

**Mekong River Commission**

**MID-TERM REVIEW OF THE  
MEKONG RIVER COMMISSION STRATEGIC PLAN 2006-2010**

**MAIN REPORT**

**March 2009**

# Final Report on the Mid-Term Review of the MRC Strategic Plan 2006-2010

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## Acronyms and Abbreviations

<b>ADB</b>	Asian Development Bank
<b>AFD</b>	Agence Française du Développement (French Agency for Development)
<b>AMBDC</b>	ASEAN-Mekong Development Cooperation
<b>AIFP</b>	Agriculture, Irrigation and Forestry Programme
<b>AusAID</b>	Australian Agency for International Development
<b>BDP</b>	Basin Development Planning – Basin Development Plan
<b>CNMC</b>	Cambodia National Mekong Committee
<b>CPWF</b>	Challenge Programme on Water and Food
<b>CTA</b>	Chief Technical Advisors
<b>DMP</b>	Drought Management Programme
<b>DSIMP</b>	Decision Support and Information Management Programme
<b>DSF</b>	Decision Support Framework
<b>EIA</b>	Environmental Impact Assessment
<b>EP</b>	Environment Programme
<b>FP</b>	Fisheries Programme
<b>FMMP</b>	Flood Management and Mitigation Programme
<b>GEF</b>	Global Environment Facility
<b>GMS</b>	Greater Mekong Sub-Region
<b>HDS</b>	Hydropower Development Strategy
<b>HP</b>	Hydropower Programme
<b>IBFM</b>	Integrated Basin Flow Management
<b>ICBP</b>	Integrated Capacity Building Programme
<b>IKMP</b>	Information and Knowledge Management Programme
<b>IDP</b>	International Development Partner
<b>IWQM</b>	Integrated water Quality Management
<b>JC</b>	MRC Joint Committee
<b>JRP</b>	Junior Riparian Professional
<b>LMB</b>	Lower Mekong Basin
<b>LNMC</b>	Lao National Mekong Committee
<b>MDBC</b>	Murray-Darling Basin Commission
<b>MDG</b>	UN Millennium Development Goal
<b>M&amp;E</b>	Monitoring & Evaluation
<b>MRB</b>	Mekong River Basin
<b>M-IWRM P</b>	Mekong Integrated Water Resources Management Project
<b>MRC</b>	Mekong River Commission
<b>MRCS</b>	Mekong River Commission Secretariat
<b>MWRPP</b>	Mekong Water Resources Partnership Programme
<b>NAP</b>	Navigation Programme
<b>NGO</b>	Non-Government Organisation
<b>NMC</b>	National Mekong Committee
<b>OCEO</b>	Office of the Chief Executive Officer
<b>OEB</b>	Operating Expenses Budget
<b>PDIES</b>	Procedures for Data and Information Exchange and Sharing

<b>PMFM</b>	Procedures for Maintenance of Flows in the Mainstream
<b>PNPCA</b>	Procedures for Notification, Prior Consultation and Agreement
<b>PWUM</b>	Procedures for Water Use Monitoring
<b>RBO</b>	River Basin Organisation
<b>RFFMC</b>	Regional Flood Management and Mitigation Centre
<b>SEA</b>	Strategic Environmental Assessment
<b>SP</b>	MRC Strategic Plan 2006-2010
<b>TACT</b>	Technical Assistance and Coordination Team
<b>TP</b>	Tourism Programme
<b>TNMC</b>	Thai National Mekong Committee
<b>UNDP</b>	United Nations Development Programme
<b>USAID</b>	United States Agency for International Development
<b>VNMC</b>	Viet Nam National Mekong Committee
<b>WG</b>	Working Group
<b>WMT</b>	WUP Management Team
<b>WRMP</b>	Water Resources Management Programme
<b>WRMP HP</b>	Water Resources Management Programme (Hydropower Component)
<b>WUP</b>	Water Utilisation Programme

## **Final Report on the Mid-Term Review of the MRC Strategic Plan 2006-2010**

### **1 Introduction**

1. The Mekong River Commission (MRC) was established in 1995 by an agreement between the governments of Cambodia, Lao PDR, Thailand and Viet Nam. The Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin came about as the four countries saw a common interest in jointly managing their shared water resources and developing the economic potential of the river. The Agreement set a new mandate for the MRC "to cooperate in all fields of sustainable development, utilisation, management and conservation of the water and related resources of the Mekong River Basin".

2. The 1995 Agreement established the framework and mechanisms for pursuing a coherent strategy of integrated water resources management (IWRM) on a regional scale. It provided the legal basis for the MRC, which consists of three permanent bodies: The Council, the Joint Committee (JC) and the Secretariat (MRCS). National Mekong Committees (NMCs) act as focal points for MRC in each of the Member Countries and are served by respective National Mekong Committee Secretariats. MRC maintains regular dialogue with the two upstream countries of the Mekong River Basin, China and Myanmar, as well as with its development partners.

3. Over the decade of its existence, the MRC has become a strong river basin organisation, building on a foundation of half a century of knowledge and experience of water and related resources over the lower Mekong Basin (LMB). In order to operate as an inter-governmental body to serve the Mekong countries in realising their desires for economic prosperity, environmental soundness and social equity, the MRC uses a Strategic Planning approach to implement the 1995 Mekong Agreement. The formulation and implementation of cyclical strategic plans is now fully established as part of the organisation's identity.

4. The Strategic Plan 2006-2010 (SP) was based on an extensive consultation process that included Member States, line agencies, international development partners (IDPs), NGOs, and civil society. The SP capitalises on the progress achieved in the two previous planning cycles – particularly the establishment of a procedures framework agreed by Member Countries pursuant to articles 5, 6 and 26 of the 1995 Mekong Agreement, a regionally recognised knowledge base and capacity development.

5. Since the SP was adopted, development in the Mekong Basin has been accelerating which is rapidly changing the context of the MRC's activities. While this secures continued economic growth in the MRC Member Countries and opens opportunities for poverty alleviation and to achieve social development goals, it also creates pressures on available water and related resources of the basin. The role of the private sector in hydropower development, including on the Mekong mainstream, mining, industrial development, urbanisation, agro-industry and tourism have rapidly gained importance. Investments from the private sector now outweigh public sector investments in many areas and may lead to changes in the basin over the next few years on a scale that has so far not been seen. In comparison to conventional strategy-driven public sector and water resources planning approaches, private sector driven development emerging in the Lower Mekong Basin is more opportunity-driven under compressed planning cycles. It commonly employs less inclusive processes, and focuses on shorter term and less comprehensive objective settings. This brings opportunities as well as risks, and will progressively increase the roles of the Governments of the member countries, and therefore the MRC, in the protection of community interests through regulatory controls. This constitutes a considerable change since the Strategic Plan was drafted.

6. In addition, in terms of institution and personnel, issues such as “riparianisation” of the Secretariat, the permanent location of its Headquarters, completion of procedures under the 1995 Agreement, etc., are challenges for the MRC. All of these factors, together with the spike in food prices during 2007, the potential impacts caused by unpredictable meteorological conditions, climate change and rising sea levels etc. call for new consideration and action by the MRC.

7. In this context, the 27<sup>th</sup> Meeting of the MRC Joint Committee (JC) agreed on the need for a mid-term review of the SP. It recommended: *“...the alignment of MRC programmes to the Strategic Plan could be reviewed together with recommendations of elements of the work programme that may be considered marginal to the direction of the Strategic Plan. Similarly, aspects not covered by the reporting of the Secretariat, such as achievements of water-related Millennium Development Goals in the Lower Mekong Basin, could be considered.”*

8. The Review is intended to take stock and provide a snapshot of the progress achieved by the MRC in the implementation of the SP and other pertinent activities, and to make recommendations for any adjustments that are required. Consequently, the objectives of the mid-term review are to:

- a) Review the present state of the implementation of the SP against the goals, objectives and strategic outputs set forth in the Plan;
- b) Assess the alignment of MRC programme portfolio towards the SP;
- c) Assess MRC’s orientation towards UN Millennium Development Goals’ targets and approaches in the Member Countries.
- d) Recommend a prioritisation of the remaining period of the SP, taking into account emerging opportunities and challenges, as well as budgetary and other resource constraints at the MRC; and
- e) Make preliminary recommendations for the formulation of the Strategic Plan 2011-2015.

## 2 Process for the Review

9. In July 2008 the MRC began the mid-term review of the SP. The review was designed to capture and integrate the perspectives of the four MRC Member Countries, the International Development Partners (IDPs), the Secretariat, and other interested parties on the implementation of the SP. The MRC Dialogue Partners PR China and Myanmar also had the opportunity to provide input. These various inputs will recommend what should be prioritised in the remaining period of the SP as well as suggesting the main contents and ideas for the next SP.

10. A step-wise process was adopted:

1. The analytical framework for the evaluation was prepared, with assistance from an international facilitator and four riparian resource consultants.
2. An annotated outline was agreed for mid-term review papers to be prepared by each Member Country, the IDPs and MRCS.
3. In parallel:
  - a) NMCs, each supported by a riparian resource consultant, developed the country mid-term review papers. The MRC provide financial support for country based consultation during the preparation of these papers;
  - b) the Secretariat, with assistance from the international facilitator, prepared its review paper;
  - c) the IDPs prepared a consolidated review paper - AusAID agreed to coordinate this paper;
  - d) other stakeholders, such as academia, policy institutes, NGOs, International organisations and networks, and the MRC Dialogue Partners PR China and Myanmar were also encouraged to provide inputs.
4. All Contributing Papers were completed and provided to the international facilitator by 3<sup>rd</sup> October or shortly thereafter. All inputs to the process are attached as Appendices G to M. The international facilitator, supported by the four riparian resource consultants, synthesised these responses and comments into a draft Mid-Term Review Report (DMTRR).
5. The DMTRR was used as the basis for regional consultation at a Regional workshop on 21 October in Vientiane. A summary record of the consultation meeting was prepared, following a matrix format and including comments received and how they will be taken up (included as Appendix F).
6. The consultation workshop agreed that the meeting summary, the DMTRR and the draft MRCS review paper would be distributed to all country delegations, international development partners and other participants of the meeting, inviting comments to be submitted to MRCS by 03 November 2008.
7. In parallel actions: (i) the riparian resource consultants engaged with NMCs to finalise the four country review papers (by 03 November); and (ii) the Secretariat sought further comment on the MRCS review paper from MRC division directors, section chiefs and all MRC programmes (by 03 November) after which the paper would be finalised.
8. An oral briefing on the process and initial findings was provided to the Preparatory Meeting of the Joint Committee on 6th November 2008 and the MRC Council on 8th November 2008, based on the above documents.
9. The international facilitator incorporated the revised country Contributing Papers, the revised MRCS review paper, the summary record of the meeting, as well as other inputs received, into a 'Final Draft MTR Report' (this document). This report



was posted on the MRC webpage in November 2008 to solicit final comments. Further comments on this report are presented at Appendices N and O.

10. A final Mid Term Review Report was prepared incorporating all comments (this report).
  11. Based on the findings of the MTR, the Secretariat will prepare a briefing paper for the Joint Committee on prioritised steps to further promote implementation of the Strategic Plan and its goals. Recommendations for preparation of the next Strategic Plan for the period from 2011 are covered in Section 7 of this report.
11. A matrix of the major comments provided on the first draft report and how they were dealt with is attached at Appendix F.
12. The Cambodian Resource Person is Mr Khuon Komar, who formally headed the WUP working group on procedures for water utilization at MRCS. The Lao Resource Person is Ms Sengmanichanh Somchanmavong, who is currently working as the capacity building specialist with the Nam Ngum River Basin Project. The Thai Resource Person is Mr Apichai Sunchindah, who until recently worked with the ASEAN Foundation, and has extensive water resources management and programming experience. The Vietnamese Resource Person is Mr Nguyen Nhan Quang, who recently retired as Deputy Secretary General of VNMC. The international facilitator is Mr Des Cleary, who has extensive planning and evaluation experience, a solid water resources background and extensive regional experience.

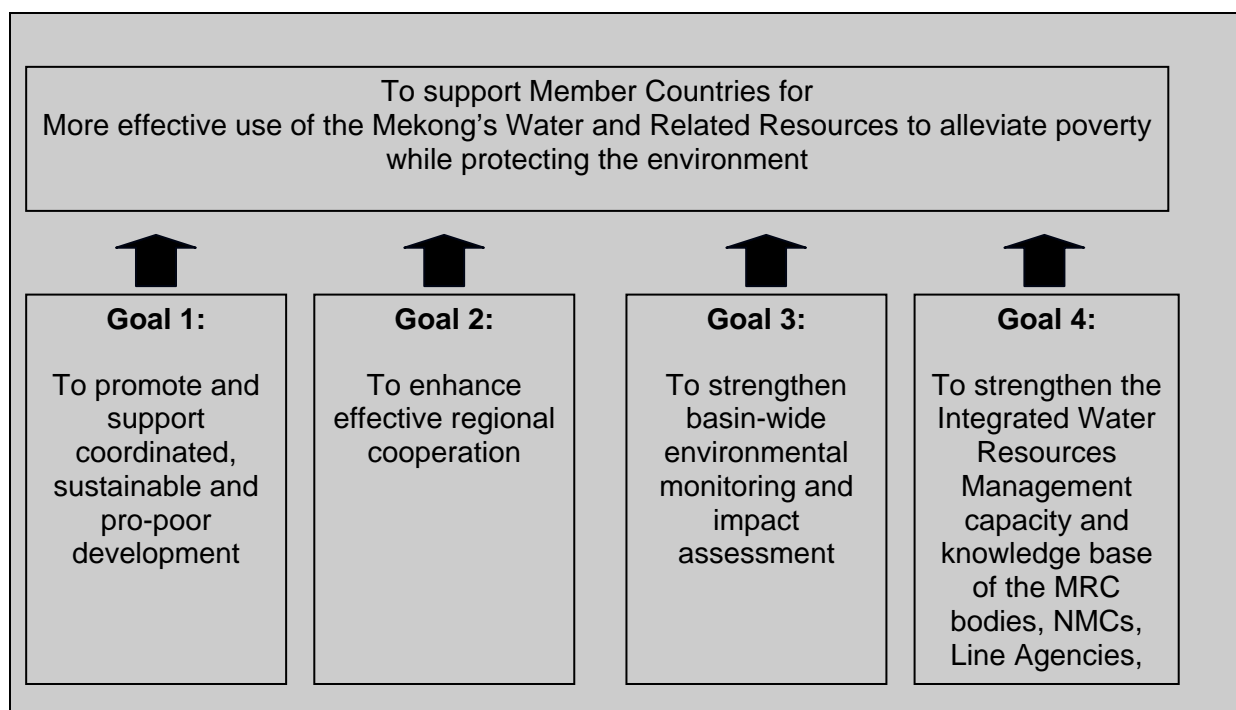
### 3 Assessment of the implementation of the MRC Strategic Plan – is it on track?

#### 3.1 Basis of Assessment

13. This section provides an assessment of how well the SP has been implemented to date (from 2006 to now) and whether the outcomes of the SP are likely to be achieved. This relates to Objective (a) of the mid-term review (see paragraph 8).

14. In undertaking this evaluation, it is important to remember that the SP itself is not a book of “rules”. Rather it is a statement of direction and intent and during its term there will be many reasons why some elements of the SP will need to change. That adds to the importance of this mid-term review – to take stock of the intent of the SP and to re-evaluate that against the changes in the external environment so as to determine how that intent must now vary.

15. The SP sets out an overall goal for the MRC and 4 specific goals. Under each specific goal the SP identifies a number of objectives. Figure 1 sets out the goals of the SP.



**Figure 1: MRC Goals of the SP**

16. Annex 1 of the SP identifies the key actions and outputs for each objective. The SP states that the main purpose of this list is to provide direction to the MRC Programmes on the nature of the products to be delivered over 2006-2010. The listed key actions/strategic outputs have been assigned an indicative priority classification (high, medium and low) in the SP, along with an indication of funding status. There are 69 high priority, one high/medium priority, 33 medium priority and 4 low priority key actions. The main purpose of the classifications is to assist the Member States and donors in identifying important areas with funding gaps. The SP notes that these are indicative only and would require regular updating.

17. A number of the Contributing Papers to the review comment on the difficulties in completing this assessment of the SP and its implementation, stemming from shortcomings with the SP as follows:

1. There were no clear benchmarks or indicators set out in the SP to measure success or failure for each of the goals, objectives and outputs/actions.
2. There are no clearly specified timelines or milestones provided by which each of the outputs/actions is to be achieved i.e. no specific deadlines were set.
3. To date, a Monitoring & Evaluation (M&E) system, which was due to be established as a matter of priority (see page 45 of the SP), is not yet established.
4. No update of Annex 1 of the SP has been undertaken since the SP was approved, despite the intent of the SP that these would be regularly updated.

18. These shortcomings mean that the current SP is not readily able to be monitored in any objective or verifiable way. This makes it difficult to objectively assess the extent to which the MRC is carrying out its mandate effectively and in a timely manner. Therefore, this review provides a somewhat subjective assessment to provide a snapshot of what has transpired over the past few years of the SP implementation period. This is built up from an analysis of reported MRC activities over period 2006 to 2008 (from annual Work Plans, Annual Reports and other documents), the views of the member countries, the Secretariat, the IDPs, and others, some of which were not in harmony.

19. In December 2007 an independent consultant reviewed the current level of results-based planning and M&E systems at the MRC Secretariat, assessed the organisation's level of interest in adopting a stronger results-based focus, and outlined a general process for developing one comprehensive and integrated results-based M&E system within MRC. A consultancy was let in November 2008 to initiate the M&E system. The current planning foresees that the MRC results-based M&E system will be developed into a demonstrable approach by mid 2009.

