mandate towards the sustainable development and management of the Mekong resources.

##### **Mr. and Mrs. Co- Chairpersons, Excellencies, Distinguished Delegates, Ladies and Gentlemen,**

The 1995 Mekong Agreement clearly mentioned that we, the member countries, commit to cooperate in all fields of sustainable development, utilization, management and conservation of the water and related resources of the Mekong River Basin. The Agreement provides not only the principles and mechanism of regional cooperation in terms of water use and development, but also lays down a foundation of trust and partnership.

Over a decade of its operation, the Mekong River Commission has made remarkable progress and achievements. Through the Programme implementation, the Commission so far has produced useful information and knowledge base on the Mekong resources, approved a number of Procedures such as Procedures on Data and Information Exchange and Sharing, Procedures on Notification, Prior Consultation and Agreement, Procedure on Water Use Monitoring and Procedures on Maintenance of Flow on the Mainstream as well as a number of supporting technical Guidelines. With this, it serves as solid foundation for effective development and management planning of the Mekong River Basin now and in the future. In addition to the existing Programmes, namely the Basin Development Plan Programme, Water Utilization Programme, Environment Programme, Flood Management and Mitigation Programme, Navigation Programme, Agriculture, Irrigation and Forestry Programme, Fisheries Programme, Hydropower Programme, and Integrated Capacity Building Programme being implemented, new programmes such as Information and Knowledge Management Programme and Drought Management Programme have been formulated and approved simultaneously by the Commission. In connection with this, Cambodia appreciates very much this successful endeavor.

The success of these undertakings within the framework of the Mekong River Commission till now, has been derived from the strengthened regional cooperation among the member countries

and furthermore it is possible with valuable assistance, both financially and technically, from the international donor community and development Banks and through the built partnership with the other development partners.

In addition to the regional cooperation being further strengthened among the member countries in the Lower Mekong River Basin, we have observed that the relationships and cooperation with the Mekong upstream countries, China and Myanmar are also well progressing. The Delegation of Cambodia is so delighted with the presence of the representatives of China and Myanmar at this important event and would like to see further developments in the context of cooperation at the technical level and also at the higher level. In this respect, joint discussions with concrete plans of actions should be further conducted and promoted. With good development available, we do hope that the participatory and cooperative management of shared resources in the whole Mekong River Basin will be further enhanced in a very comprehensive and realistic manner.

##### **Mr. and Mrs. Co- Chairpersons, Excellencies, Distinguished Delegates, Ladies and Gentlemen,**

The year 2007 and the years ahead are the challenging years for the Mekong River Commission to move forward with actual development actions at the ground in its operation through the implementation of the MRC Strategic Plan 2006-2010 with a main aim of bringing realized and concrete benefits to the grass-root communities of the member countries. The MRC member countries are eager to reach at that end in this endeavor and it has now been acknowledged with full support from the international donor community and development banks. There are still a lot of things that need to be done by the Mekong River Commission in order to contribute to lift the Mekong peoples out of the poverty on one hand and to sustain the Mekong resources in a long run on another hand. To attain this aim, continued support from the international donor community and development banks to the Mekong River Commission is strongly needed and it is considered as one of the most effective tools to help develop our concerted efforts into reality.

The Delegation of Cambodia sees that this Forum is so vital and it will help further enhance our regional cooperation among all riparian countries as well as good relationship and cooperation between the riparian countries and the international donor community and development banks in a well-coordinated approach for the sake of the Mekong developments in a sustainable way.

The Delegation of Cambodia would like to solemnly inform the Forum that we stand ready to move forward with our strong commitment and full participation and close cooperation with other riparian countries to ensuring the effective and successful implementation of the 1995 Mekong Agreement and MRC Strategic Plan, 2006-2010 together with other instruments agreed upon within the framework of the Mekong River Commission with a view to contribute to the materialization of the family spirit of the Mekong nations.

The Delegation of Cambodia has learnt that through the past practice, the funding modalities of the donors to support the implementation of the MRC Programmes were applied differently from one donor to another and as a result, it has seemed to partly cause the difficulties to the operational functions of the Mekong River Commission in a real world, especially in relation with the programme implementation. In connection with this, Cambodia is eager to see good coordination and harmonization among donor countries and development banks, assisting the Mekong River Commission in different areas of Mekong development, since this is very important and extremely needed for the Mekong River Commission as well as our member countries. To that end, the Mekong River Commission will be able to work on its development activities in a very productive fashion.

**Mr. and Mrs. Co- Chairpersons, Excellencies, Distinguished Delegates, Ladies and Gentlemen,**  
The strengthening of the Mekong River Commission till now is our special attention and with



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this, Cambodia wishes to see the further development of MRC into the real Master of the Mekong and considered as an effectively joint mechanism for the Mekong development. To reach this aim, there is a real need to make MRC stronger in its current performance as well as in the future through jointly practical actions. Among other things toward the strengthening of the MRC in this regard, the MRC Summit with participation of the Prime Ministers of all riparian countries should be considered to be convened in every two or three years. Along with this, the existing National Mekong Committees within MRC member countries should also be further strengthened by which this institution should be headed by the Prime Minister.

Through the implementation of this initiative, the profile or image of the MRC can be effectively raised at both the national and international arenas and this is our strong wish.

**Mr. and Mrs. Co- Chairpersons, Excellencies, Distinguished Delegates, Ladies and Gentlemen,**  
I would like now to conclude my remarks on behalf of the Delegation of Cambodia with the reiteration of our profound thanks and gratitude once again to the donors for all kinds of support and contribution to the Mekong River Commission provided till now and in the future.

Our sincere thanks are also due to particularly Viet Nam as a host country for their warm and excellent hospitality extended to the Delegation of Cambodia during our mission here.

The Delegation of Cambodia strongly hopes that the Forum today will be successfully concluded with common understanding by donors on concrete ways forward to assist the Mekong River Commission in productively contributing to 'An economically prosperous, socially just and environmentally sound Mekong River Basin'.

Thank you for your attention!

### **H.E. Mr. Khamlouat Sidlakone, Lao PDR** **Minister to the Prime Minister's Office,** **Chairman of the Lao National Mekong Committee**

**Excellency Mr. Cao Duc Phat, Minister of Agriculture and rural development of Vietnam, Chairman of Vietnam National Mekong Committee, Chairman of the MRC Council for 2006-2007**  
**Excellency Mr. Lim Kean Hor, Minister of Water Resources and Meteorology of Cambodia, Chairman of Cambodia National Mekong Committee, MRC Council Member for Cambodia,**  
**H.E Mr. Adisak Thongkaimook, Deputy Permanent Secretary, Ministry of Natural Resources and Environment, Alternate Member of the MRC Joint committee for Thailand,**  
**H.E Mrs. Ulla Tørnæs, Minister for Development Cooperation of Denmark,**  
**H.E Ms. Gunilla Carlsson, Minister for International Development Cooperation of Sweden,**  
**Distinguished Delegates, Ladies and Gentlemen,**

It is my honor and great pleasure of having opportunity to deliver my remarks in this important session on 'The MRC's comparative advantage in the Mekong river Basin'.

Lao PDR is a part of the Mekong River Basin which is still richly endowed with water resources, the Basin covers more than 95 percent of Lao PDR's territory and Lao PDR has contributed more than 35 percent to the flow in the Mekong River annually. However, one common feature is flooding in the rainy season and drought in the dry season which cover two third of the year, therefore, the issue is not inadequate water supply but rather the lack of appropriate management

tools and capabilities to effectively govern the resources. Effectiveness and efficiency in this area are greatly anchored on the development framework by which water initiatives are pursued and Mekong River Commission becomes an important institutional mechanism.

### **Excellencies, Distinguished Delegates, Ladies and Gentlemen,**

This year is the second year that the Government of Lao PDR is implementing its sixth National Socio Economic Development Plan (2006 – 2010 ). With insight of high importance of the MRC's works, the Government of Lao PDR has integrated all MRC's programmes into national priority programmes which are currently being implemented in the National Socio Economic Development Plan.

The Lao National Mekong Committee strongly supports the riparianization of the Mekong River Commission Secretariat as agreed by MRC Council and Joint Committee as well as the recommendation of riparian nations such as: Improvement on communication and report between MRC and Riparian countries in order to allow the riparian countries perceive the work of MRC. However, the riparianization process should aim at strengthening the MRC Secretariat and more emphasis should be put on strengthening the National Mekong Committee in order to have an effective implementation of MRC programmes such as: Agriculture forestry and Irrigation Programme, Hydropower Programme, Water Utilization Programme , Navigation Programme, Basin Development Programme, Environment Programme, etc.

The Lao National Mekong Committee appreciates the joint initiatives of ADB and the World Bank on Mekong Water Resources Partnership Programme which to my understanding would supplement the MRC Strategic Plan and provide financial support for investment in the Basin as identified through integrated planning process of the MRC Basin Development Plan which is increasingly being implemented. I believed that this MWARP would strengthen the cooperation between MRC, dialogue partners, and donors.

### **Excellencies, Distinguished Delegates, Ladies and Gentlemen,**

During the past decade, we all together have overcome several difficulties to develop our Mekong region together and attempted to build a stronger Mekong River Commission. However, without strong support of the donor community, our plan would hardly be achieved. I therefore would like to express my sincere gratitude to the donor community for their support and I certainly hope that this conference would pave way for the MRC to highlight the profile as a key river Basin organization for sustainable development and management in the Basin.

### **Excellencies, Distinguished Delegates, Ladies and Gentlemen,**

To conclude my statement, I would like to express my sincere thanks to the Government of Vietnam and the Government of Denmark as well as the Vietnam National Mekong Committee Secretariat for all arrangement and logistic support extended to Lao Delegation to attend in this conference and during their stay in Hanoi.

Thank you very much for your kind attention!



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### **Mr. Adisak Thongkaimook, Thailand**

**Deputy Permanent Secretary, Ministry of Natural Resources and Environment**

**Excellency Dr. Cao Duc Phat, Minister of Agriculture and Rural Development of Viet Nam, Chairman of Viet Nam National Mekong Committee, Chairman of the MRC Council for 2006-2007, Excellency Mrs. Ulla Tørnæs, Minister for Development Cooperation of Denmark, Excellency Mr. Lim Kean Hor, Minister of Water Resources and Meteorology of Cambodia, Chairman of Cambodia National Mekong Committee, Excellency Mr. Khamlout Sidlakone, Minister to the Prime Minister's Office of the Lao PDR, Chairman of Lao National Mekong Committee, Ministers and Vice Ministers, Distinguished Delegates from China, Myanmar, and the donor community, Ladies and Gentlemen,**

First of all, Mr. Kasem Sanidvongs, Minister of Natural Resources and Environment of Thailand, would like to apologize for not being able to be here today due to unforeseen circumstances. Therefore, it is a great honour and privilege for me to represent Mr. Sanidvongs in the International Conference on the Mekong River Commission held in this beautiful capital of Viet Nam. On behalf of the Thai Delegation, I wish to express my sincere thanks to the Government of the Socialist Republic of Viet Nam and the Government of Denmark for co-hosting this Conference.

Thailand is pleased to discuss and exchange our views on the development of the Mekong River Basin with our network of dialogue and development partners. We feel that the involvement of all stakeholders concerned and interested parties represents a positive step toward building an even closer working relationship and partnership between the Mekong River Basin riparian states and the donor community. We also hope that the Conference will discuss about the future direction of the MRC.

#### **Excellencies, Distinguished Delegates, Ladies and Gentlemen,**

The Mekong is an international river running through six countries and nurturing over 70 million people living from upstream in China to downstream in Viet Nam. They use the river for their daily life and activities such as drinking, bathing, fishing, navigating and so on. Therefore, it is in the interests of all the Riparian States to manage and utilize the river in a sustainable manner.

During the past 3 - 4 years, we have seen the environmental degradation of the Mekong river which has caused significant impacts on the people who depend on the river for their livelihoods. Just like a human whose health has been weakening over years of hard work and has to be taken good care of, the unhealthy state of the Mekong river needs to be well managed in a more efficient and environmentally sound manner.

In light of this situation, Thailand would like to urge all Riparian States to take concerted efforts in tackling these problems of mutual concern which have become more severe year by year and have adversely affected the economic development and the environment in the region.

#### **Excellencies, Distinguished Delegates, Ladies and Gentlemen,**

Since the launch of the Commission of Lower Mekong Countries about half a century ago, which later became the Mekong River Commission (MRC) in 1995, we have accumulated a wealth of knowledge and expertise in relation to Basin-wide water-related development. This serves the comparative of the MRC and makes it the only regional centre of knowledge in this field. This brings mutual benefits to all the MRC Member States. However, 'mutual benefits' do not necessarily mean every MRC program has to serve all the State Members. But each MRC Member State may

seek technical assistance from the MRC in any particular area which meets its development priority.