### **3.2 Performance against goals and objectives**

20. Following is a discussion of progress of the activities/outputs of the MRC against the goals and objectives of the SP. It is important to remember that the four Goals do not exist in isolation. Their objectives and sub-objectives are designed to work together cohesively and to complement one another in achieving the overall Goal. For each Goal a summary is provided of achievements as extracted from MRC published reports. Then comments from the various Contributing Papers are presented.

21. It is also important to note the roles of the MRC under the SP (page 15), which are to focus its efforts on:

1. Supporting joint and basin-wide projects and programmes, initially including the four riparian states of the LMB;
2. Transboundary projects, or suites of complementary projects, between two or three riparian states; and
3. National projects, or land and water policies, with significant or cumulative basin-wide implications. Given this emphasis, the MRC will avoid dispersing its efforts over a large number of small projects that have no significant impacts.

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

22. Basin development is an extremely high priority for the Member Countries. While millions of poor people exploit the natural resources of the Mekong Basin for their food security and livelihoods, water infrastructure development is limited compared to most other large river basins in the world. Currently, water resources development is being accelerated - over the next 20 years, the Mekong Basin will undergo great social, economic and environmental changes. Demands for food, water supply and energy will increase even more quickly as a result of economic growth, industrialisation and urbanisation. The generation of hydro-

electricity is the fastest growing sub-sector. In the Upper Mekong Basin, China is completing its hydropower cascade on the Lancang. In particular the Xiaowan and the Nuozhadu hydropower projects, with 9,800 and 12,400 million m<sup>3</sup> of active storage, respectively, are likely to cause the most significant seasonal redistribution of flow of any of the foreseeable water resources developments in the basin. In the LMB countries about 10 large (> 10 MW) hydropower projects are under construction and almost 150 projects are planned, including 11 projects on the mainstream Mekong River. The LMB countries also have plans to increase irrigated agricultural production, improve navigation, reduce damages of floods, and improve public water supply.

### **Documented Progress to date**

23. MRC has made significant progress against this Goal since its establishment, with member country agreement to a procedural framework for cooperation, albeit not complete, and the development of a regionally recognised knowledge base. Many high-prioritised development related activities have been, or are highly likely to be, accomplished under this SP, such as upgrading of the Decision Support Framework (DSF) which is widely used within the MRC and at national levels, formulating development scenarios, setting up the projects/programmes portfolio database, formulating legal frameworks for navigation, designing system of aids to navigation etc.

24. BDP is the central Program focusing on basin development. However, for a major regional river basin such as the Mekong, the concept of a basin plan is not easy to define and the MRC has taken time to come to terms with what exactly a basin plan is. The absence of a basin plan may have contributed to the perception held by some national agencies that the water utilization procedures are restraining mechanisms, rather than enabling and facilitating mechanisms, as intended by the 1995 Mekong Agreement.

25. Appendix A documents progress with basin planning over the current SP period. Significant progress has been made in areas such as generating data and information from the sub-areas, technical directions for scenario analysis, fast-tracking the assessment of hydrological impacts of some BDP scenarios, preparation of development scenarios, and an outline of the rolling IWRM-based Basin Development Plan. Recently, the MRC JC has approved the definition of possible water resources development scenarios, which are developed in collaboration with a Regional Technical Working Group that comprises staff from line agencies, planning ministries, MRC Programmes, and academia. The definition of scenarios and assessment indicators are also discussed with planning partners, such as IWMI, WWF, WorldFish, SEI and others. The scenarios include a baseline scenario, a definite future scenario, which includes the planned Chinese dams and ongoing water resources developments in the LMB, a twenty-year LMB plan scenario, alternative development scenarios that explore the basin's potential and limitations, and longer term scenarios that will examine the impacts of climate change and land use changes.

26. The input data for the modelling of the scenarios are derived from existing sub-area reports and still ongoing sector work. Working with a team of national hydropower specialists of the responsible line agencies, the MRC has developed a comprehensive hydropower database that is currently being populated with the relevant physical and operating characteristics from about large 150 hydropower projects. Two applications of the database are under way. The first is an economic screening of the hydropower projects and the second is a procedure to calculate reservoir operation guidelines, also known as rule curves. A similar type of activity is being implemented for the irrigation sector that will result in a database with the required characteristics of the existing, the planned and the potential irrigation developments in the basin.

27. Two types of assessment indicators are being distinguished in the planning process:

1. Policy indicators, which measure how well specific policies and objectives derived from current national policies and plans, as well as the 1995 Mekong

Agreement and MRC 2006-2010 Strategic Plan, are met by a particular water resources development scenario; and

2. Impact indicators, which show the hydrological, environmental and social changes caused by a particular water resources development scenario. The assessment of impact indicators addresses the information demand of various stakeholder groups and supports the appraisal of the policy indicators.

28. The selected policy indicators, which were recently approved in principle by the JC, cover the triple bottom line of economically beneficial, socially just, and environmentally sound development, as well as equitable development with respect to being mutually beneficial to the LMB countries. For the appraisal of the indicators, proven tools and methods will be used, including the simulation models of the Decision Support Framework (DSF) and some of the expert appraisal methods that were tested in an Integrated Basin Flow Management (IBFM) process.

29. As well, the project design and formulation of Environmental Considerations of Sustainable Hydropower Development (ECSHD) started in January 2008 using the IHA Sustainability Guidelines and Assessment Protocol and other frameworks as a basis for adaptation and contextualisation to the Mekong region. The results will be tested in one or two strategic environmental assessments of hydropower development, such as a catchment in the Sekong Sub-basin where many hydropower projects are in the early stages of planning.

30. The assessment of the cost of blocked fish migration routes caused by the barrier effect of dams is also a major activity, including the identification of spawning sites; the modelling of the impacts of mainstream barriers; fisheries impact assessment, forecasting and mitigation; and the assessment of appropriate mitigation measures, and periodic meetings of experts from around the world on fisheries ecology and hydropower development (the first meeting was convened in September 2008).

31. The report "*Framework for Integrated Flood Risks Management (IFRM) for LMB*" enables BDP staff to understand, identify and broadly assess flooding impacts and considerations when evaluating water development and infrastructure projects proposed for inclusion in the BDP. In 2008, guideline on Best Practices for the Design of the Roads in Floodplain Areas in Cambodia and Vietnam, are being produced. As well, best practice guidelines are being produced for flood proofing infrastructure and to assess the significance of environmental and ecological impacts of infrastructure. . The 'Project Development and Implementation Plan (ProDIP)' is producing a prioritised list of potentially effective 'hard' and 'soft' projects, and their rank in terms of socio-economic and environmental benefits.

32. In terms of specific pro-poor development, the MRC activities are aligned with its role as defined in paragraph 21. The activities of the Member Countries are the primary means of providing direct pro-poor development support. MRC basin planning has a role to play in terms of the integration with national planning and in seeking to influence decision making for the sustainability of the river and to maximise pro-poor benefits. BDP and has compiled a list of projects from which each country could then select for implementation at their own national level. Within its defined role, the MRC has been working with fishery management organisations in the Member Countries to provide training to enhance production. For example, in 2007, about 650 farmers from 11 farmer organisations in Soc Trang, Viet Nam, were trained at approximately 90 formal events and a great number of exchange visits, focusing on multiple water-uses and good governance in mixed rice-shrimp farming areas. Documentation of lessons learned from participatory fisheries management on local, provincial and national levels from more than 80 sites in four riparian countries is being undertaken. In 2008, genetic inventory of two species of indigenous Mekong fish will be completed – this will provide the basis for selective breeding programmes. As well, propagation techniques of at least two Mekong indigenous fish species will be defined and published. Considerable information on improvements to the irrigation efficiency of paddy fields has been produced. In 2007, intensive dry season data collection at field level in four pilot sites was completed, and interim reports from most of the member countries were also

completed. Another series of field level observations covering the rainy season will be completed in 2008.

### **Comments from Contributing Papers**

33. Progress under this Goal has drawn some criticism in the Contributing Papers. The first phase of BDP (2001-2006) is acknowledged as achieving much in terms of establishing processes and creating a framework for participatory planning. However, the Papers show considerable frustration that the second phase of the BDP Programme was delayed during the transition period in 2006 and when BDP2 was formally started in early 2007. National human resources professional staff for BDP2 were not easily recruited on time, due to the lack of qualified resource people. Some countries have difficulties in finding qualified professional resource people

34. One country paper also expresses concern that under BDP Phase I, the portfolio of projects/programmes - which is the main output of this phase - are in fact not real project/programme proposals but mostly ideas, and in some cases project titles only. It therefore stressed that at the end of BDP II (by 2010), "an IWRM rolling plan" with real basin-wide or/and transboundary projects/programmes needs to be drawn up. In this way, the MRC could aim at arriving at "coordinated, sustainable, pro-poor development" package. A number of Papers add that the BDP also needs to focus more on the country's real needs and aspirations, particularly the synergy and the integration of BDP with the national socio economic development planning. BDP needs considerable concentrated efforts to achieve these expectations.

35. One Contributing Papers makes the point that Member Countries also attach importance to maintaining productive Mekong fisheries and enhancing aquaculture of indigenous species for increased food security and economic output. In terms of inland fisheries development, the paper comments that Countries are seeking an increase in capacity of local and national fisheries bodies, technologies for aquaculture of indigenous species and support to line agencies in identification and preparation of priority BDP sustainable fisheries development projects. It acknowledges that the support mechanism of the MRC have proved highly satisfactory with many beneficial results; however, suggestions are made to enhance these activities:

1. Give greater support to local institutions to strengthen the local capacity and expertise for long term sustainable development by increasing the Technical Assistance from the four riparian countries or local experts into the programmes, and reducing the inputs of the international experts.
2. Programme research should focus more explicitly on country needs, based on the economic and social development plan, and assist the NMCs to develop further. The practical limitations of the country should be strongly considered.
3. In terms of funding, there is the need for funds to support not only the research, but also to increase capacity building of both central line agencies as well as the local provincial agencies, to increase the role of the MRC as the transboundary knowledge organisation.

36. Another Contributing Paper comments that there are also some planned activities of the SP, as defined in Annex 1, that have not been carried out yet or are late in implementation. Among them are "a series of water accounts and verifiable water use indicators to guide decision-making and development strategy formulation" (under objective 1.1), "consolidated trade-off analysis of development scenarios based on assessed and quantified net impacts on economic, ecological and social values", "process of discussions on trade-offs and mutual benefits in basin development, including forum/policy dialogue meeting" (under objective 1.2), "cumulative impact assessment studies of development scenarios" (under objective 1.3), "impact assessment of hydropower projects", and activities relating to tourism (under objective 1.4).

### **3.2.2 Goal 2: To enhance effective regional cooperation**

#### **Documented Progress to date**

37. Prior to the SP the Procedures for Data and Information Exchange and Sharing had been approved in 2001; the Procedures for Water Use Monitoring had been approved in 2003; and the Procedures for Notification, Prior Consultation and Agreement, had also been approved in 2003. In the term of this SP, the Procedures for Maintenance of Flows on the Mainstream were approved 2006 and the Procedures for Water Quality were also agreed in 2006, but are not yet endorsed by the Cabinet of Thailand. Furthermore, due to different views of Member States, the technical guidelines for implementation of the signed Procedures on Maintenance of Flows on the Mainstream are not yet agreed. The Procedures covering prior consultation 'with a view to reaching agreement' will shortly be tested for the first time for proposed mainstream hydropower dams,

38. The draft Framework for the Guideline for a Transboundary Environmental Assessment System was agreed at a regional meeting in mid-2006. However, at the 24th Meeting of the Joint Committee one member country expressed concern that the text may be perceived as binding which is not the intention of the guideline. The framework continues to be revised during 2008 and capacity building on TbEIA is being undertaken to ensure a better understanding of the tool. The work plan on the MRC transboundary framework conflict management initiative in the LMB has been completed and is ready for implementation by Member Countries. Priority areas (hot spots) for environmental conflict prevention have been identified and are being discussed with Member Countries with a view to conducting case studies and developing procedures for addressing regional differences and disputes. Training modules for conflict prevention and mediation were partly completed in the first half of 2008 and Regional training held in May 2008.

39. In 2007 national reports on trans-boundary flood issues identified and prioritised the key issues at the national level to enhance the MRC capacity in addressing trans-boundary issues. The reports provided a list of regionally concerned flood issues, which were analysed in terms of the prevention, mitigation and resolution of differences and potential disputes between the Member Countries. As well, a review of key provisions of international law and practices was undertaken, which may apply under the MRC initiative, or which may facilitate and/or support the interpretation and application of the relevant provisions of the 1995 Mekong Agreement. In 2008 work was underway to compile documents and materials reflecting the laws, regulations, agreements, and practices currently applied by the governments of the four MRC Member Countries as well as those practices of regional organisations other than the MRC (such as ASEAN) to address trans-boundary differences and disputes related to natural resource management.

40. A comprehensive legal study of the current navigation regime on the Mekong River between Cambodia and Viet Nam was completed, which resulted in a renewed draft Agreement for cross-border navigation. During 2008 the negotiations on the draft Agreement reached the final stages. Member Countries also asked the MRC for assistance in conducting a study to provide recommendations for establishing a legal framework for cross-border navigation between Lao PDR and Thailand on the stretch down stream of Luang Prabang. TOR for this study have been prepared.

41. The cooperation with China and Myanmar is also progressing step-by-step through dialogue mechanisms and joint activities relating to hydrological data sharing (for which the contract with China was renewed in August) and navigation. China has accepted a formulation mission by MRC navigation experts for the purpose of establishing a cooperation project on navigation. MRC and China have agreed to jointly organise a series of seminars on Waterway Safety and Navigation Improvement. The First Seminar was held in Jinghong, China, in October 2008. Participants from the Union of Myanmar also participated in this seminar.

42. The Organisational Review Report concluded that the MRC has had little engagement with non-governmental organisations and recommended that MRC consider formalise a stakeholder consultative process as part of its annual meetings. The JC, at its Special Session on 27 June 2007 agreed to a recommendation to formalise a stakeholder (NGO and civil society) consultative processes as part of MRC's annual meetings. A consultancy is now underway to come up with general principles and a policy on stakeholder involvement in MRC Governance Bodies, and recommendations for implementation. The output of this consultancy will be integrated to the MRC Communications Strategy, currently at an advanced stage of drafting. This will provide a good foundation for the MRC to significantly improve its interaction with its stakeholders.

### **Comments from Contributing Papers**

43. Under this important goal, there are four objectives. The Contributing Papers suggest that Objectives 2.1 (to increase MRC's function as an effective cooperation mechanism and to enhance linkages, and partnerships with other regional initiatives) and 2.4 (to improve dialogue and collaboration with China and Myanmar) have been achieved to some extent. However, Objectives 2.2 (to complete procedures and guidelines as required under the 1995 Mekong Agreement) and 2.3 (to identify potential transboundary issues for mediation and conflict prevention; and develop mediation and conflict management capacity) have only been partially completed and are the big challenges to the Mekong cooperation in general and to the MRC in particular.

44. A number of Contributing Papers stress that the ultimate approval and implementation of the entire set of MRC Procedures and their technical guidelines is a critical challenge to the MRC that is also of interest and concern to the development partners and international community. As with other international river basins, the harmonisation of "upstream actions versus downstream effects", "national interests versus regional benefits", and "development and conservation" in the Mekong basin can only be properly addressed if supporting documentation to give effect to the core aspects of the 1995 Mekong Agreement are established.

45. The Contributing Papers recognise that during past years, cooperation among the Member States has improved. Many MoUs with development partners, international river basin organisations and research institutes have been signed. A greater range of joint activities has been initiated such as with the ADB's GMS on ESCHD (for hydropower), under Component 2 of FMMP, BDP etc. These are discussed in more detail in Section 4.3.

46. The Papers also recognise that, based on Objective 2.3, there are many outputs achieved to assist in identifying and dealing with transboundary issues and potential conflicts. There is now greater capacity for managing transboundary issues and a greater understanding of tools and approaches to mediation and conflict management in natural resources issues.

47. One Paper comments that while the external relationships of the MRC are considered good, there is much scope for cooperation to be enlarged and for data exchange (for example, dry season data, especially data on flows regulated from hydropower reservoirs in Lancang river - China has repeatedly mentioned that the cascade of dams in China will increase low-flows during the dry season providing a basis for further cooperation).

48. Improvements in the MRC engagement with IDPs is recognised in one Paper, which commented that the collaboration between IDPs and MRC States, NMCs and the MRCS has improved during the course of the last two years. Organisations holding observer status at the MRC are invited to the JC, including ADB, World Bank, ASEAN, UNDP, UNESCP, WWF and IUCN. The quality of the half-yearly meetings with IDPs has improved in terms of strategic approach and substance. Early involvement and consultation with IDPs on significant issues is more effective, including through the Joint Contact Group mechanism. Other areas that could contribute to better IDP engagement are being examined as part of



the follow-up to the Financial and Institutional Review. As well, the international conference on the MRC held in Hanoi in 2007 expressed strong support for the Initiative.

49. A number of Papers comment that the cooperation between the MRC and other initiatives such as GMS, ASEAN, etc in the region to which the MRC member States are also members, is not yet effective. One Paper suggests that joint programmes should be developed to promote regional cooperation not only between member countries themselves but between regional programmes as well. The MRC should either directly or through its member states promote diversified cooperation with a view to avoiding overlaps, duplication or competition, and maximising mutual support.

50. The Contributing Papers generally conclude that MRC engagement with 'external' stakeholders (NGOs/CSOs, academia, media, private sector) has been ad hoc but is improving. However, one Paper comments that the way in which stakeholders are defined and are able to engage in MRC processes remains unclear. The SP (p.5) states that 'stakeholder participation is a key interest of the Member States.' However, systematising and embedding participatory (and deliberative) processes is proving to be slow. Efforts are being made by MRCS to progress this issue at different levels. An example is plans to develop new (and hopefully more proactive) Communications, Disclosure and Stakeholder policies. At the Program level, efforts by the Fisheries Program and BDP to involve stakeholders are promising. This is a good sign which will hopefully alter perceptions that MRC is a cautious and guarded organisation with a reactive approach to external communication.

51. The Papers also generally find that communication systems have improved, but there is still some way to go. One Paper comments that the recent floods (August 2008) provided a good case study on the strengths and weaknesses in the MRC communication approach. At the time the floods were peaking, the MRC was criticised for not having an adequate warning system in operation<sup>1</sup>. Afterwards the MRC acted to address what it saw as substantial misinformation on the flood, and particularly the role of the 'China dams.' The Paper concludes that a factually written and rapidly produced report on the flood (produced in early September 2008) was a good public response and points to how MRC might function better in the future.

### **3.2.3 Goal 3: To strengthen basin-wide environment monitoring and impact assessment**

52. There are five objectives under this goal and all activities to achieve the planned outputs belong to the Environment Programme.

#### **Documented Progress**

53. Much of the progress is shown in Appendix A under the EP. Development of a water quality index based on water quality monitoring network data was underway in 2006. The QA/QC programme has been continuously strengthened to bring the laboratories closer to the international standard ISO 17025 requirements. A review in 2007 supported by AFD concluded that the monitoring programme is suitable and the results reliable.

54. Indicative Mekong River report cards on water quality and ecological health have been prepared for the mainstream. Technical Papers have been published, describing baseline conditions for environmental contaminants in the lower Mekong River and its tributaries, and providing a comprehensive analysis of status and trends of water quality over the past 20 years. The Ecological Health Monitoring completed the first 4-year monitoring cycle in 2008. A synthesis of monitoring data for the LMB will be published. Reports on biomonitoring of the

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<sup>1</sup> The MRC advises that it is not within the mandate of the MRC to issue flood warnings in the member countries – this responsibility lies with the country line agencies. The MRC provides flood forecasts to line agencies and on its website for the main river.

LMB and selected tributaries on identification of freshwater invertebrates of the Mekong River and its tributaries were completed. A sediment monitoring programme is under development.

55. A second phase of the social Impact Monitoring System started in 2007. By the end of 2008, technical guideline for this will be complete for NMCs consideration. Field studies on verifying the socio- economic indicators will start in the second half of 2008.

56. Assessment of people vulnerable to changes in aquatic resources was initiated to provide a spatial description of vulnerability. Technical guidelines for vulnerability assessment were initiated in June 2008. From 2007, wetland maps and water quality information were accessible over the internet. Line agency staff have been trained in wetland mapping techniques using remote sensing and wetland/biodiversity mapping was demonstrated at selected sites of the four countries.

57. Work on environmental impact of tourism was initiated in 2006. National reports are expected to be completed and approved by the end of 2008.

58. In 2007, specialist reports for the IBFM predictive tool were ready for trial. National consultations were held to negotiate national pilot studies. A technical report on the assessment methodology for environmental flows was ready in 2008 for testing and further evaluation. Methodology for assessing environmental flows has been completed and is ready for adoption and use by line agencies. Reports on flows assessment scenarios have continued in 2008 for integration into the BDP.

59. In 2008, work on climate change started and will provide inputs for an assessment of the benefits and costs of water resources development by assessing the consequences of flow changes and climate change in LMB.

#### **Comments from Contributing Papers**

60. The Contributing Papers generally agree that to date the environmental water quality monitoring system is generally effective. *State of the Basin Reports* and *Basin Report Cards* have been issued and many training courses on environmental management have also been held. Environmental awareness within the MRC as well as for riparian line agencies, local authorities, etc has been significantly enhanced.

61. One Paper comments specifically that a number of achievements should be noted, such as the work under the Quality assurance/quality control (QA/QC) system for water quality sampling and analysis (will be complete in 2009) and the technical support to an operational water quality monitoring network. Development of an ecological health monitoring (EHM) system has been completed. For 2009 a number of annual technical reports will be published, the social impact monitoring system will be implemented, vulnerability assessment in selected pilot sites in the member countries will be initiated, the IBFM Predictive Tool will be developed, the social assessment under IBFM will be closely linked to the development of a Social Impact Monitoring Vulnerability Assessment System, project implementation of The Environmental Considerations for Sustainable Hydropower Development (ECSHD) will start and the State of the Basin Report is planned. As well, work on Basin-wide Integrated Assessment on Impact and Adaptation to Climate Change will be initiated.

62. One Paper comments that there are also several activities in Annex 1 of the SP which are not implemented or which are proving difficult e.g. “*social impact monitoring system*”, “*model of the Mekong basin’s aquatic ecosystem*”. These are not set up or implemented yet. Many other project level activities such as “*SEA<sup>2</sup>*”, “*to support line agencies in identification and preparation of BDP priority environmental management projects and protection*”, and “*a set of spatial tools to enable planners to take into consideration environmental and social aspects of development plans and projects*” are also not developed.

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<sup>2</sup> The MRCS advises that work on SEA is underway.

63. While it is important for the MRCS to develop these measures, one Paper stresses that such products also need strong interaction with national practices or guidelines. Instruments such as the basin-wide environmental impact assessment should be introduced only after careful consideration at National level since the riparian countries have different levels of development and various standards of EIA processes. This Paper suggests that such documents be considered as guidelines and implemented first on a trial or voluntary basis in order to build up trust and confidence through a lesson learning process. On the other hand, many of the activities developed by MRCS remain at the MRCS level without further initiatives to develop from the basin wide level to the national level. The challenge for the MRC is to find a reasonable way of “*meeting the needs and keeping the balance*”.

#### **3.2.4 Goal 4: To strengthen the Integrated Water Resources Management capacity and knowledge base of the MRC bodies, NMCs and line agencies and other stakeholders**

64. There are six objectives under this goal and associated activities are the responsibility of OCEO, IKMP, ICBP and ICCS.

#### **Documented Progress**

65. Appendix A shows an array of activities that are contributing this Goal, too many to summarise here other than in dot points:

1. Processing of the hydro-meteorological data collected from Member Countries
2. MOU for management and operation of the AHNIP Network by member countries
3. Publishing hydrological data, flood reports and flood probability information
4. Developing and implementing the Mekong-HYCOS network
5. Database and data management for flood forecasting
6. Technical cooperation with China under the Agreement on the provision of hydrological Information
7. Auditing existing data held; developing standards and guidelines for data and information management; data and information needs assessment; hardcopy printing services for maps and 3D products; remote sensed data
8. Progressive development and enhancement of the Decision Support Framework and modelling capacity building
9. Progressive development and enhancement of the MRC-IS Portal, the Document Management System and Electronic Library on Web (ELIB), including for external access
10. Development of MRC M&E (Monitoring and Evaluation) system, starting in 2008
11. A variety of capacity building activities such as Train the Trainer for Integrated River Basin Planning, programme/project planning, cross-cultural communication, and executive seminar on leadership
12. In consultation with the NMCs, support to selected Country institutes for the development of IWRM planning training capacity development
13. Gender mainstreaming
14. The Junior Riparian Professional Programme
15. A variety of country based training activities from many MRC programmes

#### **Comments from Contributing Papers**

66. The Contributing Papers generally recognise that the MRC processes have been progressively strengthened. One Paper sums this up, commenting that, up to mid 2008, the

outputs are on-going, resulting in more effective approaches to achieve more efficient programme coordination, annual work programmes have been produced for 2006 until 2009, and an updated more functional document produced for the riparian countries to follow up the work programmes. The main outputs that have been achieved are: various management policies, systems and manuals issued (though some of them are still in working-document status); work programme produced annually; information and datasets to outside users provided; operational information system and information management and dissemination tools established; network of partners established; and training modules and toolkits produced, training session and study tours for JC, NMCs, MRCS staff and line agencies implemented.

67. However, some Papers also comment that some other activities identified in the SP are late or not implemented yet, and some are under question regarding their effectiveness. These include: harmonised project progress reports, regional assessment tools available and promoted for use by NMCS and line agencies, and efficient programme coordination mechanisms.

68. One Paper suggests that MRC needs to further develop concrete activities pertaining to the application of IWRM principles and processes, and the NMCs also require capacity building assistance to strengthen their efforts in this regard. Another Paper comments that in terms of providing on-the-job training for the key partners from the line agencies, this has had only limited results as much of the training could not provide the tools and equipment for the various line agencies to practice on. Some staff who have been trained are not able to continue to practice. The Paper suggests that in order to address this point, the next strategic plan should consider the long term training as well as follow up plans on how to properly use the people that have been trained. Priority of training activities should be clarified in the early year of next Strategic Plan. This would allow the riparian countries benefitting from the program to select the appropriate staff to recruit for positions in the future, and for NMCs to take further initiatives to build capacity and skills for its line agencies, as well as the NMCs. Moreover, young skilled professionals will be able to apply for various regional positions at the MRC in order to increase ability and capacity of the local people. This will also increase the ownership of the country as the member state of the MRC in general.

69. One Paper comments that the Junior Riparian Professional project should be continued. However, the criteria should be more focused on undergraduates who have some experience.

### **3.3 Performance against key actions/outputs**

70. Previous sections of this Chapter have shown MRC activities undertaken over the period of the SP to date – 2006 to mid 2008. Appendix A provides a detailed summary of the actions and outputs of the MRC Programmes to provide a snapshot of activities. However, just considering these activities and outputs does not in itself indicate if the intent of the SP has been met. Therefore, performance against the specific actions in Annex 1 of the SP will form an important element of this part of the assessment.

71. Annex 1 of the SP sets out the goals, the objectives under each goal, key actions/outputs under each objective, the programme leading the action/output and the priority. Appendix B shows this detail and also provides comments on progress against each key action/output and an estimate of whether or not the key actions/outputs have been met, or are likely to be met, under the term of this SP. Because of the lack of an M&E system, and because this Annex has not been used to regularly report progress, the assessment in Appendix B is of a subjective nature. However, the assessment is based on the progress reported in MRC reports (see Appendix A), discussion with all programmes and comments from the country riparian consultants to an initial draft of this Appendix. All comments on the Appendix have been incorporated.

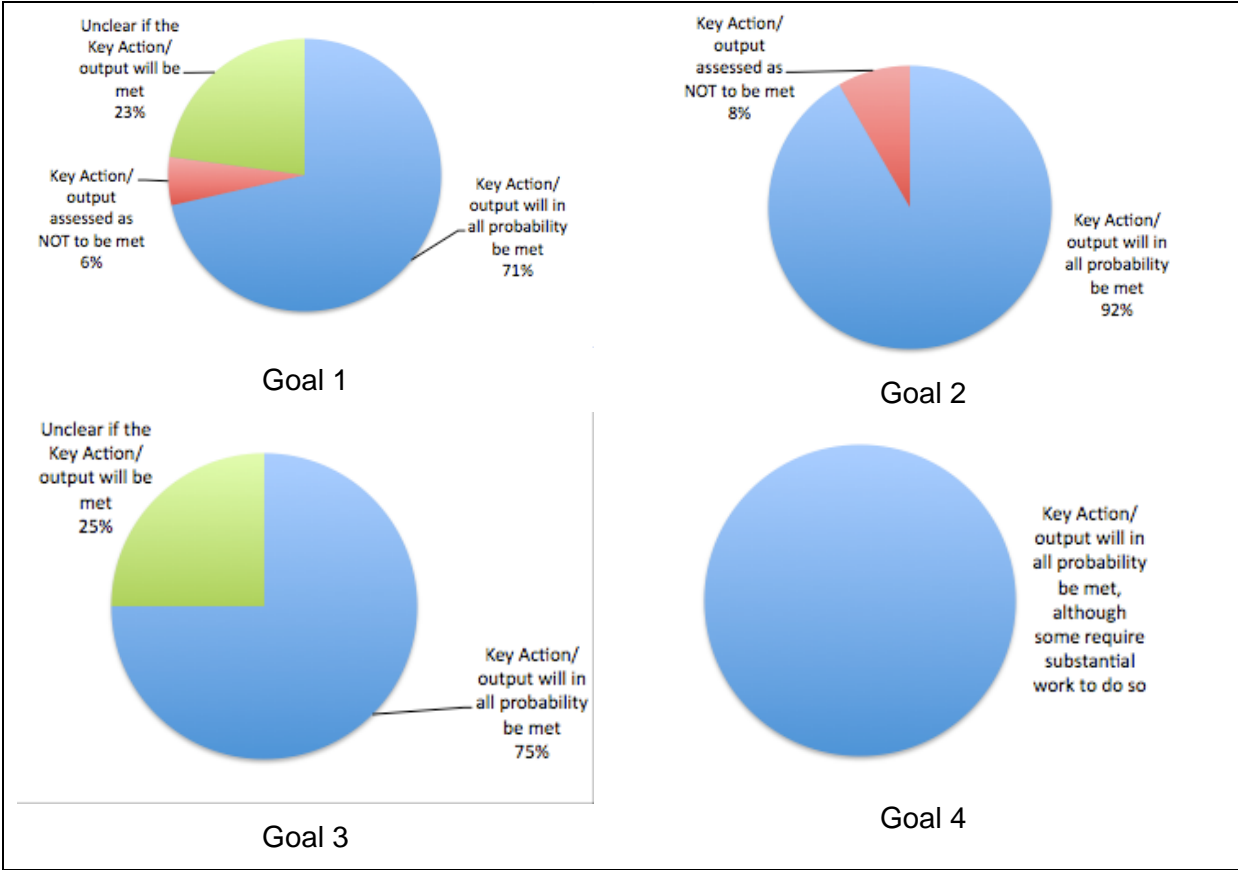


Figure 2: Assessment of high priority key actions/outputs

72. Figure 2 shows the results for the high priority key actions/outputs in Appendix B for each Goal. For Goal 1, of the 35 high priority projects, 25 (71%) are assessed as being met or are likely to be met before the end of 2010, although some will require considerable and concentrated work to achieve the target. Two of the 35 will not be met - they are concerned with the drought programme, which is not funded. For 8 of the key actions/outputs, it is not clear if they are likely to be met through programme activities as there are no clearly specified outcomes to support this.

73. For Goal 2, of the 12 high priority projects, 11 (92%) are assessed as being met or are likely to be met before the end of 2010, although some will require considerable and concentrated work to achieve the target. One is assessed as not likely to be met – that the adopted procedures are implemented – as not all procedures are approved and actual implementation of the procedures and their relevant guidelines depends very much on each member country.

74. For Goal 3, of the 12 high priority projects, 9 (75%) are assessed as being met or are likely to be met before the end of 2010, although some will require considerable and concentrated work to achieve the target. For 3 of the key actions/outputs, it is not clear if they are likely to be met through programme activities as there are no clearly specified outcomes to support this.

75. For Goal 4, all of the 10 high priority projects are assessed as being met or are likely to be met before the end of 2010, although some will require considerable and concentrated work to achieve the target.

76. A comparison of the results also shows that the MRC is more likely to meet a far greater proportion of the high priority actions/outputs compared to the medium priority actions/outputs.

77. In the absence of more formal indicators, this analysis presents a picture, albeit subjective, of achievement against SP outputs. However, the lack of performance indicators means that caution must be exercised in interpreting the results. For example, the high priority key action/output “4.5.b Training modules and toolkits”, is assessed as being met because much training will have been undertaken and toolkits developed. However, this does not reflect on the quality or extent of the training that has been undertaken as there are no targets to measure this. Nevertheless, the analysis in Appendix B does show a high level of likely achievement of the key actions/outputs, especially those of high priority, specified in the SP.

### 3.4 Other SP requirements

78. Member States noted it was important that the SP result in:

1. More tangible results focusing on poverty reduction through sustainable development. To achieve this the SP noted that the MRC would be taking the lead in developing water and related resources within the overall basin development process and making links with on-going regional initiatives;
2. Strengthened ownership by Member States. To achieve this the SP proposed increased national cooperation with MRC, and use being made of MRC tools in national planning and decision-making processes; with a ‘value-added’ by MRC clearly demonstrated; and,
3. Widespread adoption of an Integrated Water Resources Management (IWRM) approach.

79. In this respect comments from the Contributing Papers are that:

1. The MRC struggles to demonstrate tangible connections between its activities/ outputs and poverty reduction in the Mekong River Basin.
2. Rather than taking the lead, MRC activities have been playing ‘catch-up’ with Member States, who continue to make water resources development planning and decisions independently of dialogue within the MRC processes.
3. There seems little evidence that MRCS tools are being used in national planning and decision processes. This may be the result of continued marginalisation of NMCs from national water resources policy making. Also, there is an absence of evidence on how the MRC (principally via the MRCS and NMCs) are adding value to national processes.
4. Direct evidence that Member States are taking greater ownership of the MRC seems scarce; it may be happening but there is a lack of evidence upon which to reach this conclusion.
5. IWRM<sup>3</sup> is now a dominant conceptual base for water resources development in the MRC, including MRCS and NMCs, and some key line agencies in each country. However, it is hard to see many links yet between national IWRM processes (the domain of one or more key line agencies) and basin IWRM processes (the domain of MRCS and NMCs).
6. A key notion in IWRM is ‘coordinated development’ endeavouring not to compromise the ‘sustainability of vital ecosystems.’ At present it is difficult to describe coordinated Mekong water resources development between different scales (eg national and basin), or different sectors (eg hydropower and fisheries).