Alongside the MRC, the Greater Mekong Sub-region (GMS) is another key regional cooperation forum which plays an important role in the region. Therefore, cooperation between the MRC and the GMS should be promoted. In this case, Thailand would like to see a forum to be initiated for the MRC and the GMS to share experiences and explore a scope for cooperation in the near future.

#### **Excellencies, Distinguished Delegates, Ladies and Gentlemen,**

To realize our development visions, the donor community has an important role to play. However, we call for improved coordination and more coherence of regional support by the donors, accommodating each MRC Member State's development requirements and priorities.

In concluding my remarks, I would like to express, once again, my sincere appreciation to Government of the Socialist Republic of Viet Nam and the Government of Denmark for their excellent arrangements and generous support of this Conference which, undoubtedly, will contribute to the success of our discussion today.

Thank you for your kind attention.



## Mr. Zhang Wanhai, China

### Minister Counsellor, Permanent Representative of China to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)

Honorable Chair, distinguished ministers, and dear colleagues,

On behalf of the Chinese Government, may I first express our appreciation to the Vietnamese and Danish governments for the organizing and preparatory work they've done for this meeting. We understand this is not a policy-making conference, but as a dialogue partner, we are pleased to be invited to the meeting and would like to take this opportunity to exchange views with participants on the Mekong Subregion cooperation, the development of the Mekong River Commission (MRC), and the cooperation between China and MRC.

#### I. The development of Mekong Subregional cooperation

The Lancang-Mekong River, linking the six countries in the Mekong Subregion, is a river of friendship and cooperation. We are pleased to see that with the joint efforts of all parties and programs, cooperation in the Mekong Subregion has made significant progress, with concrete results and contributing to the economic and social development of the subregion, as well as improvement of people's livelihood. These achievements should attribute not only to the joint efforts by countries concerned, but also the benefits of subregional cooperation.

Despite notable achievements from the subregional cooperation, we still have a long way before realizing our common goals. All the six countries in the subregion are at a critical stage of development, undertaking the historical task of accelerating the economic development and improving people's livelihood. In the past decade, we have conducted fruitful cooperation in such areas as transportation, energy, telecommunications, which will serve as a good basis for the further cooperation in the future.

We should consolidate past achievements and raise cooperation levels to promote the overall, coordinated and sustainable development of the subregion. I hereby wish to put forward the following recommendations for stronger Mekong Subregional cooperation.

- Rendering more support to the subregional cooperation with a long term view. The potential of enhancing subregion cooperation is great. The subregional countries and donors should expand their support to the subregional cooperation, based on the countries' and region's development needs in a long term, in order to consolidate past achievements, widen cooperation areas and raise cooperation levels.
- Coordinating actions with an overall planning and proceeding in an orderly fashion. The subregional cooperation has covered many sectors, these sectors are closely connected and supplementary to each other. We should take a multi-sector perspective to meet development needs of the subregion, to ensure that development, use and protection objectives are optimized. We should also list priorities and move forward in steps. Success and practicality are attainable when resources and cooperation efforts are concentrated on projects that will give a strong push to the economy. At the same time, cooperation in other areas shall be carried out in steps and phases.
- Strengthening coordination and collaboration of subregional programs. The Mekong Subregion has embraced a number of regional cooperation programs, which has made contributions to the subregional economic and social development. All the programs should complement each other, and work together to realize the common goals, with their advantage and Terms of Reference. Furthermore, we should also strengthen the interface between national and subregional plans.
- Taking the overall situation into consideration and seeking commons while shelving differences.

A developed and prosperous subregion is our common goal which needs our dedication. The subregional cooperation will help to pursue the shared visions and goals, and benefit people in the subregion at present and in the future. It is not surprising for the subregional countries, divergent in national situations and level of development, to have different understandings over some issues. As long as we take a strategic and overall perspective, conduct friendly consultation with mutual respect. By doing so, we can find proper solutions to these issues.

#### 2. The development of MRC

Created in 1995, the MRC has done a lot of work in areas such as water resources development, flood management and mitigation, navigation and capacity building. We have noticed that MRC puts the concept of Meeting Development Needs as its top priority in its new Strategic Plan 2006-2010. We appreciate their efforts. We welcome MRC to play a big role in these areas according to its terms of reference, and provide more knowledge and technical support to the member countries, assisting them to better develop, use and protect the Mekong River to achieve sustainable development. Besides that, we hope that MRC could conduct more cooperation in a more balanced and pragmatic way, placing more emphasis on development issues which member countries are most concerned about.

We appreciate MRC donors' contributions to the development of the subregion. We welcome the donors to bring their knowledge and expertise, and provide more financial assistance to the subregional countries with a view to meet national and subregional development needs. At the same time, the donors should also harmonize and coordinate their support, to ensure assistance efficiency and avoid duplication.

#### 3. Cooperation between China and MRC

Since the establishment of dialogue partner relationship between China and MRC in 1996, the two parties have enjoyed good cooperation, and China has participated in all the dialogue meetings. The dialogue relationship has enhanced mutual understanding and cooperation. In recent years, we have conducted cooperation in exchange of hydrological information, personnel exchange visits and participation to the meetings organized by MRC, etc. We have also received delegations from the MRC Secretariat and from Thailand, Viet Nam and Lao PDR governments. The delegations spoke highly of what China has done to develop, use and protect the Lancang-Mekong River. We would like to strengthen our cooperation with MRC on mutual respect and beneficial basis. We welcome the proposal from MRC to conduct cooperation in navigation and capacity building, and would like to discuss it with MRC later on.

#### 4. China's involvement in the Mekong Subregion Cooperation

China commits itself to the policy of developing relationship with neighbours based on harmony, security and prosperity. Being a member of the subregion, China has always been an ardent and pragmatic participant of the subregional cooperation, and actively involved in the GMS and the ASEAN-Mekong Basin Development Cooperation Programmes, besides cooperation with MRC. China is both a beneficiary of and contributor to the subregional cooperation.

China attaches great importance to the protection of the Lancang-Mekong River. Guided by the principle of paying equal attention to development and protection, China carried out the development of Lancang River water resources in a scientific, reasonable and orderly manner and in accordance with concerned laws and regulations, with a view to be responsible for ourselves and people in the subregion. China would like to work with all parties concerned to better protect the environment of Lancang-Mekong Basin.

The Chinese Government is ready to continue to expand and deepen its cooperation with the countries in the Mekong sub-region to promote common progress and development in this region, based on mutual respect and benefit and through equal-footed consultation. We are convinced that a prosperous Mekong region is not far away given our joint efforts.