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<sup>3</sup> The most common definition: IWRM is a process which promotes the coordinated development and management of water, land and related resources, in order to maximise the resultant economic and social welfare in an equitable manner without compromising the sustainability of vital ecosystems" (GWP, 2000).

Understandably, and as stated in the SP (p.5) it ‘... will take many years to fully achieve IWRM within the Mekong River Basin’s context.’ However, greater efforts could be made in relation to coordination across scales and sectors, and more integration/ coordination/ inter-disciplinarily activity is possible.

7. There appears to be insufficient thinking about the coordination and consistency between two groups: organisations based on hydrological boundaries (River Basin Organisations, Watershed organisations) and organisations based on administrative boundaries (province, district and village level). There is a strong need for respective institutional development to grapple with this issue as part of the overall capacity development efforts. MRC has a role to play to address this issue in order to support the implementation of IWRM principles.
8. The process to increase financial ownership of the MRC by Member States is moving slowly. The agreement struck by the MRC States for increases of riparian funding foresees a slow and marginal increase in riparian funding of the MRC. The recommendations of the Financial and Institutional Review included recommendations towards full OEB funding by Member States by 2014. However, Member States are far from this goal with IDPs still expected to continue to fund the bulk of these core costs via the Management and Administration Fee.
9. At a time when the strengthening of the functions of the MRC, its Secretariat and NMCs is at the forefront of discussions, political considerations rather than institutional efficiency concerns might result in a less than optimal solutions to the issue of the permanent location of the Secretariat. IDPs remain concerned that the disruption that would result from a further move of the MRCS HQ and programs will have significant impacts on the credibility of the MRC and could have an adverse impact on future donor funding. This would be extremely unfortunate and would have negative consequences for the MRC, both in terms of a weakening of the MRCS and the MRC’s relations with IDPs.
10. With respect to hydropower, and other basin development activities, planning generally starts from a point of mitigating the effects of proposed projects rather than from a point of establishing the demand for projects and their alternatives. This observation is particularly important to the MRC’s adoption of an IWRM approach as well as achieving a balance of development interests with social stability and food security in the basin.

80. The MRCS has commented that the BDP will assist deal with items 2 to 6, with the HP also assisting at item 6. Re Item 8, at its August 2008 meeting, the JC agreed to consider reviewing the mechanism to ensure full OEB funding by 2014.

### **3.5 Overall Conclusion – is the SP on track?**

81. The analysis at Appendix B (Section 3.3) provides the least subjective means of establishing if the implementation of the SP is on track or not. This shows that most of the key actions/outputs are being met, or are likely to be met in the term of this SP. The should be a very pleasing result to all involved with the MRC, as it is a unique organisation working in an extremely complex environment.

82. However, despite this apparent good performance, the striking conclusion from many of the Contributing Papers is not an impression of the MRC as a successful organisation. While acknowledging the successes of the MRC, many comments and issues are fairly consistently raised which reflect a perception of the MRC apparently at odds with the assessment of performance as discussed above. The most common views can be summarised as:

1. MRC work does not sufficiently result in tangible benefits for the Member Countries, especially in relation to pro-poor development;

2. In issues of development, MRC is reactive rather than proactive;
3. MRC processes take too long and major projects such as BDP suffer from excessive delays which requires them to constantly play catch up;
4. The cessation of WUP has left much unfinished business important to the Member Countries in terms of implementing the 1995 Agreement;
5. There is lack of a sense of real cooperation between the Member Countries;
6. MRC is not making an impact on Country planning and management directions;
7. Member Countries do not always cooperate with MRC initiatives;
8. MRC tends to operate in isolation from other regional activities;
9. MRC is focused too much on its own processes and science, and not sufficiently outward looking to the needs of the countries or its stakeholders, and generally has poor communication; and
10. Programme coordination is weak.

83. While some of these contributing comments may be based on misunderstandings, they reflect a perception of the MRC that needs to be dealt with. In this review it has been difficult to tell if the comments reflect a general frustration with programme delays which occurred at the start of this SP, or if they reflect a more deeply rooted and fundamental concern with the MRC initiative; or whether they are a reflection of the Secretariat's performance or of the MRC generally. There are a number of MRC initiatives underway that would deal with many of these concerns – the riparianisation process, the debate on the core functions of the organisation, the acceptance and implementation of the organisation and financial review, the preparation of the M&E system, the development of the communication strategy, and the recent strengthening of the core MRC Programmes particularly the BDP, IKMP and EP. Of concern is that the authors of the Contributing Papers would know of these initiatives yet they still provide many strongly negative comments. Also of concern is that many of the contributing comments come from Member Countries who are in effect the MRC.

84. The MRC should deal with these perceptions head on – they have probably been an undercurrent for some time. The development of the next SP 2011 to 2015 provides the opportunity to do this and the SP development should be started sooner rather than later and specifically include processes that tease out and deal with these perceptions.



## 4 The alignment of MRC programmes

85. The previous Chapter showed that there is likely to be a fairly high level of achievement of the objectives, key actions and outputs of the SP. However, that is only part of the picture required to assess the success of the SP and the MRC activities. This Chapter provides an assessment of how well the activities and prioritisation within the Programme portfolio contributes towards meeting the needs of today. It does this by assessing how well the programmes and their activities are aligned to the 1995 Agreement, the SP and the current external pressures, and to other Regional initiatives. This relates to Objective (b) of the mid-term review (see paragraph 8).

### 4.1 Alignment with the 1995 Agreement

86. This section provides an assessment of how well the prioritisation within the Programme portfolio contributes towards the implementation of the 1995 Mekong Agreement. During the formulation of the current SP, Countries expressed a desire in seeing the MRC move toward a more comprehensive implementation of the Agreement. The overall goal of the Agreement is for the sustainable socio-economic growth and development of the member countries of the basin. This is inextricably linked with poverty alleviation and environmental protection.

87. Although one of the direct aims of the SP was the more comprehensive implementation of the Agreement, the SP does not show how the goals and objectives that it adopts clearly make this link. Such a linkage is shown in Figure 3, which demonstrates that a fairly strong alignment of the present SP with the 1995 Mekong Agreement can be established.

88. The SP support the 1995 Mekong Agreement in three main areas:

1. The overall goal, and the four supporting goals, are closely aligned to the overall intent and outcomes required by the Agreement as shown in Figure 3.
2. The objectives of the SP closely align to the specific provision of the Agreement's (see Figure 3). These in turn generate actions and outputs that have been picked up by the Programmes to implement.
3. The management structure of MRC, including the role of each section, is directly taken from the institutional framework of the Agreement.

89. To successfully cooperate, as required under Article 1 of the Agreement, in all fields of sustainable development, utilization, management and conservation of the water and related resources of the MRB, the Mekong programmes and projects have been established. For some Programmes the relationship with the Agreement is clear. For example, the WUP was established to implement Articles 5, 6 and 26; and BDP2 is formulating a basin development plan (Article 2 of the Agreement), which will support the implementation of Article 3 (environmental protection), as well as the water utilization rules/procedures (Article 4, 5, 6 and 26). BDP Phase 2 (2007-2010) is designed to prepare a rolling IWRM-based Basin Development Plan in support of sustainable development in the Mekong Basin. The IWRM-based Basin Development Plan will be implemented by the Member Countries and their development partners, with facilitation, coordination and other support of the MRC.

1995 Agreement		2006-2010 SP Main Element		Objectives
<b>Article 1:</b> To cooperate in all fields of sustainable water development, use, management and conservation		<b>Overall MRC GOAL</b>		
<b>Article 3:</b> To protect the environment, natural resources, aquatic life and ecological balance	→			
<b>Article 2:</b> Formulation of a basin development plan		<b>Goal 1:</b> To promote and support coordinated, sustainable, and pro-poor development		1.1 To establish a system for analysing water demand, water supply and water use to support the BDP
<b>Article 5:</b> Use waters in respective territories, pursuant to Article 26				1.2 To establish processes for balancing trade-offs between economic and political net benefits, and benefits from environmental and social protection
<b>Article 6:</b> Cooperate in the maintenance of the flows on the mainstream	→		→	1.3 To produce a rolling plan for identification and prioritization of projects and programmes.
<b>Article 9:</b> Freedom of navigation for the mainstream Mekong River				1.4 To formulate wise development options at the transboundary and basin levels for implementation by development agencies. This objective is supported by sector-specific sub-objectives covering sustainable land and water development, hydropower, river transport, flood and drought, fisheries, tourism and domestic water and sanitation
<b>Article 26:</b> Rules for water utilization and inter-basin diversions				
<b>Articles 11, 12,13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 30, 31, 32, 36, 37, 38, 41, 42:</b> the enabling provisions for the MRC		<b>GOAL 2.</b> To enhance effective regional cooperation		2.1 To increase MRC's function as a cooperation mechanism among Member States and enhance linkages and partnerships with other regional initiatives, including sub-basin organizations.
<b>Article 4:</b> Cooperation on the basis of sovereign equality and territorial integrity				2.2 To adopt and implement mechanisms as required under the 1995 Mekong Agreement.
<b>Article 14:</b> Budget contributions to the Mekong River Commission	→		→	2.3 To identify potential transboundary issues for negotiation and conflict prevention; and develop mediation and conflict management capacity.
<b>Article 29:</b> Location of Secretariat				2.4 To promote and improve dialogue and collaboration with China and Myanmar
<b>Article 33:</b> Riparian technical staff				
<b>Articles 34 and 35:</b> Resolution of any differences or disputes				
<b>Article 39:</b> Additional riparian states may join the Agreement				
<b>Article 40:</b> Additional riparian states may withdraw from the Agreement				
<b>Article 7:</b> Avoid, minimize and mitigate harmful effects		<b>GOAL 3.</b> To strengthen basin-wide environmental monitoring and impact assessment		3.1 To improve monitoring of the environmental condition of the Basin, focusing on water quantity and quality, ecological health and social impact
<b>Article 8:</b> The cause, extent of and responsibility for harmful effects				3.2 To regularly report on, and disseminate, the environmental condition of the Basin
<b>Article 5:</b> Use waters in respective territories, pursuant to Article 26	→		→	3.3 To raise awareness on transboundary and basin-wide environmental issues and to increase the capacity to address them
<b>Article 6:</b> Cooperate in the maintenance of the flows on the mainstream				3.4 To ensure that development initiatives are planned and implemented to minimize negative environmental impacts
<b>Article 26:</b> Rules for water utilization and inter-basin diversions				3.5 To ensure that social, economic and environmental concerns are incorporated into basin-wide development strategies.
<b>Article 10:</b> Emergency situations - notify and consult directly				
<i>Goal 4 is the "enabling" Goal - to ensure that the capacity and information is available so that good decision making is possible to deliver on the other Goals, and therefore to deliver on the Agreement. Therefore, there is not a direct relationship between the Agreement and this goal.</i>		<b>GOAL 4.</b> To strengthen the Integrated Water Resources Management capacity and knowledge base of the MRC bodies, NMCs and line agencies and other stakeholders		4.1 To ensure MRC to operate as a highly effective, transparent and innovative International River Basin Organisation.
				4.2 To establish an IWRM based technical coordination capacity for the implementation of MRC's Work Programme
			→	4.3 To maintain a common GIS-based information and knowledge management and dissemination system
				4.4 To maintain partnerships with leading organizations, universities and civil society stakeholders for programme-focused collaboration
				4.5 To strengthen the human resources capacities of the MRC, NMCs and the Line Agencies;
				4.6 To develop and update regional assessment tools for all development projects for the lower Mekong River Basin

Figure 3: Linkages between the 1995 Agreement and the SP

90. The Environment Programme aims to assist the countries to fulfil the articles in the Agreement that relate to the protection of the environment (Article 3) and prevention and cessation of harmful effects (Article 7). The programme also supports the other programmes through cross cutting initiatives such as the provision of environmental data and development of tools for environmental planning and management. Assessment and monitoring of water quality and ecosystem health form an important basis for data provision. The programme also aims to improve environmental policy and management through advice to and promotion of cooperation among environmental agencies, directly supporting the BDP process.

91. IKMP facilitates access to and use of the data, information and decision support tools. . FMMP facilitates efficient flood management, including flood proofing measures, emergency flood management or disaster aid, which is one of the important preconditions for poverty reduction in the LMB.

92. However, not all MRC Programmes have been explicitly designed and implemented with such a strong focus on the Agreement. The recent initiative to re-define the core functions<sup>4</sup> of a river basin organisation such as the MRC, and to focus on some important activities (by BDP, EP, FP) is a critical first step to help shape the Programmes toward a stronger alignment with the implementation of the Agreement.

93. The comprehensive implementation of the Agreement must also be based on the performance of the countries in how they implement the agreed MRC outputs. Lack of cooperation at the Country level on implementation can seriously jeopardise the achievement of outcomes agreed at MRC level. For example, the Secretariat may develop guidelines and tools, but these need to be picked up and used by the Countries if the overall outcome is to be achieved.

94. Implementation of the Agreement by the MRC has also recognised that in the dozen or so years since its promulgation, the Mekong region has undergone tremendous changes and developments and is also likely to face other challenges in the foreseeable future. For instance, the degree of interconnectivity that has multiplied within the region over the past decade or so - whether in terms of improved transport facilities and economic corridors, increased trade and investment opportunities, movement of goods and people, interconnected energy systems and power grid as well as enhanced telecommunications facilities - have all produced positive as well as negative impacts in the Mekong area. Development initiatives, which used to be mostly government-led have of late shifted to increasingly private sector-driven investment including hydropower and other infrastructure-related schemes. The prospect of the region seriously affected by climate change variability due to global warming and other natural as well as man-made hazards poses a real concern and ever looming threat that also deserves more serious attention and action today than when the Agreement came into force. Many changes in the MRC approach have been undertaken to accommodate this rapidly changing external environment and organisational flexibility and adaptive management will be essential for the future.

95. One Contributing Paper comments that despite the best efforts of the MRC, there has been only limited success in bringing the two upper riparian countries into the organisation by signing up to the Agreement. The composition of Mekong membership thus remains the same today as five decades ago. Therefore, the comprehensive and complete implementation of the principles and objectives as espoused in the Agreement has not been possible. However, the MRC is now in a different context to 1995 when there was an interest in China's membership to influence decisions on dam planning. Now the issue is at a more technical level in relation to the operation of projects. China has indicated its willingness to participate at this technical level.

## **Conclusion**

96. Clear linkages can be established between the SP and the 1995 Agreement. The recent initiative to re-define the core functions of the MRC, and to focus on some important activities will help shape the Programmes toward a stronger alignment with the implementation of the Agreement. However, there are many fundamental changes to the external environment which will continually challenge the strength of the Agreement. The participation of all

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<sup>4</sup> This work is implementing a recommendation of the Independent Organisational Review which suggested that fundamental functions of the MRC Secretariat need to be identified and maintained in the long term if the organisation is to be sustainable, and is to administer the 1995 Agreement.

riparian countries, in whatever form, will be essential to ensure the achievement of the Agreement.

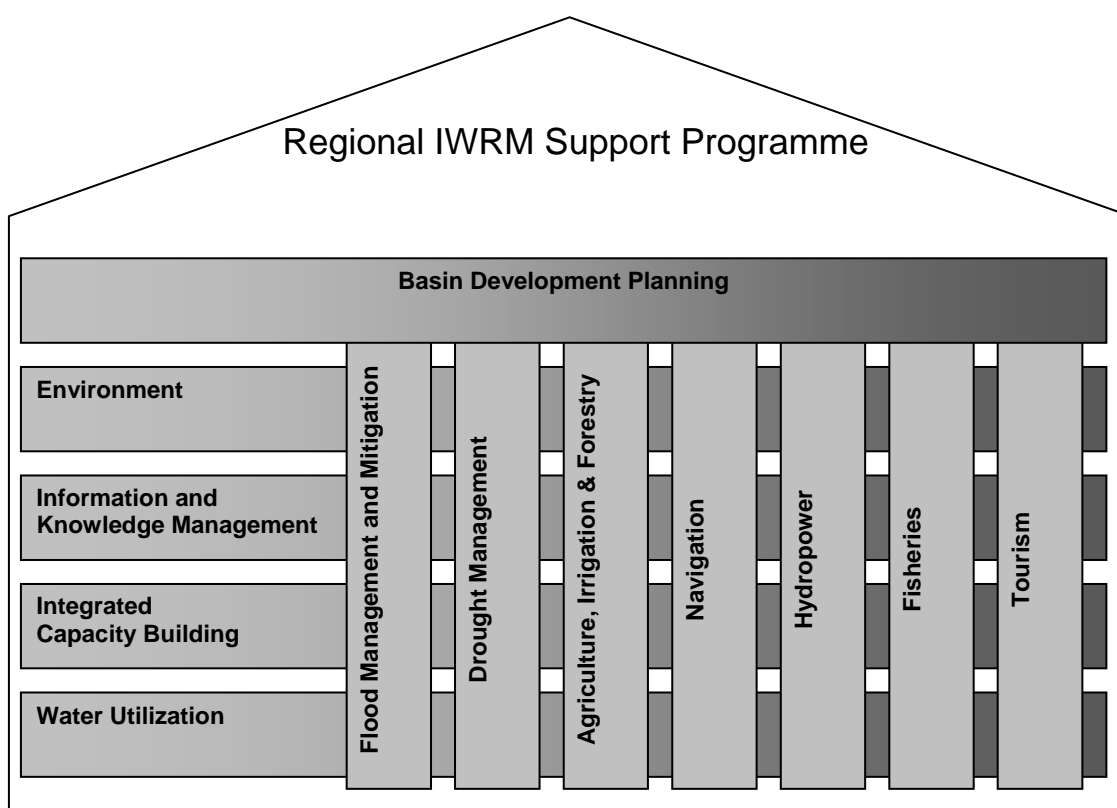
## 4.2 Alignment with the Strategic Plan

97. This section provides an assessment of how well the MRC programme portfolio, and prioritisation of activities within that, is aligned to facilitate the implementation of the SP.

98. The SP clarifies the hierarchy of goals, objectives, and strategic outputs, the latter directing MRC programmes on the nature of services and products to be delivered. Programme documents in turn link MRC programmes back to the Strategic Plan by connecting programmes' contribution to the SP objectives and expected results. However, some inconsistencies exist, as several programme documents predate the current Strategic Plan.

### 4.2.1 MRC programmes

99. The SP states that MRC's programmes are structured in such a way that both their complementarities and their importance as a whole are emphasised. The integrated programme structure of the MRC at the start of the SP is shown in Figure 4: FMMP; DMP; AIFP; NP; HP; FP; and TP. This set of programmes is cross-cut by EP, IKMP, ICBP and WUP. Within this structure, the basin planning function through the BDP is to take on a pivotal role using acquired knowledge from the MRC Programmes to build an overall perspective of what the development needs are and where the "pertinent knowledge gaps," are, and this would eventually set the agenda for the MRC Programmes.



**Figure 4: MRC Programme structure at the start of the SP**

100. Through the time since the SP started, while this overall framework and concept has remained, the programmes have changed – See Figure 5. BDP started a second phase in 2007, Phase 2 of EP was revised in 2006, WUP was finalised slowly over 2006 and 2007, and formulation for a new programme, M-IWRM, started in 2008. A new Funding Arrangement was completed in June 2008 to support the Climate Change and Adaptation Initiative for the period 2008-2012 under the EP. The HP finally started in 2007 after being

un-funded for a number of years. Phase 2 of ICBP and FP were revised in 2006. Both the drought management programme and the tourism programme have not been funded and no activities have been undertaken, although a start up programme proposal for the Drought Management Programme has been developed.

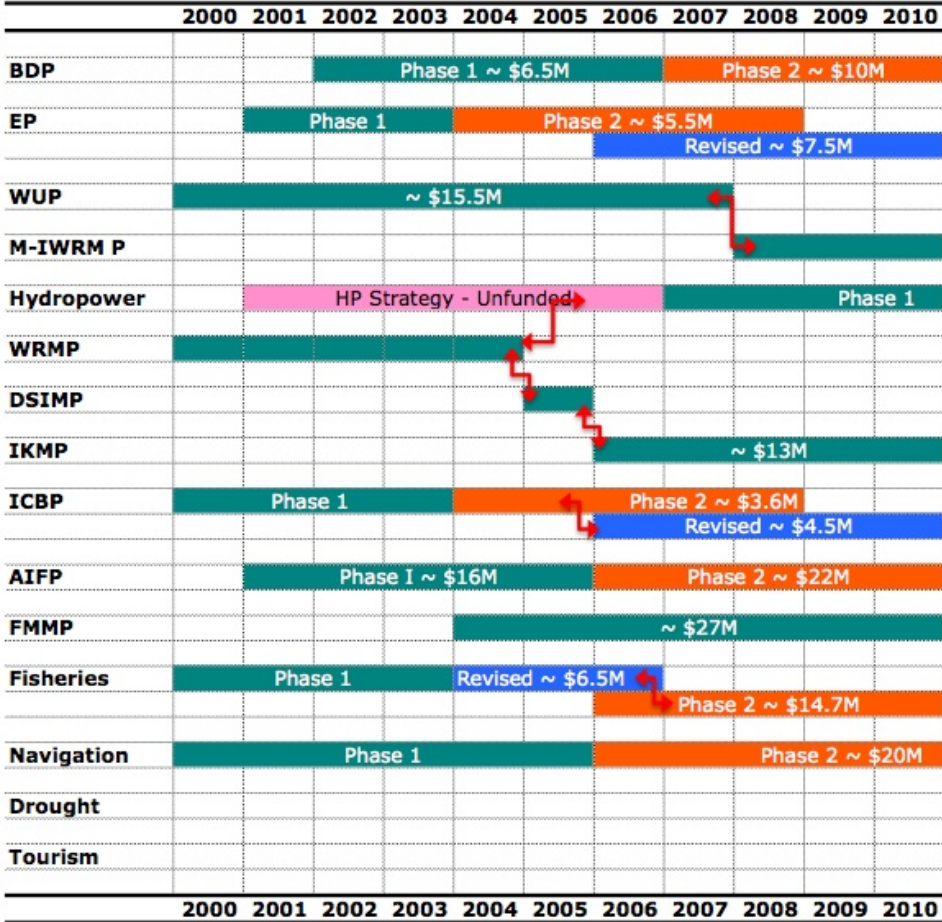


Figure 5: Development of MRC Programmes over time

101. Figure 5 shows that most current programme agreements end in 2010, the same time as the conclusion of the SP.

102. Appendix A provides a detailed summary of the activities of each programme over the term of the SP so far, highlighting some significant achievements. However, in order to more critically evaluate alignment and assist in directing priorities and directions for the future, a more critical evaluation of programme assessment is required as at mid 2008. The following provides a description of each programme in terms of its deliverable outputs and indicators of success for the delivery of the programme, and comments on each programme from the Contributing Papers.

**Basin Development Plan**

103. The BDP Programme stems from the core of the 1995 Mekong Agreement and supports the MRC vision in line with the MRC mission. The Programme is clearly aligned with the SP and makes an important contribution to the achievement of all four strategic goals. Its key deliverables are: (i) the preparation of a rolling IWRM-based BDP which supports sustainable development in the Mekong Basin; (ii) the further development of assessment tools; and (iii) enhanced IWRM planning capacity at the Regional and National levels. Indicators of success will be the extent to which: (i) the BDP is implemented by the Member Countries and their development partners; (ii) all significant water and related resources developments are brought into the planning process; (iii) the plan achieves

benefits for all countries and the projects comply with sound environmental and socioeconomic principles; (iv) MRC is visibly engaged in transboundary assessment, the triple bottom line is maintained and transboundary conflicts prevented.

#### *Comments from Contributing Papers*

104. The Contributing Papers recognise that poverty alleviation remains the main goal of water of water resources development in the MRC context, and that the BDP will build a basin-wide perspective of sustainable development options: developing a common understanding of development needs; crafting a planning framework and setting of procedures within which cumulative and trans-boundary aspects of individual projects can be assessed. The IWRM strategy would usefully guide the implementation of the IWRM principles and practices at the basin, national and sub-basin levels. Such strategy will be enhanced with the strategic directions for the long-term development of water and related resources in the LMB once the assessed development scenarios are available in 2009.

105. The Papers also comment on the delays in the build-up of the basin planning function under the first phase of the BDP. The result is that the two main processes of the MRC, WUP and BDP, have not yet been fully synchronised as envisaged under the Agreement. During the first half of 2007, the BDP Programme operated at a reduced level of activity, due to the need to recruit an entirely new regional BDP team at the MRCS. However a donor review has found that the Programme is now on track.

106. The Papers recognise the emerging challenge to BDP2, as well as to the MRC in general, brought about by the series of feasibility studies recently being carried out for many hydropower projects on the mainstream of Mekong River. Though these projects resulted from previous studies of the Mekong Committee or Interim Mekong Committee, the MRC has not yet been officially informed or notified. As a result, the JC has agreed to strengthen the exchange of initial information relating to these projects followed up by “notification”, as required under the Agreement<sup>5</sup>, when more information and details are available.

107. One Paper comments that if a country were to carry out implementation of this kind of basin-wide or transboundary projects, these mainstream projects are subject to prior consultation of the JC, as stipulated by Procedures for Notification, Prior Consultation and Agreement. Furthermore, simulation of flows changes (positive or negative) caused by the project (or cascade of projects) should clearly indicate that the project would (or would not) conflict with the “threshold” regulated by the Procedure for Maintenance of Flows on the Mainstream. The Paper adds that observation of the signed procedures by the Member States through the MRC mechanism, is critical for the role of “environmental protector” of the MRC. This is a major challenge for the MRC and particularly BDP2, which must take due account of this fact so that outputs are realistic and applicable. BDP2 must quickly move past the more theoretical exercise of phase I.

#### **Environment Programme (EP)**

108. As stipulated in Articles 3, 7 and 8 of the 1995 Mekong Agreement, the Member States have committed to cooperate in protecting the environment, natural resources, aquatic life and the ecological balance in the Mekong basin. The EP is a central element of the SP and its key deliverables are: (i) the provision of cost effective and high quality data on water quality, ecological health and the socio-economic conditions of rural basin households; (ii) the generation of information on community values of the basin’s aquatic and related resources and on livelihood status; (iii) the provision of processes, approaches and tools for better policy development, planning and management; (iv) the provision of measures to improve management of water flows and maintaining the ecological balance of the Mekong River basin; (v) the development of tools and an adaptation strategy and plan for climate

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<sup>5</sup> The Procedures for *Procedures for Notification, Prior Consultation and Agreement* are set out in Appendix D.

change. Indicators of success are the extent to which: (i) high quality environmental and social data is available; (ii) Member Countries participate in environmental monitoring and use of data; (iii) the tools for environmental planning and management are implemented by the Member Countries and their development partners; (iv) the tools for environmental planning and management are used within the MRC; (v) a better understanding of the environmental and ecological aspects of the Basin is evident in Member Countries, line agencies and the community; (vi) people of the Lower Mekong Basin are aware of climate change and its impact on the livelihoods of riparian countries.

#### *Comments from Contributing Papers*

109. The Contributing Papers generally recognise that the EP is a rolling five-year programme under which many outputs have been achieved so far, especially in data observation and collection on water quality and ecological conditions, in activities of monitoring and assessment of environment and social impacts in the basin, as well as capacity building through various training activities.

110. The programme has made some progresses in developing the framework for environmental monitoring and impact assessment. However, some Papers comment that gaps have been identified as follows:

1. Many good products from MRCS work have not had much interaction with national practices or guidelines;
2. Most of the works implemented by MRCS such as Hydropower development criteria, Strategic Environmental Assessment Framework, etc was left in the MRCS after programme/project completion - there is no initiative to further develop from basin wide level to the national level<sup>6</sup>.
3. As well, some outputs have not yet been achieved as planned. Among them are the completion of a framework for guidelines of transboundary EIA and of the Technical Guidelines for implementation of Procedure on Water Quality; and the issue of an Environment Status Report. The development of the process for Integrated Basin Flows Management is also taking too long, although it is recognised that there are reasons for this - lack of funds, limited capacity of parties concerned and of the MRC Secretariat, etc.

111. The Papers are generally positive on the performance of this programme. However, one Paper comments that the monitoring activities could also be expanded to include more parameters e.g. sediment movement<sup>7</sup>. Another Paper concludes that: the overall result is that MRC environmental monitoring and impact assessment capabilities remain weak, both at the Secretariat and in Member States; there is no evidence today of a functioning basin-wide water quality monitoring system; and there is limited evidence that MRC is supporting its Member States in planning and implementing development projects with a view to minimise negative environmental impact.

#### **Water Utilization Programme (WUP)**

112. This has been one of key and most important programmes of the MRC. The programme was formulated based on articles 26, 5 and 6 of the 1995 Mekong Agreement. At the start of the SP, WUP was a key programme for the MRC and is clearly aligned to the SP. Its key deliverables were: (i) the provision of a functional package of basin simulation modelling and analytical tools - the Decision Support Framework; (ii) the provision of environmental, economic and social trans-boundary analysis tools and assessments to support development of the "technical rules" including an Integrated Basin Flow Management

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<sup>6</sup> The MRCS has advised that there appears to be some confusion as some of these products have not yet been developed. Hydropower development criteria (ECSHD) will be pilot tested this year, and SEA also over the next 12 months

<sup>7</sup> As indicates in paragraph 54 a sediment monitoring program is under development.

113. The Contributing Papers generally recognise that the DSF has been enhanced as suggested and widely used extensively within the MRC, MRCS (notably the BDP, IBFM, FMMP) and at national level. The application of DSF to eight actual case studies (each NMC identified two cases) was carried out in close cooperation with each NMC's team.

114. WUP is recognised in the Papers as a programme that produced tangible outputs and moulded the Mekong cooperation for nearly a decade. One of the key outputs of the programme is the set of five procedures that are the critical legal documents to implement the relevant provisions of the Agreement. Under the current SP (objectives 2.2, 2.3 under goal 2) due priority is given to these procedures and guidelines, as well as identification of potential transboundary issues for negotiation, mediation and conflict prevention.

115. One Paper comments that, due to differences in national interests and capacity, it has taken more time for NMCs to get agreement on the technical guidelines and contents relating to so-called transboundary issues. The Procedures and Guidelines developed and approved by MRC Member States under WUP are not being fully implemented within the Member States. Additionally, some Procedures and Guidelines remain unfinished. Given that WUP is now completed, the remaining activities - such as signing of Procedures on Water Quality, approval of Technical Guidelines for implementation of Procedure on Maintenance of Flows on the Mainstream, and of Procedures on Water Quality - have to be efficiently and effectively transferred to other relevant programmes (BDP2, EP and IKMP) and also ensure that closer coordination and linkage are established.

116. An Independent WUP Evaluation was carried out in May 2007, which concluded that WUP *"...has been successful in meeting the legal requirements, commitments and expectations set out in key documents with one exception."* – the final adoption of the PWQ. The Evaluation Team also concluded *"...that without a follow-up project, the achievements, outputs and long-term value of the WUP...will not be sustainable and have limited impact."*

#### **Information and Knowledge Management Programme (IKMP):**

117. This was a new and cross-cutting programme at the start of the SP which inherited a huge source of surveyed data collected by its predecessors. It is a key programme under the SP and its deliverables are: (i) cost effective and high quality hydro-meteorological data; (ii) the provision of standards and guidelines for all data collection and management activities, and technical coordination; (iii) the provision of GIS and core database services; (iv) modelling services focusing on national and trans-boundary feasibility, planning and scenario studies; (v) measures to exchange, network and share data, information and knowledge. Indicators of success are the extent to which: (i) high quality hydro-meteorological data is available and used; (ii) Member Countries participate in hydro-meteorological monitoring and use of data; (iii) core MRC spatial and other databases are integrated and spatially linked, maintained and accessible; (iv) the GIS integrates MRC data and information and makes it accessible and provides value added products; (v) data, information and knowledge are exchanged and shared with a wide network of decision makers and other stakeholders.

#### *Comments from Contributing Papers*

118. The Contributing Papers recognise the MRC as the knowledge-based organisation. It has approved Procedure for Data and Information exchange and sharing, and set up the MRC Information System.



119. One Paper comments that during 2006, 2007 and first half of 2008, activities were mainly related to recruitment and institution arrangements, such as setting up the team at the MRC Secretariat and NMCs. The main tasks on data management including update and expansion of data sets, maintenance of tools, etc have lagged. In particular, implementation progress for components 2 (hydro-meteorological data) and 4 (modelling) has been slower than required. The Paper adds that IKMP has a unique 'enabling role' to service both the cross-cutting and thematic Programs of the MRC, particularly for hydrological and other data to produce their outputs. If IKMP is not servicing these needs, this has a cascading effect on the outputs and ultimately on the effectiveness of other MRC Programs.

### **Integrated capacity Building Programme (ICBP)**

120. ICBP has been a long term Programme of the MRC but training activities have generally been confined to MRC's Operating Expenses Budget (OEB). However, recent funding from AusAID has provided an opportunity for additional training and the Programme is currently under formulation. Its key deliverables are: (i) integration and coordination of all MRC training activities for staff members of the MRC Secretariat, the NMCs and line agencies; (ii) provision of IWRM training and hands-on experience to young riparian professionals; (iii) the institutionalisation and effective implementation of MRC's Gender Policy and Strategy. Indicators of success will be the extent to which: (i) a critical mass of staff members of the MRC Secretariat, the NMCs and the line agencies understand the concepts and practices of IWRM, particularly in planning and management; (ii) the training programme integrates the various MRC training activities, with the focus on cross-cutting knowledge areas; (iii) IWRM skills among young Riparian Professionals are improved; (iv) all the MRC development programmes benefit men and women equally, according to their different needs, and with the input and equal participation of men and women at all levels; (v) training actively supports the riparianisation process.

#### *Comments from Contributing Papers*

121. One Contributing Paper comments that in 2007 and early 2008, due to limitation of funds, some activities had to be reduced, meaning that expectations were not met. With funds now secured, acceleration of the planned activities is expected. However, a funding gap still exists and activities will remain somewhat limited and specific to the funding source. In addition, integration of various components, existing and new is required. As limited capacity is given as a major reason for the limited adoption of MRC initiatives in the Countries, MRCS should actively approach potential donors for fund raising.

### **Flood Mitigation and Management Programme (FMMP)**

122. FMMP is a long-standing MRC programme and a key part of the SP, dealing with one of the basic recurring issues that significantly affects the basin community. Its key deliverables are: (i) the provision of high quality data on Basin flooding (ii) accurate and timely regional flood forecasts, basin-wide flood risk assessment and trans-boundary impact analysis based on flood-related tools, data, and knowledge; (iii) guidelines for structural measures and flood proofing, aimed at reducing the vulnerability of communities to floods; (iv) enhanced cooperation and capacities of the MRC in addressing and resolving trans-boundary flood issues; (v) enhanced competence of communities, emergency managers and civil authorities in flood preparedness and flood mitigation; (vi) improved land use planning integrated into floodplain management and mitigation in the LMB. Indicators of success are the extent to which: (i) high quality flooding data is available and used; (ii) Basin Countries participate in flood monitoring and use of data; (iii) accurate regional flood forecasts are provided and effectively disseminated with a suitable lead time; (iv) guidelines for structural measures and flood proofing are accepted and used within Member Countries; (v) trans-boundary flood issues arise; (vi) flood preparedness and flood mitigation in Member Countries is effective; (vii) land use planning by Member Countries is effectively integrated with floodplain management and mitigation.