Thank you for your kind attention.

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## Dr. Olivier Cogels, the MRC Secretariat Chief Executive Officer

Excellencies,  
Ladies and Gentlemen

I am delighted to be here today to discuss the most pressing challenges of the Mekong River Basin and to consider how together we can strengthen MRC's leading role in the sustainable development of Mekong's water and related resources for contributing to poverty alleviation and economic growth in the region.

Today we have already heard a great deal about the working relationships within the Mekong Region and about one of our most important strengths: regional cooperation. Now it is my turn to discuss with you on how we can better work together for the benefit of the people of the Basin. As the CEO of the MRC Secretariat, I will try to summarise as best as possible what I believe are converging views of the MRC member countries, such as expressed already in our Strategic Plan 2006-2010.

But first let us take a look at the bigger picture. Water resources development is always intrinsically linked to economic growth and regional integration. South East Asia is a region on the upswing. The bonds of ASEAN are helping many of the less developed nations to find their feet in the world and their entry into the World Trade Organisation is bringing new markets and better prospects for the emerging economies of the region.

The future is bright, but there are still many challenges facing the region – and the biggest of these is still the fight against poverty, and more particularly poverty in rural areas, which is directly related to land and water issues.

The UN's Millennium Development Goals call for the eradication of extreme poverty and hunger and ensuring environmental stability. It is now time to realise that in order to achieve these goals in Southeast Asia, taking into account the consequences of climate change on floods and droughts, we must start making better use of the region's shared resource, its water. This will allow us to meet its present and future development needs and improve the livelihoods of a very large proportion of the Mekong people. In this Basin, tens of millions of poor farmers and fishermen still suffer from severe droughts and floods and have very limited water storage and capacity to control and manage flow regimes and the distribution of the water in space and time. Indeed, in this Basin, the water storage capacity per capita is very low: twenty times lower than in the United States.

To meet the development needs of the Basin there is a need for more investment in the water sector, both in infrastructure and in human and institutional capacities for:

- **Increased food security through more efficient drought management and irrigation;**
- **More active and efficient river transportation through increased freedom of navigation;**
- **Appropriate development of the Basin's important hydropower potential to help meeting the increasing need for sustainable energy;**
- **Maintenance and development of productive fisheries;**
- **Better protection against floods, including flash floods, and last but not least;**
- **Prevention of river pollution from agricultural and industrial development and transportation of dangerous goods.**

All of us around this table have already taken up these challenges and there are thus many excellent projects underway in the region focusing on the development and management of water

related resources. The building blocks for efficient use of the Mekong water are therefore in place and we can expect an increasing number of initiatives, including from the private sector. Unfortunately, many of these building blocks are scattered and un-coordinated. The MRC, with its solid institutional basis, its technical expertise and knowledge base, its 50 years of experience in regional cooperation, is ideally situated to bring these building blocks together.

Through the 1995 Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin, the MRC brings with it the strengths of regional cooperation and coordination. Our Joint Committee, our Council and our Dialogue meetings offer a platform for our members and dialogue partners to engage more and more in exchanges of information on major development needs, strategies, and integrated solutions. We have the mechanisms to bring about lasting agreements and plans which will orient the future of the region.

There is a great opportunity at hand today for all development actors to exploit the complementarities and the comparative advantages of our institutions. And if we are to achieve our poverty alleviation and development goals, we all need to cooperate more systematically and improve the coordination and integration of our various water related activities under the umbrella of one, well-coordinated regional partnership framework. We need one common strategic vision and one integrated programme on sustainable water development within our region, so we can make the best use of our complementarities, develop our synergies and avoid duplication of our efforts.

We indeed need to remain well aware of the serious risks which might result from uncoordinated actions and investments which do not take into account the Basin dimension to the extent necessary. There are serious risks for the most vulnerable people and the environment in ecologically sensitive areas such as the Tonle Sap system, the Mekong delta, and the many areas suffering from severe droughts. There are also political sensitivities to be borne in mind as many of investment opportunities are transboundary in nature, having implications in more than one country.

This is where the MRC can play to its strengths. The mandate of the MRC charges it with the responsibility of leading the cooperation for the sustainable development of the Mekong River Basin's water and related resources and our organisation is unique in its legal mandate to provide a platform for real regional cooperation and joint planning. The MRC is the only institution which, together with its partners, can achieve a real regional consensus on major water related projects and programmes.

We have the legal and structural mechanisms in place for inter-country agreement on joint and Basin-wide development through the Procedures for Notification, Prior Consultation and Agreement and procedures dealing with water quantity and quality among others. With a strong leadership of MRC, based on strengthened partnership with other regional initiatives, we can bring about success in this region with a coordinated, sustainable and peaceful approach.

We also need to be aware of the need for increasing our capacity to do our job. I am glad that Madame the Minister Ulla Tørnæs has kindly approved support in this respect.

With the strong and generous support of its very active donor community, the MRC has spent the past decade building up an exceptional information and scientific knowledge base and developing an enabling environment for regional planning and programming for water resources development. This knowledge base is one of the key added values of MRC and should remain one of its main assets, but let us not forget that MRC has not been created only to be a data and information provider. The time has now come for MRC to use its knowledge base and expertise for concrete action, serving more directly its member countries and their line agencies through demand-driven technical assistance in their priority areas of interest. A stronger service-oriented MRC has a lot to

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offer to its member countries and partners as a promoter, coordinator, and supporter of sustainable development, with a proven capacity to enhance regional cooperation, integration and stability, promoting IWRM as the guiding principle for water resource development and management in the Basin.

Through our well-established dialogue partner mechanisms, I am very pleased to see that we can also engage more and more with our upstream partners, China and Myanmar in a very constructive cooperation at technical level. A stronger country-owned MRC becomes a more and more trustful and useful partner and the Dialogue Partnership is thus a good framework within which we can further develop our cooperation, stepwise and in a pragmatic manner. I can honestly say our relationship with China has never been healthier. I am convinced that we will continue to increase confidence and trust as we progress to positive and constructive cooperation leading to more tangible benefits for the Mekong people. Just recently we started to discuss new areas of cooperation including sharing expertise in modelling and computerised systems. Potential interest to cooperate in the sector of navigation has also been identified.