123. The August 2008 flood was its first real test of the Programme in providing a forecasting service. This was generally successful and some lessons were learnt that have been translated into an action plan.

*Comments from Contributing Papers*

124. The Contributing Papers recognise that FMMP has many activities and achieves many outputs. The regional flood centre in Phnom Penh has been established and other components have also been implemented smoothly. FMMP is generally seen as a strong programme that could both help Member States to cope with natural flooding disasters and enhance cooperation for the joint implementation of multi-purpose projects that could significantly reduce flood impacts.

125. Through provision of forecasting and warning information<sup>8</sup>, FMMP contributes significantly to a better life for the poor who live in flood-prone areas. This is where the Programme is expected to concentrate - to produce more products/outputs for practical forecasting and support warning mechanisms and procedures in riparian countries, and for application of appropriate tools that could effectively help to avoid hazards caused by floods.

**Agriculture, Irrigation and Forestry Programme (AIFP)**

126. This programme contributes to Goal 1 of the SP and consists of two main components i.e. watershed/forestry management (supported by Germany) and agriculture and irrigation (supported by Japan and some other organisations). A revised formulation was established at the start of the SP with sizable funding. Its key deliverables are: (i) the institutionalisation of watershed management planning in Member Countries; (ii) the development of irrigation and agriculture in a sustainable manner, particularly regarding multi-functionality and water use efficiency; (iii) support to the Mekong River Basin component of the CGIAR Challenge Program on Water and Food (which aims to develop innovative ways of producing more food with less water). Indicators for success are the extent to which: (i) effective watershed management planning is mainstreamed and practiced in Member Countries; (ii) multi-functionality of paddy fields and their non-production functions are incorporated into agricultural practice of Member Countries; (iii) practical guidance to improve irrigation efficiency is adopted by Member Countries; (iv) the outputs from the Mekong projects under the Challenge Program on Water and Food are adopted by the Member Countries.

*Comments from Contributing Papers*

127. The general comment from the Contributing Papers is that watershed management component has produced many beneficial outputs. However, the role of the MRC in this component needs to be improved, especially the increased ownership in execution and implementation.

128. One Paper comments that in line with discussion of the JC at the Preparatory Meeting for its 28<sup>th</sup> Meeting (Vientiane, 26 August 2008), further elaboration on the possible separation of the watershed/forestry component to other programme and maintenance of only AIP is needed. If separated, more emphasis to undertake several AIP activities (objective 1.4.1 of the Strategic Plan) is needed, especially in those areas geographically shared by two countries such as the Mekong delta.

129. Another comment is that the general feeling is that AIFP consists of projects and does not have a programme approach, and does not really add value to what is already being done in the basin. However, it does cover very important basin issues. The comments express concern that the programme was not featured in the suggested overall programme priorities of the Draft Report, or within programme focus analysis, and that recommendations

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<sup>8</sup> The mandate of the MRC is to provide flood forecasts for the main river. Responsibility for flood warnings is with the Member Countries

for its future seem to be too limited in scope. AIPF should have a more strategic approach more in the "line of sight" of the MRC core goals and this could start being reflected under the current SP.<sup>9</sup>

### **Navigation Programme (NAP)**

130. In line with Article 9 of the 1995 Mekong Agreement, this long term sectoral programme aims to achieve more active and efficient river transportation. A revised formulation was established at the start of the SP with sizable funding. Its key deliverables are: (i) strategic regional planning tools to identify comparative advantages for the navigation sector and direct investments; (ii) improvements in the legal framework and implementation of Article 9 of the 1995 Agreement; (iii) a regional River Information System providing data on waterborne transport on the Mekong River; (iv) promotion of regional, safe and environment-friendly transport. Indicators for success are the extent to which: (i) waterway navigation increases in economic value; (ii) a Basin wide legal foundation and navigation regime for international Mekong navigation is established and implemented; (iii) non-physical and physical barriers to navigation are reduced; and (iv) navigation-related accidents and environmental issues are reduced.

#### *Comments from Contributing Papers*

131. The Contributing Papers recognise that more active and efficient river transportation has been achieved through increased freedom of navigation to increase social development, international trade and tourism opportunities. During the course of its implementation, significant products have been achieved benefiting member countries, such as the setting up of legal frameworks for cross-border navigation, traffic safety and environment sustainability. Also under this programme, specific cooperation with China and Myanmar has been agreed.

132. Though current natural conditions do not allow continuous navigation from the mouth to far upstream, navigation has strengthened regional cooperation within the lower part of the Mekong basin, and this could be extended to the upstream part as well. However, of high importance in the current context, one Paper comments that the Programme needs to strengthen the linkage with dam construction on the mainstream, especially in terms of the impacts of possible dams and the application of Article 9 of the Agreement, and requirement for water release.<sup>10</sup>

### **Hydropower Programme (HP)**

133. This is a new programme finally underway after the HP Development Strategy was agreed in 2001, but implementation failed to secure funding. The deliverables are currently being formulated. Due to funding constraints, the HP only formally started in 2008, therefore a number of the strategic directions and activities identified under the Strategy are actively being implemented, including:

1. Assessment of cumulative impacts of basin-wide water resources development options, including hydropower development on the mainstream and tributaries - under BDP;
2. Providing assessment tools for environmental and social aspects, with particular focus on trans-boundary impacts; and synthesising regionally appropriate environmental considerations for sustainable hydropower development - under EP; and

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<sup>9</sup> The MRSC has advised that MRC has embarked on preparing a strategy for its role in the agriculture sector, addressing the issue of what added value MRCs could contribute.

<sup>10</sup> The MRCS has advised that an assignment to prepare guidance on standard lock designs has been ongoing for some months and is now almost complete. Recommendations will be presented to the JC consideration in March 2009.

3. Broadening the understanding of the possible impacts of dams on fish migration, spawning and fisheries production – under FP.

*Comments from Contributing Papers*

134. The Contributing Papers recognise that hydropower development is the most critical issue facing the MRC and its member countries. Most Papers, including the IDPs, agree that the rapid development of the hydropower potential of the Mekong River Basin is the most important issue currently facing the MRC. One Paper adds that unless the MRC can demonstrate tangible influence on this issue, serious questions will continue to be asked about its relevance, impact and effectiveness. Hydropower activities should be undertaken with the highest priority particularly for critical activities relating to mainstream development of some countries.

135. One Paper emphasises that the Secretariat should urgently proceed with the fast-track activities that could keep the MRC abreast with the fast pace of hydropower development in the region. The role of the MRC as independent facilitator of dialogue at different levels on the key issues in the hydropower sector should be appreciated by riparian countries. Another Paper comments that measures to deal with the challenges of hydropower should be developed, endorsed and begin implementation rapidly, but not necessarily in the form of a separate program.

136. IDPs welcome the stakeholder consultations undertaken regarding hydropower developments and acknowledge the work being undertaken to 'fast-track' some actions within MRC Programs that have hydropower relevance. Their Paper emphasises the need to maintain and build this momentum to make MRC truly relevant to the hydropower challenges facing the basin, including through the BDP2 Program. However, IDPs are concerned that the development of a separate Hydropower Program might create duplications and competition with other Programs including BDP2, FP, NP and IKMP. These risks need to be acknowledged and managed. The mid term review of the SP should reconsider the need for a separate hydropower program when reviewing the program structure of the MRC. IDPs do not doubt the need for new resources and skills in MRCS to service the analysis of hydropower; but do question the need for a separate program.

**Fisheries Programme (FP)**

137. This sectoral is a long term programme of the MRC, dealing with the world's largest freshwater fishery. A revised formulation, Phase 2, was established at the start of the SP. Its deliverables are: (i) enhanced cooperation in information generation, capacity building, and development of the inland fisheries resources of the LMB; (ii) increased capacity (knowledge, skills and tools) of fisheries managers and relevant stakeholders to sustainably manage fisheries; (iii) improved institutional arrangements and technical measures for inland fisheries management; (iv) the development of indigenous Mekong fish species culture systems for aquaculture, stocking and mitigation. Indicators of success are the extent to which (i) fisheries yield, and its economic value, increases on a sustainable basis; (ii) sustainable fishery practices are being implemented in Member Countries; (iii) fisheries and its values are factored into regional and national development strategies and plans; (iv) aquaculture of indigenous Mekong fish species increases in extent and value.

*Comments from Contributing Papers*

138. As a rolling programme, FP has produced a vast array of technical and practical information of benefit to the member countries and this is recognised in the Contributing Papers. Expected outputs under the programme are also achieved as planned. The work of the FP contributes greatly to the goals and objectives of the SP and appears to be rather central to what MRC is attempting to do. One Paper comments that the impact of the fishery programme actually extends far beyond the internal workings of the MRC and its SP. The fishery programme work has impacted attitudes throughout the basin and beyond with respect to the way fisheries are valued and quantified, as well as generating for the first time some solid reliable information as to the extent and impact of the role of inland fisheries and

fish in the Basin and Southeast Asia generally. Inland fisheries are certainly viewed with increased respect and understanding as a result of the programme

139. However, the impacts of the future construction of several hydropower dams on the mainstream are highlighted in one Paper. Fisheries production in the basin, especially migration and spawning of many species of fish will certainly be negatively impacted. The programme is preparing an analysis report on this including knowledge and understanding of aquatic ecosystem with reference of international practices for suggesting mitigation measures. Another Paper comments that the member Countries are seeking greater support for an increase in capacity of local and national fisheries bodies, technologies for aquaculture of indigenous species and support to line agencies in identification and preparation of priority BDP sustainable fisheries development projects - see paragraph 35.

### **Other programmes**

140. In addition to these programmes, there are two other programmes i.e. Drought Management Programme (DMP) and Tourism Programme (TP) that are not funded yet. While the TP remains only a programme idea, a DMP preliminary document has been prepared. Member countries give it increasing importance.

#### *Other Comments from Contributing Papers*

141. Program development and implementation is almost universally slower than expected. This is particularly true for BDP2, especially during the inception phase, and ICBP. While work is on-going in all these and other initiatives, at times producing strong outputs, chronic and acute delays mean that most MRC Programs cannot contribute to the achievement of the higher SP goals and objectives in a meaningful timeframe.

142. Unclear programme outcomes. Some Programs are producing very strong and possibly world-class outputs; but how this work contributes to achieving the goal and objectives of the SP is unclear. Some MRC Programs are producing excellent outputs. However, there is no 'line-of-sight' between these high-quality outputs at the activity/Program level and the achievement of the SP Goals and Objectives. This creates an impression that there are areas of operational excellence within the MRC, but limited ability to draw these up to produce higher level impacts, particularly at the national or basin-wide scales.

### **Conclusion**

143. This analysis has shown that the deliverable outputs from the MRC Programmes generally align strongly with the Goals and objectives of the SP. Appendix A also suggests some good performances against the deliverables. Perhaps the main issue relates to AIFP, which appears to be somewhat in isolation of the main game on the MRC, and heavily project based. Despite this concern, AIFP is dealing with some key issues that have major impacts on water and related resource management. The challenge for the MRC is how to reshape the programme to be more in line with its core activities.

144. However, the key conclusion again is the critical comments from the Contributing Papers, despite the apparent achievements against the main deliverables. Comments on the EP are particularly diverse – see the contrasting comments at paragraph 61 and 111. The conclusion of paragraph 82 are also valid here.

#### **4.2.2 Programme institutional management**

145. Consistent with the SP, the progressive MRC evolution is seeing a more harmonised programme cycle management, with the term "programme" being increasingly used in an internationally accepted project cycle management sense. Under this approach, a programme is defined as a set of components or projects put together under the umbrella framework of common overall objectives and goals. On the other hand, a project is defined as a series of activities aimed at bringing about clearly specified objectives within a defined time-period and with a defined budget.

146. The aim is that each programme will have an open time horizon that is periodically reviewed in five-year strategic terms. Each programme will be comprised of a suite of strategically designed and executed components working towards a common programme goal, objectives and outputs, rather than a conglomeration of loosely aligned projects. Moving to such an approach of programme management is necessitating changes to the way in which work is conducted by the MRC, MRCS and staff. The main changes required are:

1. **Strengthening Programme Governance and Ownership:** The MRCS has stressed the importance of Programme Steering Committees as the appropriate means to oversee management of large programmes. The approach improves the rigour of planning, decision-making, implementation, monitoring and on-going and adaptive management. Steering Committees will have membership from each of the member Countries in order to develop ownership and encourage implementation in jurisdictions. The level of activity of Programme Steering committees will vary according to the level of activity and investment taking place in the respective programme.

Table 1 shows the coordination arrangements for each active programme as indicated in the document *MRC Work Programme 2009*. These range from being very structured to very loose, from a high level of involvement of country line agencies to much more centralised coordination, from a strong role for the NMCs to a far lesser role. Although different programmes will require different arrangements, there is little consistency between programmes and little evidence of the use of Programme Steering Committees. Links to line agencies are generally weak.

**Table 1: Programme implementation arrangements**

<b>Programme</b>	<b>Implementation arrangements</b>
BDP	National BDP units have been established in each member country under the NMCs as a functional part of the BDP Phase 2 team. Strong links are maintained with regional and national initiatives. There is provision for coordination with the upstream riparian countries
EP	Each NMC has a national Environment Programme Coordinator who is the focal point. An Environment Programme Management Group comprising the national environmental coordinators and representatives of line agencies meets regularly. National and regional research institutes as well as NGOs are involved.
IKMP	IKMP collaborates with all MRC programmes, and the four Member Countries (e.g. through the Technical Assistance and Coordination Team, TACT) to further develop and implement the MRC-Information System (MRC-IS).
ICBP	Not specified in source documents
WUP (now completed)	A WUP Management Team (WMT) was created to lead and coordinate the WUP in MRCS. Each NMC established a permanent national WUP unit, responsible for coordination of national participation and WUP implementation.
M-IWRM Project	MRCS is the focal point of the project and will facilitate interactions between the World Bank and NMCs, and assist the LMB countries. The MRCS will prepare and implement the regional component. National agencies, with coordination of NMCs, will prepare and implement the national and transboundary components.
FMMP	The management structure includes a central Programme Management Unit (PMU), a FMMP Unit in each NMC to coordinate activities, a Programme Coordination Committee (at the levels of NMCs and MRC Secretariat) and a Steering Committee (at regional level)
AIFP	Strong links are maintained with both national counterparts and international partners such as the FAO (regarding the efficient of rice irrigation) and the CGIAR- CPWF
NAP	The Navigation Advisory Body (NAB) is set up as the high-level body responsible to facilitate more detailed input of the member Countries and to free the JC from dealing with technical issues. Implementation of the activities is done by the related line agencies in the countries

FP	Activities and staff are maintained in each of the riparian countries, building a strong network with line agencies and institutes. This includes a national programme director and the support required for programme activities in the country. Virtually all field-based activities are conducted through fisheries line agencies
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There is still much room for improvement as to programme coordination arrangements. The degree of coordination within the MRCS itself, among the various programmes, or between MRCS and the NMCs and other parties, including line agencies, is still relatively weak. In some cases coordination is perceived as more of an impediment, resulting in slowed progress and lack of expected achievements in many programmatic areas.

2. **Strengthened Programme Management Skills:** Programmes are now managed by Programme Coordinators assisted by Chief Technical Advisors (CTAs). At the next level, component and projects are managed by component and project managers respectively.
3. A separation in job functions between Programme Coordinators and the staff executing the technical aspects of projects is enabling the use of a wider range of service providers than just MRCS staff, and greater use of expertise from Member States, international and regional consulting companies, universities and international experts with the best skills.

### **Comments from Contributing Papers**

147. Regarding institutional and personnel aspects, the MRC has accepted some 38 recommendations of the Report of Independent Organisational, Financial and Institutional Review of the MRC Secretariat and NMCs (January 2007). Arrangements for implementation are underway. The recommendations of the review are set out in Appendix C – note that all of the recommendations have been agreed by the JC, except for those that are boxed in the Appendix. The recommendations that are shaded are to be further developed by various programme activities. MRC member countries and IDPs are committed to supporting the implementation of these key recommendations, both through concrete actions and financial support. To facilitate the implementation of these recommendations, JC has set up a Task Force that closely coordinates the work with the Joint Contact Group including “riparianisation” and the Sub-Committee for Permanent Location. These two issues are very important in the timeframe of the current Strategic Plan.

148. The riparianisation process is a central element of changes in organisational arrangements in the MRCS. The MRC has set a fast pace for riparianisation of MRCS positions. The JC approved roadmap would see the Chief of FAS replaced, with a possible one-year extension, by riparian staff in 2008, Chief of ICCS in 2009 and the CEO in 2011. However, riparianisation of MRCS is dependent on the member countries being willing and able to provide highly qualified staff, and to increase their financial contributions to MRC in order to create a sustainable organisation. Part of the riparianisation process will include the creation of a unified salary structure.

149. A further issue is that the technical and administrative arms of the MRCS, must be “neutral” or “impartial” (and must be perceived as such). One Paper comments that, positions of “top management” of the MRCS are crucial to help the JC in undertaking this role. JC needs to elaborate more detailed plans for conducting this task rather than only a general roadmap. Furthermore, JC also needs to strengthen its role in supervising and monitoring the process. If so required, on-going evaluation of the effectiveness of the riparianisation process should be conducted. As the highest policy body of the MRC, the Council should also pay due attention to institutional issues for steering and facilitating the work of the JC and the MRC Secretariat. The MRC should comprehensively consider all important personnel and institutional issues at the same time.