As we can see, the challenges are enormous and it is obvious that MRC alone is too small to achieve its ambitious mandate. That's where partnership comes in. MRC has already close interaction and cooperation with many development partners, development banks, private sector, NGOs and regional frameworks such as GMS, ASEAN, ACMECS, etc. And we are enthusiastically pursuing the consolidation of these growing partnerships. In particular, cooperation with development banks has increased significantly in recent years. I may briefly mention here our cooperation with the World Bank and the GEF within the Water Utilisation Programme, with the ADB in identifying investments for flood management. With WB and ADB within MWARP, with KfW on watershed management, with AFD on hydrometeorological monitoring systems. We also support JBIC in the identification of investment projects and we will soon also engage discussions with the European Investment Bank.

The MRC is in the right place at the right time with the right capabilities to promote and coordinate the regional water programme for the Mekong Basin, implemented by the countries themselves in cooperation with donors, investment banks, the private sector and other stakeholders. This is the spirit of our Mekong Programme or partnership programme such as it has been set out in our Strategic Plan 2006-2010.

I would thus call on you all here today to join forces and to concentrate our coordinated efforts under the umbrella of this Mekong Partnership Programme for us to work together within a common framework, making the best use of each other's strengths and capabilities to forge an alliance which will bring about lasting and truly sustainable development in our Basin. I therefore propose that we align our memoranda of understanding in this vein, so that we can have one successful regional water programme in the Mekong Basin.

With this partnership and through dialogues such as the one we are enjoying today, we will be able to strengthen MRC for the benefit of the poorest people of the region. It is only with a strong MRC in the driving seat of sustainable development that we can meet people's needs while keeping the balance and providing the necessary safeguards for an economically prosperous, socially just and environmentally sound Mekong River Basin.

Thank you for your kind attention.

### **Mrs. Katherine Sierra, The World Bank**

#### **Vice President, Sustainable Development**

##### **Honorable Ministers Phat and Tornaes, Distinguished Ministers, Colleagues,**

It is a great honor to be here in Hanoi representing the World Bank at this important conference. As I will discuss in my remarks, the World Bank is committed to regional integration as a strategic effort. The Bank is in a stronger position today to do this with the recent creation of the Sustainable Development Network which brings together the Infrastructure, Agricultural, Environmental and Social programs. Now, all "water" is under one roof.

##### **Bank support for Mekong countries**

The Bank is proud of the strong and long-standing relationships it has built with the countries of the Mekong, including continuing support for their efforts with the management of water resources. In this region, the Bank supports Vietnam's water resources program and its investments in the Mekong Delta. In Lao PDR we are a partner in the development of the Nam Theun II hydropower project. We believe Nam Theun II is a good example of multi-functional use of water resources, based on integrated development of the catchment. The sharing of the benefits with local communities, and offsetting environmental impacts, are critical to the program's viability, and should serve as guide for future engagements. And importantly, we have a long-standing, practical collaboration with the Mekong River Commission, to develop the knowledge base, and assist the countries in formulating the first five International Rules and Procedures for Joint Water Management. We actively seek to apply the principles of integrated water resources management.

##### **Opportunities....**

When I look at the Mekong River, I see a river – indeed an entire region – at an important turning point. The Mekong runs through a set of neighboring countries whose economies are among the most vibrant in South and East Asia. With China continuing to grow at more than 10 percent and Cambodia, Lao PDR and Vietnam averaging 8.4 percent growth, the changes in this region – social, economic and environmental – are dramatic.

As the region as a whole grows, economic structures – especially in the Mekong's poorer countries – are changing. Public and private sectors are being transformed, albeit to varying degrees. Economies are becoming more diversified, open to trade and fast integrating into regional and global economies. Production is slowly moving away from agriculture and there is more and more sub-regional trade, investment, technology and migration. We see private capital and technology flowing into the region from Thailand, China and elsewhere, and this will increase as the investment climate improves.

##### **Challenges....**

But along with the opportunities come some very serious challenges – many of them related to the institutions, infrastructure, policies and programs that are needed to strengthen linkages between countries. First of all, the region needs well-designed, well-coordinated and well-implemented programs so that its rich natural resources are managed sustainably. With the increasing number of hydropower and other development projects along the river, come risks of floods, droughts, degraded fisheries, sedimentation and decreased navigability. Climate change threatens to exacerbate these risks. Poorer countries downstream are most at risk from these negative impacts so it's these countries that stand to benefit most from improved regional cooperation.

So, how do we – as a group of governments, donors, regional agencies, NGOs and multilateral agencies build on the structures already in place to ensure the Mekong is still seen as the mighty Mekong for generations to come? How do we ensure that activities upstream do not impact



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negatively on the livelihoods of the people downstream? How do we anticipate and adapt to climate change? And how do we as donors better coordinate our efforts?

## **The Mekong River Commission (MRC)'s role ...**

The Commission plays a vital role in all of this. And potentially, it could play an even stronger role. The fact that the MRC exists is testament to the regional spirit of its member countries and their commitment to a shared approach to the river's future.

One of the strengths is that the MRC has become a world-class knowledge center on the Mekong which can provide advice to member governments through its environment, fisheries, flood management and other programs. It also creates the space for the necessary political dialogue and, to some extent, facilitate a broader discussion around the Mekong's future development. As the pressure for development grows, the MRC would be expanded to play a larger role as a facilitator for good development decisions that are of trans-boundary nature or have basin-wide relevance. Finally, moving to translate the scientific knowledge into actual national programs and investments will be important.

For the MRC to play a more effective role in guiding and shaping the management of the Mekong, it's essential that countries take full ownership of the MRC's agenda. Unless countries do this, there is the risk that the MRC will be seen as advancing a donor-led rather than a country-driven agenda. A higher financial contribution by the MRC countries would strongly support this aim. Ultimately, the countries need to take the political leadership, as we see it demonstrated today.

Because managing the Mekong's future will take more than just governments and donors, we see a key role for the MRC to bring in the voices of communities and civil society. Without these local voices, our plans and strategies are not owned or trusted by the people they are supposed to benefit. I am pleased to hear that the MRC has already built very strong, collaborative partnerships with international NGOs like WWF and IUCN and with regional development and research organizations. This is a great foundation for even more extensive involvement of civil society in decisions about the Mekong's future.

## **The Bank and the Greater Mekong Sub-Region Economic Cooperation (GMS) ...**

For its part, the World Bank sees tremendous opportunities from a strong regional approach. We've found that while multi-country programs dealing with cross-border issues –such as Avian Flu – take more time and effort, they can lead to lasting benefits for all those that participate. The Mekong represents complex trade, environmental and social relationships, and for that reason a regional approach can help address common challenges. Of course taking a more coordinated, regional approach does not just apply to countries. It's important that donors and other development partners move beyond their administrative country focus and work together to support regional priorities.