150. Papers comment that recruitment is another aspect which needs to proceed quicker. The advertising, short listing, selected, and the announcement for some positions takes longer than the time provided by the administration rule and regulation. Funding delay is also seen as the most important point that inhibits progress for most programmes, showing that most programmes of the MRC are donor driven. This is discussed further in the next section.

## **Conclusions**

151. The governance arrangements of the programmes are quite inconsistent in their approach, particularly with respect to the linkages with the NMCs and the line agencies. The MRC should review these arrangements across programmes and identify the aspects of each that are particularly successful and use these to strengthen the arrangements for others. More consistency should emerge, rather than a common model, and it will be important not to lose the effectiveness of some current programmes.

### **4.3 Alignment with other Regional Initiatives**

152. This section provides an assessment of how well the prioritisation of programme activities is aligned with other regional initiatives such as the GMS and ASEAN initiatives. A guiding principle of the SP is that the MRC's role should complement the comparative advantages of others and avoid duplication of efforts, whilst recognising that the mandate of MRC is well established in the 1995 Mekong Agreement.

#### **4.3.1 IDP funding and priorities**

153. The International Development Partners (IDPs) active in the region generally focus on poverty alleviation via improved economic growth – a goal in common with that of the MRC. Different IDPs may focus on many sectors of economic growth, while others may focus on one or two specific sectors, such as transportation. The IDPs generally base activities on the concept of sustainable development and thus include environmental impacts as part of their approach. Most have safeguard policies regarding environmental and social protection and satisfying these is a prerequisite to the provision of funding.

154. The functions of the IDPs vary in scope but tend to cover areas of investment promotion, the financing of development, assisting in coordinating development plans and policies, pursuing cooperative action with development partners, and providing technical assistance for preparation and implementation of projects and programmes. The general approach of the IDPs is to selectively finance appropriate development projects under a range of modalities (eg development funds, grants, loans, and trust funds).

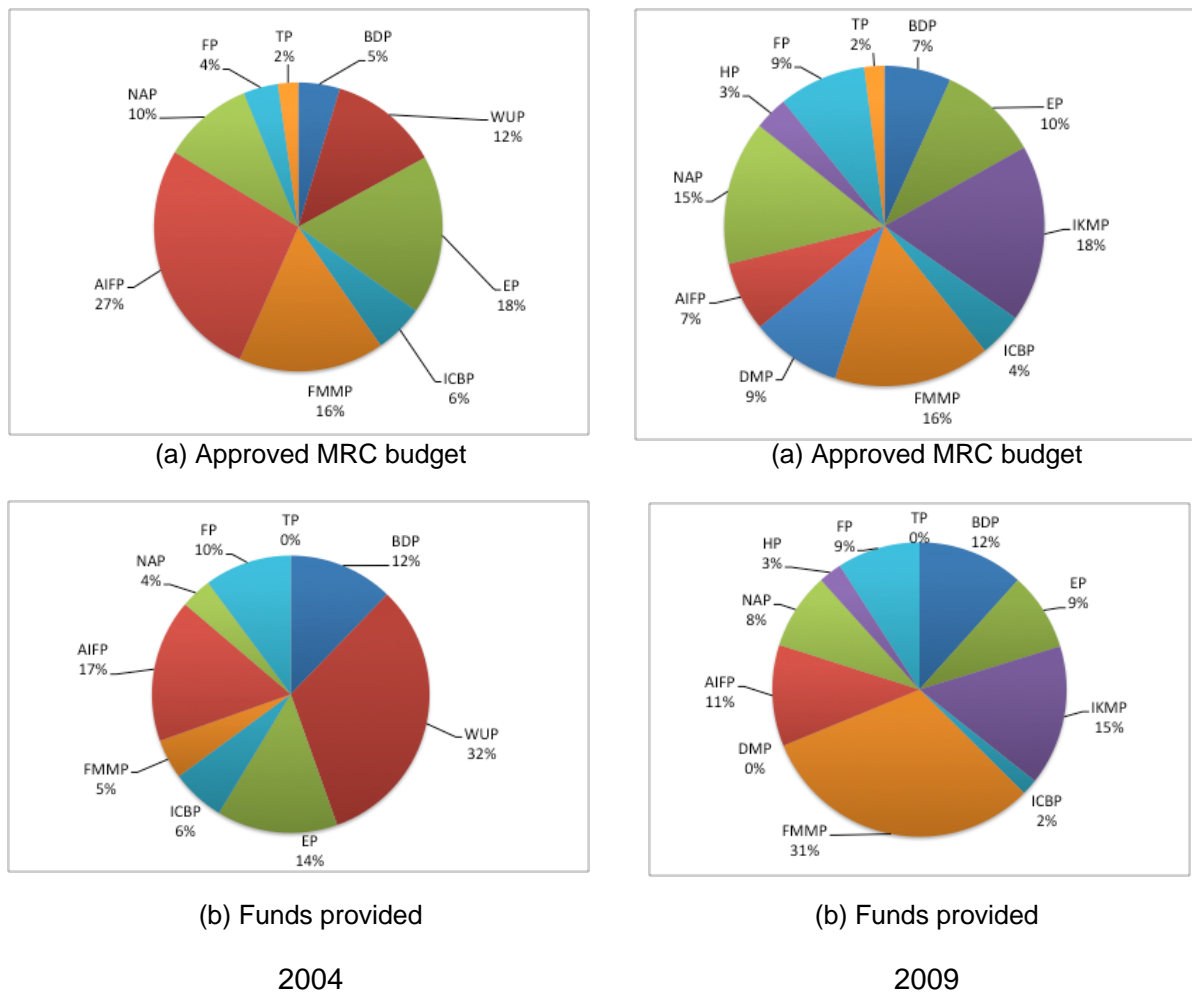
155. The Financial and Institutional Review concluded that the current funding modality presents a major obstacle to organisational and programme sustainability. The fundamental functions need to be maintained in the long term if the organisation is to be sustainable, and is to administer the 1995 Agreement. Most of the IDPs work on a bilateral basis and do not have a regional cooperation and coordination mechanism. In 2007, the MRC had signed 15 agreements with various development partners that amount to over US\$20M with approximately US\$12M commitments/pledges from others for 2008 and longer.

156. All IDPs subscribe to the Paris Declaration as a long term commitment. All parties agree that the long-term objective should be to provide funding on a budget support basis as this encourages ownership and facilitates flexibility in the use of funds. In the short- to medium-term, however, IDPs have generally provided funds to MRCS by way of project funding, which means that funding is being provided for separate activities rather than for distinct programmes.

157. The funding from the IDPs dictates MRC priorities. For example the Hydropower Development Strategy was adopted in 2001 yet funding for hydropower activity was not secured until 2007 resulting in the MRC playing a far less effective role over this crucial timeframe. Figure 6 shows how funding availability influences priorities. It shows, for the years 2004 and 2009, the proportion of the approved budget for each programme agreed by



the countries through the MR Council (their priorities), as well as the available funding provided by the IDPs.



**Figure 6: Budget and funds received for 2004, 2009**

158. From the MRC viewpoint, the organisation becomes unstable as programmes fundamental to its mandate are progressively developed, possibly funded, and if so then later potentially discontinued due to cessation of funding. This operating mode also makes it difficult for the MRCS to prioritise its activities, focusing its resources from time to time as the needs vary. This makes strategic planning difficult, with uncertain budgets meaning that it is almost impossible to include real timeframes or firm milestones in the SP. Current experience is that the MRC might not secure the funding until after completing the SP. At the mid-term point of the SP in 2008, some programmes have not been funded, some programmes are funded but not fully as agreed by MRC. This also results in monitoring and reporting being dominated by the requirements of the IDPs rather than the MRC under the SP. (Note that this last point is being taken up under the result's based M&E framework now under development.)

159. On the other hand, the IDPs have stated that the lack of a solid performance management framework is inhibiting further donor investment in the MRC. As previously stated, the MRC lacks a comprehensive results-based framework with associated performance indicators to show results against goals and targets. In the absence of such a framework and a systematic approach to M&E, IDPs have found it difficult to clearly demonstrate positive results from MRC investments. A modern and effective M&E system that provides important feedback on achievements and impacts to stakeholders is a critical prerequisite for more substantial investment.

160. The IDPs are also concerned that there appears to be no rational prioritisation mechanism for the allocation of financial resources for the implementation of the SP. This is a serious constraint to effective implementation of the SP and hinders many IDPs aspirations to move towards providing budget support for the MRC. The MRC has been seeking to strengthen this through the ICCS's prioritisation process, annual reports and programme process.

161. The MRC has been considering options for a strategy for improving MRC-IDPs cooperation, based on developing and recognising the value-added services that the MRC provides to the basin development process. The options fall into three types:

**1. Options which the MRC can implement unilaterally** – internal changes to better position itself for enhanced cooperation. These options are related most strongly to the BDP. For maximum uptake, the BDP process should be aligned and integrated with the planning processes and project cycles of the IDPs and the Member States. From these existing planning processes and project cycles, the BDP will produce a joint development and investment plan. Ideally, member countries and development banks should use this rolling plan as the blueprint for all major water related investments in the Mekong Basin. Thus, the BDP Rolling Plan would be complementary to existing plans, it would add value through its processes to ensure sustainable development, but project implementation would remain with the line agencies. A key goal will be to formalise the concept of the Mekong Water Programme. This Programme is defined in the SP as a Regional Cooperation Programme in support of sustainable development of the water and related resources of the Mekong Basin. The Mekong Water Programme would provide the main modality for regional cooperation, while the BDP provides the main mechanism through which this cooperation is achieved and implemented. However, details of this concept and its relationship to the institutional arrangements in the countries and to other regional initiatives has not been developed.

**2. Options for improved Interagency Cooperation** – which can improve information flows and smooth operational procedures, but do not necessarily lead to more coordinated planning. This area will require agreement by both the MRC and the IDPs. Inter-agency Cooperation options focus on three specific areas: the establishment of common working principles, agreement on the form and frequency of attendance at meetings for information sharing, and agreement on funding modalities.

**3. Options for improved Technical Cooperation** – These are options which lead to improved integration of the MRC and IDPs through their respective planning processes and project cycles. Implementation of these options requires stronger commitment by MRC and IDPs. The centrepiece for this cooperation will be the BDP supported by the MRC Programmes. By making the BDP compatible with the existing planning processes in its design and promoting its use through high level meetings, the groundwork should be set for increased technical cooperation. BDP2 would become more consistent with and more supportive of existing planning processes and project cycles. The BDP's role in the Mekong Water Programme and links with the Notification Procedures would be clarified and enhanced if necessary. Lines of communication with IDPs would be improved through an updated meeting format including promotion of MRC capabilities and tools at the highest levels. Principles for working together in partnership would be clarified and formally agreed to in the Partnership Agreements. This would lay the groundwork for active cooperation based on MRC-IDP complementarities. The comparative advantages of the involved organisations would have been identified during this process.

162. In terms of MRC priorities, the unilateral options are highest as they will be the easiest options to implement. Second priority is enhanced Interagency Cooperation for two reasons. Firstly, these options are easier to implement, as they require few technical details to be worked out and agreed. Secondly, they can go a long way toward demonstrating

mutual commitment and intent for improved cooperation. Options for improved technical cooperation will be the most difficult to implement and will require MRC and IDPs to agree on different areas of responsibility according to their respective mandates. However, improved technical cooperation is, on the other hand, the highest goal. It is through this that enhanced cooperation between the MRC and IDPs translates into improved management of the water and related resources of the Mekong River Basin.

163. The MRC has adopted and implemented a programmatic organisation structure for several years. The advantage of such a system is that the MRC can organise itself around priority issues identified by the member countries. Programme financial support should then be applied flexibly to priority activities of each Programme as need shift and for optimal use of limited resources. It is recognised that there will be difficulties for the IDPs to move toward full programmatic funding modalities. However, in order for the MRC to move towards “basket funding”, the Financial and Institutional Review suggested the following practical steps:

1. Continue to improve existing reporting formats;
2. Discuss with donors on how harmonisation of donor reporting requirements on existing projects could be achieved;
3. Advise donors against project specific funding;
4. Encourage donors to provide funds on a basket basis for suitable programmes;
5. Ensure that continuous dialogue is maintained with donors so that all their concerns are dealt with to their complete satisfaction.

164. To this list should be added the importance of the rapid development and implementation of a modern M&E system, and the establishment of clearer and more transparent processes for funding prioritisation within MRC decision-making.

165. In turn, IDPs will have to show a willingness to co-operate with each other in facilitating the use of basket funding, consistent with the commitment IDPs made at the Hanoi International Conference to harmonise their support to the MRC. Increased co-ordination among donors would certainly assist MRCS in obtaining basket funding for the relatively more important activities. If the right combination of donors could be found for BDP2, then this could be used as a pilot project to generate credibility for such funding.

166. To assist this the IDPs should also give consideration to preparing, with the MRC, a Mekong version of the Paris Declaration. This was found useful in Viet Nam (the Hanoi Core Statement on Aid Effectiveness, Ownership, Harmonisation, Alignment, Results 2007) in order to focus IDP funding and its modalities.

#### **4.3.2 Regional cooperation**

167. The primary mechanism for interagency cooperation between the MRC and the IDPs has been joint attendance at important meetings. At the MRC Council and Joint Committee Meetings, both the World Bank and ADB are invited to attend as observers, as are representatives from China and Myanmar. There is also the MRC Donor Consultative Group Meetings, both formal and informal, that offer a broad range of stakeholders the chance to actively discuss important issues.

168. In connection with the multiplicity of development initiatives that are currently populating the Mekong region, it becomes inevitable and even imperative for the MRC to quickly identify its niche and comparative advantage since the various schemes are all competing for resources which are often limited. Unless MRC quickly readjusts to this rapidly changing world, it faces the danger of being relegated to the sidelines and becoming increasingly less relevant. There is thus an utmost need for reducing overlaps and duplication between the work of the MRC and other development schemes or entities active in the same thematic areas or with similar geographical footprints. On the other hand, it is

equally essential to build synergies and complementary partnerships and forge strategic alliances to leverage or ride on each other's strengths if MRC is to remain viable in the years to come.

### *Development Banks*

169. At the International Conference on the Mekong River Commission (Hanoi, 2007) the importance of stronger relationships between the MRC and the development banks was recognised. The MRC, member countries and banks obviously promote pro-poor and sustainable development. 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 NMCs 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.

170. 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 Hydropower Project. The World Bank, with Global Environment Facility (GEF) funds, has provided much support to the MRC, particularly through the WUP, soon to enter into a second phase (M-IWRM), but much more support is required for the MRC to achieve excellence and credibility as a knowledge provider.<sup>11</sup>

171. ADB's GMS Strategic Framework 2002-2012 has two goals that share common targets with the MRC Strategic Plan: (i) accelerated and sustained economic growth and (ii) sustainable management of environment and natural resources. In short both plans aim to boost economic development while minimising harmful negative impact to the environment and natural resources. GMS has formulated plans of action for nine sectors which include transport, telecommunication, energy, environment, tourism, trade facilitation, investment, human resource development and agriculture. The most relevant sector between GMS and MRC is the environment sector although others such as transport, energy, agriculture, tourism, and human resources development are also directly relevant.

172. The GMS strategic pillar 4 concerns the environment and shared natural resources to help ensure sustainable development and conservation of natural resources. The GMS Core Environment Program (CEP) and its flagship component, the Biodiversity Conservation Corridors Initiative, focuses on program development and project implementation through: (1) assessment of environmental sustainability for GMS sector strategy and economic corridor development; (2) implementation of biodiversity corridor activities in at least five selected pilot sites and (3) institutionalisation of environmental performance assessment procedures and system.

173. There are some successes in MRC-GMS cooperation to date. For example, Component 2 of FMMP and the new PPTA on Flood and Drought Management involves MRC and NMCs, and will lead to investments that are directly attributable to the cooperation. Also the Se San, Sre Pok and Sekong River Basins Development Study TA is working closely with BDP and now with EP and HP. However, the need for greater links and cooperation in the Mekong basin was noted in the Mid-Term Review of the GMS Strategic Framework and was also raised during the recent GMS Senior Officials meeting. The GMS mid term review found that although the GMS Program's linkage with the MRC has improved in recent years, there remains a concern that some GMS activities appear to duplicate responsibilities that have been mandated to the MRC, particularly those impinging on Mekong basin development. Moreover, since only four GMS countries in the lower Mekong basin are members of the MRC, closer linkages between the MRC and the GMS Program are necessary, so that a basin-wide view of Mekong development, i.e., upstream and

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<sup>11</sup> International Conference on the Mekong River Commission (Hanoi, 2007)

12.

174. 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. MWARP provides an initial framework for enhancing cooperation among the major actors in the Basin, including the MRC, the national agencies, development partners, regional cooperation networks and civil society. The principles of the programme aim to complement on-going activities to achieve greater effectiveness of development efforts, and are based on the concept of poverty alleviation being achieved by developing the Mekong Basin's water resources through large development projects such as hydropower stations and dams. The project does not include China.

175. There are three main projects under the umbrella of MWRPP:

1. Scoping the Options for Joint Water Resources Development and Management between Lao PDR and Thailand in the Mekong Basin, led by the World Bank;
2. Options for Joint Water Resources Development and Management between Cambodia and Viet Nam in the Mekong Delta, led by the World Bank; and,
3. RETA: The Se San, Sre Pok and Sekong River Basins Development Study in Cambodia, Lao PDR, and Viet Nam, led by the ADB.

176. These three projects are the first in what is to be a longer term direction of water resources development in the basin. The first two of these are part of the M-IWRM project now in formulation.