As a partner of the Greater Mekong Sub-Region initiative, the Bank has already seen what can happen when there is good political and economic cooperation on a region-wide basis. Our contribution to the GMS will focus on two main areas: building collaboration on management of the Mekong's water resources, and continued support to the development of a region-wide power trade. With the ADB and in consultation with the MRC, we have prepared the Mekong Water Resources Assistance Strategy which will form the basis for an assistance and investment program in the river basin.

In May, we will present the first of our GMS projects to the Bank's board for approval. Among other things, this power trade project will provide investment support for cross-border transmission lines between Cambodia, Vietnam and southern Lao PDR. With the four countries and the MRC,

we are also preparing the Mekong Integrated Water Resources Management Support Project. This will be based on the principle of planning regionally while funding cross-border activities that benefit local communities. Beyond the investments, we anticipate supporting the National Mekong Committees and the MRC, so that they can build the capacity to lead. If this first regional effort works well we could consider scaling it up in the future.

## **Donors' responsibility...**

As donors we have a clear responsibility to fulfill our commitments to the Paris Declaration on Aid Effectiveness. That means supporting the MRC to fulfill its role as a force for regional cooperation so that countries, donors and communities are working together to promote pro-poor and sustainable development.

The World Bank is committed to tying regional priorities for the Mekong's management and the priorities for the broader development of the GMS into the Country Assistance and Partnership Strategies of all the concerned member countries. We believe that all donors should make an effort to align their country programs with their regional programs. That means some fresh thinking about involving neighboring countries in the development of each of these strategies.

Our work as a development bank depends on a capable MRC which has the support and guidance of its member countries and the confidence of its many stakeholders along the mighty Mekong. We trust that this Conference is an important step towards fulfilling this vision.

Thank you

## Annex D: Speeches



### **Mr. Urooj S. Malik, ADB**

#### **Director, Agriculture, Environment and Natural Resources Division**

**Your Excellency Madame Ulla Tørnæs, Minister of Denmark for Development Cooperation, Excellency Dr. Cao Duc Phat, Minister for Agriculture and Rural Development and Chairman of MRC Council, Excellencies Ministers from the Mekong and other nations, Distinguished Guests, Ladies and Gentlemen**

First of all please allow me to thank the organizers for inviting us to the conference and for this opportunity to speak.

The Asian Development Bank ascribes great importance to environmentally sustainable development of the Asia-Pacific region and to the sustainable use and management of natural resources, including water. Last year, our President, Mr. Kuroda and Board of Directors committed to substantially increasing the funding for sustainable water resources development through the Water Financing Program.

It is, therefore, with considerable regret that none of our Vice Presidents were able to accept the invitation to join this forum due to commitments related to the preparations for our Annual General Meeting which is scheduled to be held in Kyoto, Japan next week. However, let me reconfirm that ADB Management highly welcome the discussions at this conference and all of us at ADB are very much looking forward to the future development of stronger linkages among the institutions and programs in the Mekong Basin.

#### **Excellencies, Ladies and Gentlemen,**

As we consider the role of MRC and its Secretariat, or MRCS, in the sustainable development and use of the Mekong, we do not have to remind each other of the vital importance of rivers and resources in the process of social and economic development. Suffice it to say that the Mekong is a significant river that defines the culture, life and livelihoods of millions of people. Its use and management has important implications at the local, national, regional and international levels. In this context, the planning and development of the Basin's ecosystems (land, forests and water) as well as the need to augment the human resources capacity deserves world class management institutions and capabilities to help ensure environmentally-sound and inclusive economic growth and development in the Mekong sub-region, and beyond.

The idea to discuss at this conference the future role of the MRC in the sustainable use of the Mekong River is a timely initiative. Indeed, we all must constantly re-examine the roles of our organizations to ensure that we are optimizing the use of skills and resources that we bring to the task of development & utilization of the Mekong.

The MRC and its predecessor, the Interim committee, have made substantial progress towards establishing the basic capabilities necessary to support sustainable development in the Basin. The MRCS has provided vital leadership in the collection and collation of an expanding data base on natural resources information, an essential element for any action in the planning and development cycle.

Furthermore, the Basin Development Plan (BDP) has begun the process of establishing the knowledge base on existing and planned interventions and investment projects in the Basin; and the Water Utilization Program (WUP) has commissioned and applied state of the art modeling tools in the decision support framework to assist the riparian governments in making informed decisions in consonance with the principals set out in the 1995 Mekong Agreement. WUP has also supported the development and negotiation of agreements establishing shared protocols for important river Basin management activities.

Notwithstanding, we all recognize that sustainable development and management of the Basin will demand even greater effort to ensure the benefits from the Basins resources are shared equitably. The potential benefits that accrue to participants of regional cooperation networks are increasingly recognized. In this regard, ADB is delighted with the growing collaboration of several development partners in the Greater Mekong Sub-region (or GMS) Economic Cooperation Program in an increasing range of initiatives.

A question that emerges regularly in discussions about the Mekong is the relationship between the MRC programs and that of the ADB-supported GMS Program. The background paper prepared for the conference correctly notes the differences in the structure and activities between MRC's focus on integrated water resources development and the broader range of development initiatives and issues being addressed under the GMS Program. ADB shares the MRC vision of 'economically prosperous, socially just and environmentally sound development'. However, although the countries covered by both the Mekong Basin and the GMS Program are the same, the geographic coverage is different, with the GMS Program extending beyond the geographic range of the MRC.

The Mekong Water Resources Partnership (MWARP), developed from the consultations and work led jointly by the ADB, the World Bank and the MRC, focuses on the challenges in the Mekong Basin. The MWARP provides an initial framework for enhancing cooperation among the major actors identified in the background paper, including the MRC, the national agencies, development partners, regional cooperation networks and civil society stakeholders in the Mekong.

The Partnership, with MRC as a core member will, we believe, place MRC at the centre of Mekong Basin development issues where the sound science and knowledge base of the MRC can play a pivotal role in important development decisions.

In this context, we fully recognize the contributions that the MRC has and continues to make in the Mekong and the GMS Program. We welcome the continued collaboration of MRC and other partners in the GMS Working Groups on Agriculture and Environment.

We are happy to commit to developing even stronger links with the MRC and the World Bank in relation to the MWARP and strengthen our relationship as spelt out in the ADB - MRC Partnership Agreement signed in the year 2000 in Phnom Penh, whilst the MRC was based in the Kingdom of Cambodia. We also hope to convene a joint retreat in the next few months to discuss further areas of cooperation.

We believe that the MRC must continue to strengthen its major assets, the data, the hydrological models and, most importantly, the human resources at its disposal. By making these resources widely available and accessible to promoters of development the MRC will become ever more important as the decisions required become more difficult.

MRC is well positioned to assist the countries of the Mekong Basin face up to and overcome the major challenges of managing a shared resource. Assisting the countries to avoid or resolve potential cross-border disputes through sound knowledge-based advice will be a substantial achievement that will deserve to be acclaimed globally.

The need for MRC to be an important and valuable partner in the development and management of the Mekong Basin is clearly recognized by all. This can be achieved by stronger linkages between the MRC and the national planning agencies in each country to ensure that development decisions are based on the best available information and specifically the cross-border implications of investment and operational decisions.

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In particular, we need to ensure stronger ownership of MRC programs on the side of the National Mekong Committees (NMCs). Equally, there is the need for the NMCs to show for stronger leadership in the decision-making processes concerning transnational water governance issues.

On our part, we will continue to collaborate with the MRC, as we are currently doing in our program, for instance through the Mekong Flood Management and Mitigation program, which will further develop the capacities of the MRC system in the identification, design and development of investments.

Moreover, the Organizational Review, completed recently, provides sound recommendations for the development of a stronger and better focused MRC. ADB will seek ways to support recommendations in this respect, once approved by the appropriate MRC bodies.

In parallel, we are happy to work with other development partners to help the MRC in operationalizing its Strategic Plan which was recently-completed with assistance from ADB and SIDA. Such an exercise will require concerted efforts on part of all, and with a renewed spirit of partnerships among the riparian governments, the upstream nations of the People's Republic of China (PRC) and Myanmar, external aid agencies, academic institutions, and of course the civil society.

In fact, we are now in dialogue with colleagues from the PRC on examining the possibility of initiating analytical work on trans-boundary water governance as part of our initiatives under the GMS Working Groups on Agriculture and the Environment.

Needless to say, a more effective and relevant MRC is in the interest of everyone concerned about the people of the Basin and the management of the Basin's valuable resources.

## **Excellencies, Ladies and Gentlemen,**

ADB is committed to working with all partners in the Mekong Basin to help enable millions of people lift themselves from the viscous cycle of poverty. We wish to see sustainable improvements in the livelihoods of the regions population by ensuring access to water and sanitation; improving access to water services for agricultural and industrial use, and by supporting the protection of essential habitat and ecological services.

And, may I add that the need to address issues relating to water are indeed ever so critical now given the recent report of United Nations Inter-governmental Panel on Climate Change and the Stern Report on the Economics of Climate Change.

Summing up, we wish to note that the challenges of sustainable use and management of water and natural resources in the Mekong are considerable, while the human and financial resources available are limited. ADB welcomes the further development of the unique capacities of the MRC and its Secretariat and looks forward to strengthening the role of the MRC. By working together and drawing on the strengths of each other, we can all realize our shared vision for the sustainable development of the Mekong.

Thank you very much for your kind attention.

## **H.E. Ms. Gunilla Carlsson, Sweden**

### **Minister for International Development Cooperation**

Let me first say a few words in general about the important concept of harmonisation.

Development cooperation is changing. The Paris Declaration demonstrates the new international agreement on aid modalities, focusing on enhanced aid effectiveness. It includes an important shift away from donor conditionality to mutual accountability.

Sweden will continue to push for full implementation of the Paris Declaration in joint partnerships with recipient partners and co-donors. Local context is essential in this regard. Harmonisation and alignment is not just another plan to be implemented. It's a way of changing our behaviour and way of thinking.

We are committed to aligning our procedures with the administrative routines of each recipient partner. It is also essential that we as donors continue to improve our coordination. The aim is to limit the strain on recipient partners in dealing with many different donors.

Transformation of aid modalities will have implications on the way both the recipient partners and the donor community do business. Some changes will be easier than others. But we believe that in the end, all of us will be better off since our efforts will result in lower transaction costs and higher aid effectiveness.

So how do these general concepts affect our support to the Mekong River Commission ?

Sweden gives high priority to supporting joint management and development of transboundary water resources in its development cooperation. Joint management of shared water resources is often a key to development and may be used as a vehicle to promote peace, stability and regional economic development in general.

The Mekong River Commission has a critical role to play in Southeast Asia. The 1995 Agreement was a landmark event at the time as it brought the four lower Mekong riparian countries together in a joint cause: to share the Mekong water and aquatic resources and utilise them in a sustainable manner for the benefit of all the countries as well as for future generations. The Mekong River was then not under serious threat, either with regard to the quantity or the quality of the water. But conditions change and the river today is not the same as some ten years back. There is more intensive use of, and therefore increased competition for, the water and water-related resources in the upper as well as the lower ranges of the river. Conflicting interests compete not only between but also within countries.

Whereas the 1995 Mekong Agreement is a good basis for cooperation between the countries, it is less suitable to proactively address potentially conflicting interests of benefit sharing. The agreement lacks binding clauses and it appears that the member states sometimes have difficulties reaching agreements on more contentious issues. It has at times been easy to get the impression that the Agreement lacks the full political support of the member countries.

I am mentioning this in the context of the financial requirements to implement the Agreement and ensure environmental sustainability. From the start, the MRC has been heavily dependent on external support for its operation. I am happy to see that the member countries are in the process of increasing their contributions to the commission, but this contribution still falls short of the actual amount necessary to run the MRC Secretariat. The gaps are filled with the help of contribu-





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tions from the international donor community. Sweden has been pleased to make its contributions to the MRC since the inception of the Agreement. We do so because we believe the MRC is fulfilling an important role in the Mekong River Basin.

Today Sweden signed an agreement with the MRC about support with 6.4 million USD over three years, focusing on environment programme, the Basin Development Plan, the Fisheries Programme and on institutional support.

For some time, Sweden has provided its financial contributions in the form of programme support in which our contribution is pooled with corresponding resources from other donors. Our experience of this arrangement is positive and we believe it is consistent with the principles behind the Paris Agenda. Indeed, we would encourage other donors to shift from project to programme contributions.

Sweden would be prepared to move one step further and give consideration to budget or core funding arrangements. In order to begin moving in that direction we need to be convinced that certain conditions have been fulfilled:

**One:** A strong political will among all the MRC member countries to support the foundation on which the MRC rests: sustainable use of the water in the Mekong River for the mutual benefit of the member states as well as for poor people. Their livelihoods depend on access to this critical resource.

**Two:** Strong ownership of the MRC. A commitment among the member states to:  
A) assume greater economic responsibility for the financing of the Commission's activities, and  
B) strengthen the MRC 'riparianisation' process and staff capacity building.

**Three:** An effective system for monitoring and evaluation of the MRC's progress and performance towards attaining its goals and objectives.

When these conditions are met, we feel that the MRC donor community should pave the way for a shift from project to budget aid mechanisms in their support to the MRC, given that the mandate for such a process comes from the MRC member countries. Sweden would take a positive view towards providing further assistance and support if a 'donor harmonisation process' is initiated.

### H.E. Mr. Masayoshi Hamada, Japan

#### Vice Minister for Foreign Affairs

First of all, I express my sincere gratitude to H.E. Mr. Cao Duc Phat, Minister for Agriculture and Rural Development of the Socialist Republic of Vietnam and Chairman of the MRC Council, and H.E. Mrs. Ulla Toernaes, Minister for Development Cooperation of Denmark, for organizing the MRC's first minister-level international conference.

#### Japan's Assistance in the Mekong region

The Mekong region has been achieving significant growth recently. Japan would like to formulate an 'arc of freedom and prosperity' in the outer rim of the Eurasian continent to achieve the universal values such as freedom and democracy, as well as rapid economic development. Therefore, Japan attaches great importance to this region including Cambodia, Laos, and Vietnam as the forefront.

From this viewpoint, Japan has been assisting these countries in human resource development through education, and social institution building through the improvement of legal systems. Also, for regional integration, Japan implemented cooperation projects of 1.5 billion US dollars for 3 years after its announcement at the Japan-ASEAN Commemorative Summit in 2003. We have been supporting various regional projects such as the East-West Corridor and the Second East West Corridor, which connect the Mekong countries, and the 'Development Triangle', the area bordering Cambodia, Laos, and Vietnam. For instance, regarding the East-West Corridor, the Second Friendship Bridge, funded by Japanese Yen loans, was completed last December, connecting Laos and Thailand. With this new bridge, it takes only 3 to 4 days to transport goods from Bangkok to Hanoi through the East-West Corridor, which used to take about 2 weeks by sea. Therefore, I believe that these corridors will further promote movement of people and distribution of goods.

At the Japan-Asia Summit, in January 2007, the Government of Japan announced a new program for further enhance partnerships between Japan and the Mekong region, bearing in mind the importance of ASEAN integration. First, to implement the program, Japan will regard the Mekong region as a priority area of ODA, and will expand its ODA to the region as well as to Cambodia, Laos, and Vietnam for the next three years. Japan will also provide about 40 million US dollars to Cambodia, Laos, Myanmar, and Vietnam from the new fund to support the ASEAN countries. Of this amount, about 20 million US dollars will be allocated to the 'Development Triangle'. Second, to increase investment between the Mekong region and Japan, Japan is conducting negotiations on the bilateral investment agreements with Cambodia and Laos. Third, Japan will also host a Japan-Mekong Region Ministerial Meeting in Japan, inviting ministers from five Mekong countries this fiscal year to further enhance the dialogues between Japan and the Mekong countries.

#### Roles of the MRC

To achieve sustainable development in the region, it is very important for the MRC member countries to make a self-help effort and to discuss ways to effectively use the resources of the fertile Mekong Basin with the upstream countries such as China and Myanmar. To do so, the role of the MRC, which has extensive expertise and experience in managing and developing water resources, is critical, and I sincerely hope that the MRC will contribute further to the cooperation and coordination in the Mekong region.

From this viewpoint, I welcome the MRC's Strategic Plan 2006 - 2010 which was based on the dialogues between the MRC member countries and donors. I hope the MRC will seek innovative means to implement the 12 core programs steadily.



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Moreover, I also hope that the MRC Secretariat and National Mekong River Committees will strengthen their capacities, taking the outcomes and recommendations given by the Independent Review of the MRC Secretariat and National Mekong River Committees (NMCs) done by some donors last year.

## **Japan's Concrete Contribution to the MRC**

Japan has been sending experts to support the MRC's activities. Last June, one expert in river Basin management was sent to the Basin Development Plan. Japan has also been assisting the 'Asia rice paddy and water environmental system program'.

Japan is also prepared to assist the MRC's activities through the Japan-ASEAN Integration Fund (JAIF), and 500,000 US dollars is ear-marked for this purpose. The MRC Secretariat requested Japan to support the project, 'Initial Analysis of Hydropower Potentials in Lower Mekong Basin in relation to Cumulative Transboundary Impacts' with this Fund. Having reviewed the proposal, I am pleased to announce today that Japan will approve supporting this project. I hope that this project will analyze the environmental and social impacts that would be caused by potential hydropower development from a neutral point of view, and provide valuable recommendations on water resources use in the Mekong Basin.

## **Paris Declaration on Aid Effectiveness**

I would like to refer to the Paris Declaration on Aid Effectiveness, which is the main topic of this session. Japan's ODA Charter states that Japan should proactively participate in aid harmonization. Japan also played the leading role in the formulation of the Paris Declaration adopted in 2005, and has thus been promoting aid coordination with other donors and partner countries.

Japan has been committed to implementing the Paris Declaration since its outset. To improve aid effectiveness, I would like to point out the following two points:

First, since the development stage varies from country to country, it is important to tailor development assistance to each country. Japan constantly tries to assist in each Mekong country's different context, and provides assistance which is aligned with each country's own development policy. It is also worth mentioning that the countries in the region adopt development policies centering on improving economic growth.

Therefore, Japan's assistance, which mainly improves economic and social infrastructure, has helped achieve good results in the development of these countries.

Second, to improve aid effectiveness, it is important that all donors cooperate to implement assistance that is aligned to the recipient's development strategy. From this viewpoint, I would like to call on the MRC member countries to incorporate the priorities of the MRC's Strategic Plan into their development strategy, and implement it with a sense of ownership.

## **Conclusion**

Finally, I would like to congratulate all of you on this successful international conference, with many ministers attending, and sincerely hope that this conference provides a great opportunity to further promote dialogues and understanding among the MRC Secretariat, member countries, and the donors.

I further hope that the MRC will continue to play a neutral coordination role for sustainable development in the Mekong river Basin. Japan will remain committed to support the self-help efforts of the MRC countries.

Thank you very much.