177. 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. In this connection, the International Conference on the Mekong River Commission concluded that the MRC must demonstrate its ability to make timely and practical political decisions at the regional level, and its support to national decision-making; and the development banks should upgrade MRC's involvement in the decision-making processes. 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 between the MRC and the World Bank was signed late in 2008.

#### *ASEAN initiatives*

178. ASEAN has increased in prominence over the years with its wide array of cooperation among its members as well as with a host of some dozen or more official Dialogue Partners (or the equivalent of Development Partners in the MRC context), plus a series of other development-oriented parties or entities. ASEAN also has its own ASEAN-Mekong Development Cooperation (AMBDC) forum represented at both ministerial and senior officials' levels, which shares similar objectives to the MRC in terms of promoting economic

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<sup>12</sup> ADB, Mid-Term Review of the GMS Strategic Framework

and sustainable development with the aim of helping to narrow the development gap between its old and new members, the latter of which are all from the Mekong area.

179. AMBDC comprises all 10 ASEAN member states plus China, making it an 11-member forum. ASEAN also has a Dialogue Partner relationship with China since 1991 and the areas of cooperation has mushroomed over the years as now reflected under the umbrella joint Plan of Action, 2005 to 2010 – see Appendix E. This Plan has a section entitled “Mekong Basin Development Cooperation” and covers areas that are of interest to MRC such as:

Implementing measures to improve the navigation safety and preserving the environment and unique life of the people who live along the river (item 2.9.1.1.4);

Expansion of the EIA of the navigation channel improvement on the upper Mekong River and information sharing (item 2.9.1.1.5);

Promoting trans-border power networking that is environmentally and socially friendly (item 2.9.1.5.2);

Enhance cooperation on the protection of bio-diversity in the sub-region (item 2.9.1.6.1);

Enhancing (re)forestation in the river basin to control soil erosion (item 2.9.1.6.2);

Managing and monitoring of river water quality (item 2.9.1.6.3);

Protecting the environment; promoting the sustainable use including equal access and benefit sharing of natural resources and their biodiversity (item 2.9.1.6.5);

Promoting the exchange of information and strengthening cooperation regarding the use of water in the river basin with the aim of achieving sustainable development of all riparian countries (item 2.9.1.6.6); and

Promote cooperative activities to address global warming (item 2.9.1.6.7).

180. It therefore appears that provisions have already been included under the ASEAN-China Plan of Action to address some of the critical issues that are of concern to the MRC.

181. One of the strengths of ASEAN is the fact that it is a well-recognised forum for discussions on matters of importance within the Southeast Asia region and is notable for its diplomatic expertise, in addition to having China in its cooperative framework which involves the Mekong region. ASEAN also holds summit meetings with China every year. Their respective roles and accomplishments in promoting regional cooperation are key areas in which ASEAN and the MRC could take a mutual interest.

182. The MRC should proactively explore ways to raise its profile within the context of ASEAN, most likely through increased participation and communication with relevant ASEAN environment and development initiatives. Likewise, ASEAN could be encouraged to adopt resolutions recognising the progress made by the MRC. MRC criteria and regulation should be in consistence with those enacted by ASEAN. In the first instance, MRC should take the initiative and approach the Secretary General of ASEAN in writing explaining the rationale for establishing closer collaboration between the two organisations. Particular reference should be made to the provisions set out in the *Plan of Action to Implement the Joint Declaration on ASEAN-China Strategic Partnership for Peace and Prosperity* adopted at the 8th ASEAN-China Summit held in Vientiane on 29 November 2004 (see Appendix E), as outlined at paragraph 179. This correspondence should be followed up with a meeting between the heads of the two organisations to explore areas and means of greater cooperation.

183. Discussion should also centre on the ASEAN Water Resources Management Working Group under the auspices of the ASEAN Senior Officials on the Environment

(ASOEN) and the creation of a new working group on Climate Change, also under ASOEN, which has recently received endorsement by the ASEAN Environment Ministers. MRC could express its interest to interface closely with both these working groups as well as the other ASEAN frameworks through invited participation in those fora. As part of mutual exchange, ASEAN representatives should also be invited to attend relevant MRC events on a regular basis.

184. To foster closer interaction and collaboration in some of these areas of common interest, the MRC and ASEAN should formalise such arrangements through a letter of exchange or an MOU between the two parties.

#### *Other Regional initiatives*

185. There are several other established organisations in terms of economic cooperation among the riparian countries of the Mekong River aiming at strengthening cross-border economic cooperation. Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam signed the Protocol of Admission to the Bagan Declaration in 2004. The “Triangle Economic Development Strategy” for socio-economic development cooperation of the border areas by Cambodia, La PDR and Viet Nam has been underway since 1999. The “Emerald Triangle Economic Development” initiated by Thailand is another mechanism of cooperation between Cambodia, Lao PDR and Thailand, under the framework of the GMS. There are also a number of examples of bilateral cooperation between the LMB countries.

186. At the Programme level, there are some alignments, especially when it comes to technical activities with regional actors that are working on similar issues. For example, in 2004 the governments of Cambodia, Lao PDR, and Viet Nam requested ADB for regional technical assistance (RETA) for the preparation of investment projects to strengthen flood management in their countries. Recently, ADB developed the ToRs for the consulting services to prepare the project documents. As this project directly relates to the output 2 of FMMP-C2 “FMM project development and implementation plan (ProDIP)”, a meeting was held this year between ADB, MRCS and MSs, in which the participants discussed how the FMMP, NMCs and line agencies will be involved so as to avoid any duplication of activities and to ensure that investments resulting from it are consistent with the work done by FMMP.

#### *International Conference on the Mekong River Commission*

187. 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 Viet Nam, the MRC Secretariat, the dialogue partners China and Myanmar, as well as donors and development partner. 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 region.

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

189. 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 NMCs are recognised as the key channels to bring about this result.

190. The riparian countries and their development partners will provide stronger support to the MRC, and to the NMCs, 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.

191. In order to continue to improve the cooperation and coordination with the GMS, the participants would like to see the MRC more actively involved in GMS programmes in the Mekong Basin within its mandate.

192. The World Bank and the ADB 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 NMCs and the MRC Secretariat for facilitation and promotion of sustainable development.

193. 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.

194. 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. 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.

195. The agreement formed at this Conference provides a strong basis for the progressive reform of the relationship between the MRC the full suite of initiatives at the Regional level.

### **Conclusions**

196. There are emerging initiatives that promise stronger alignment with regional initiatives (M-IWRMP, the BDP process and Sub-area activities). Central to all of these is the key role of the BDP in bringing all ongoing and planned projects into the planning processes, at both the regional level and the national levels, which will provide the basis for clear and close alignment with regional initiatives.

197. At present MRC is a relatively smaller player sandwiched between larger ones in the business of promoting water related sustainable economic growth and development in the Mekong region. The MRC should aim to form a strategic “troika” partnership by leveraging on ADB’s and the World Bank’s financial capacity with ASEAN’s negotiation and strategic alliances, so as to strengthen its relevance and usefulness to the people and countries that it serves. For this to happen would require a major “paradigm shift” in MRC’s *modus operandi* to be upfront and on par with the other players in the region and most importantly being catalytic in building up and offering its wealth of database and information, its cooperatives network with LMB Countries, as well as expertise in selected technical fields as its marketing tool.



## 5 MRC's orientation towards UN Millennium Development Goals:

198. This section provides an assessment of how the Strategic Plan and the activities of the MRC align with the National Millennium Development Goals. There is an increasing trend internationally for the assessment of the development of countries and regions to be made in terms of progress against the MDGs. This relates to Objective (c) of the mid-term review (see paragraph 8).

199. The MRC Member States' long-existing desire for economic growth, poverty alleviation, and environmental protection is consistent with and complimentary to the Millennium Declaration. The UN Millennium Development Goals (MDGs) set real targets for development to be achieved by 2015. The eight MDGs range from reducing extreme poverty to halting the spread of HIV/AIDS. Goals that are particularly relevant to the MRC's mission are the ones which call for governments to:

1. Eradicate extreme poverty and hunger; and
2. Ensure environmental sustainability.

200. Recently the seventh MDG, to ensure environmental sustainability, was expanded. At the launch of the latest Annual Report on progress towards the MDGs, in advance of the High-level Event on the Millennium Development Goals at UN Headquarters in September 2008, the goal now includes the aim to "*significantly reduce the rate of biodiversity loss by 2010*" as one of its targets. Progress towards achievement of the biodiversity component will be monitored by measuring the proportion of species threatened with extinction - calculated by the IUCN Red List Index. The index will be used to monitor progress and highlight areas where conservation efforts are needed.

201. The MRC Agreement, its SP and the programme portfolio indicates an orientation to the achievement of the MDGs. Clearly the Goals and Objectives of the SP are aligned with particular MDGs; some MRC Program activities and outputs may make a *contribution* to achieving MDG 1: Eradication of Poverty and Hunger; and, MDG 7: Environmental Sustainability. However, the SP and the programme portfolio were not designed or developed specifically with MDGs in mind. Thus, to assess how they relate to each other may be problematic and it would be rather difficult to attribute in a meaningful, fair and objective manner the extent that MRC activities actually contributed to the achievement of the MDGs at each country level. It should also be noted that the implementation of the MDGs require a broad mandate for social and economic planning, which the MRC does not have. Direct beneficiaries from MRC activities have been mainly officials, staff of NMCs, line agencies, and local authorities. Riparian people, mostly poor people, have received indirect benefits through environmental protection aspect and other broader impacts that benefit living conditions.

202. Both the IDPs and MRC Member States increasingly measure their impact and effectiveness using the MDG framework. This provides an opportunity for the MRC: during the remaining term of the SP the MRC should consider how to measure its achievements both in terms of the outcome of its projects and Programs, but also against the backdrop of the MDGs. This would position the MRC to more directly link to MDG outcomes and related M&E indicators and assist its efforts to *prove* and *improve* its effectiveness and impact. Also, it would position the MRC well to formulate the next SP with a clearer strategic emphasis on the MDGs.

203. A Mekong specific, region-wide, mutually agreed set of MDGs would provide a better way to assess MRC's orientation towards the MDGs and measure progress and achievements towards this, rather than benchmarking against individual country sets of MDGs which would have wide variability due to different socio-economic development factors. In this regard, the production of a Mekong MDGs report, like a Mekong or GMS State of Environment report or perhaps even a Mekong Human Development report, would be more useful. However, this form of initiative is beyond the mandate of the MRC. It is

therefore proposed that the MRC take the initiative to its meetings with the ASEAN counterparts, as proposed at paragraph 182, with firm proposals for the way forward.

204. The BDP2 has defined policy indicators (recently approved by the JC) and supporting impact indicators, which cover the triple bottom line of economically beneficial, socially just, and environmentally sound development, as well as equitable development with respect to being mutually beneficial to the LMB countries. Some of these will provide useful indications of how well some of the MDGs would be achieved at the national level by a particular water resources development scenario or project. In addition, BDP2's sub-area activities are offering opportunities to integrate more localised information that is relevant to achieving the MDGs.

205. An increased focus on MDGs may require the MRC to give consideration to whether or not people have essential access to clean water, sanitation and health issue related to water resources. Such water management aspects are a critical part of an integrated water resources management approach and should be considered as the major part of river basin planning. This should be taken up within BDP2.

## 6 Prioritisation for the remaining period of the Strategic Plan

206. This section provides an indication of urgent concerns over issues that are currently not being dealt with within the MRC framework, or urgent issues which are not being addressed, to the extent that a response to these concerns should be made during 2009 and 2010. As a result of this, re-prioritisation of activities under the MRC framework, or to outputs and activities of MRC programmes, including any new areas of activity, are suggested. This relates to Objective (d) of the mid-term review (see paragraph 8).

207. There is only a little over two more years until the SP comes to the end. Figure 5 also shows that many MRC programme agreements, or their current phases, will conclude over the same time frame. Only the NAP, HP and the M-IWRM Project continue past 2010.

208. Previous sections have shown both high levels of achievement of elements of the SP and problems and perceptions with the implementation of the SP. However, not all of the SP has been implemented and in reality the work of the MRCS is driven by the programmes and the IDP funded projects, rather than achievement of the SP. MRC therefore needs to consider carefully the appropriate corrective actions that need to be taken to direct activities to the real needs for the remaining two years. Any major reprioritisation will also need the support of the IDPs for re-programming or in providing additional funds.

### 6.1 Ongoing organisational and institutional reform initiatives

209. It is recommended that the following **internal management** measures/steps be taken up as a matter of priority:

1. MRC should determine the extent to which it needs to **adjust its activities for 2009 and 2010** under the framework of the current SP, based on this mid term review, and submit this to the 29<sup>th</sup> meeting of the JC.
2. The MRC should finalise its work on **defining its core functions** as a basis of reconsidering its role and Country funding contributions. Defining the long-term core functions of the secretariat is a crucial step and should be accelerated. The Joint Committee, at its Twenty-eighth Meeting (August 2008), considered a briefing note on defining this issue, and a more detailed concept paper was presented to the Fifth Meeting of the Task Force on the MRC Secretariat Organisational Structure in October 2008. The next step is to review the preliminary presentation of functions and define in more detail staffing and other cost implications of the secretariat management and administration functions, and core river basin management functions, and translate these into proposed staffing tables for the MRCS and cost implications. This work is fundamental to the preparation of the next SP and should be substantially completed at the start of that process.
3. The strategic acceleration of the implementation of the other **organisational reform measures** (from the Financial and Institutional Review).
4. The **M&E system for the MRC should be expedited** and put in place at the earliest opportunity. The M&E consultancy started in November 2008, with a first meeting of the Technical Peer Review Group set for late November, at which the road map for implementation is expected to be agreed. MRCS estimates that an 18 months development and implementation period is required. At completion of the first phase of the consultancy, tentatively in June 2009, the M&E system will be in the form of a demonstrable approach. The system is to be fully functional by mid 2010. Currently US\$300,000 has been provided from the Australian Government, with an additional EU100,000 pledged by Germany. Completion is contingent on additional funding, which will be required in the second half of 2009. Development of the system must also involve changing mindsets in the

MRCS through well-grounded capacity building to promote an “M&E-oriented working culture”, where results are clearly monitored and can be properly evaluated. The leading role of JC in monitoring and supervising outcomes must also be strengthened.

5. The **riparianisation process should be carefully implemented**. The MRC has adopted a fast-track approach to the riparianisation initiative that is currently underway within the MRCS - full riparianisation by 2011. However, the process needs to be carefully orchestrated and executed to ensure a smooth transition and avoid institutional hiccups along the way. Again, a change of mindsets is crucial. Ways must be found for providing ample opportunities for qualified and skilled riparian individuals to be trained and well able to take up positions of increasing responsibilities within the organisation.
6. In this process the NMCs and line agencies must not be forgotten. Increased **ability and capability of NMCs and line agencies staff**, through practical and directly relevant training and capacity development initiatives, are needed. The training need assessment should be expanded through to the line agencies. A strong understanding by all concerned (NMCs and line agencies) of integrated water resources management concepts is an essential first step.
7. The **programme coordination functions** of MRCS need to be beefed up to meet the increasing challenges and needs of cross-sectoral interaction and cooperation. The Financial and Institutional Review concluded that focal points are required to coordinate and facilitate cross-cutting policy dialogue, to encourage integration and alignment of the various activities of the programme areas, to promote a better understanding of the core IWRM issues across the organisation, and to avoid duplication (see Recommendation 17 in Appendix C).
8. The delays in the development and start of key programmes have caused concern to many and the MRC should **review its planning cycle and procedures** to see whether they can be streamlined.
9. Greater efforts should be made to **strengthen the triangle of coordination between the MRCS, the NMCs and the line agencies**. This triangle should form the hub of much of the tangible work of the MRC but has developed in an ad hoc manner and is different between programmes. A much more strategic approach to this is needed – it should not be left to chance.
10. Related to this is the recommendation that **the governance arrangements of the programmes be reviewed**. Arrangements across programmes are far from consistent and a review should identify the aspects of each that are particularly successful and use these to strengthen the arrangements for others. More consistency should emerge, rather than a common model, and it will be important not to lose the effectiveness of some current programmes. Closer links to line agencies should be particularly considered.
11. In the short term the **junior professional programme** should continue to be supported.
12. As part of improving the calibre of its staff, riparian or otherwise, **an open recruitment selection process based solely on merit** should be fully institutionalised and consistently implemented. Concomitant measures for retention of capable staff members should be instituted by offering attractive enough remuneration packages comparable with other similar international organisations. Likewise, effective staff rules and appraisal systems should be institutionalised.
13. As another avenue to facilitate the process of riparianisation, it is proposed that the MRCS quickly **develop and implement a “tracer” program of all the**

**riparian staff**, current and past, who have worked at the Secretariat as well as the NMCs. This is a wealth of expertise on Mekong-related issues that could serve as a valuable asset that should be tapped, where appropriate, to assist in the advancement of the organisation at this critical juncture in its history

210. It is recommended that the following measures/steps for **managing external relations** be taken up as a matter of priority:

1. The IDPs and the MRC should **consider a Mekong Statement on Aid Effectiveness, Ownership, Harmonisation and Alignment** based on the Paris Declaration and commitments made at the 2007 International Conference on the MRC in Hanoi.
2. The MRC should clarify and **make transparent its prioritisation mechanism** for the allocation of financial resources for the implementation of the SP. This is a serious constraint to effective implementation of the SP and hinders many IDPs aspirations to move towards providing budget support for the MRC.
3. The IDPs and the MRC should jointly consider how **BDP2 could be used as a pilot project to assess the potential for IDP basket funding**. It is critical that there be progress on this aspect, particularly if there is clear commitment by the MRC to introduce the pre-requisite actions put forward by the IDPs – enhanced reporting through the M&E system, greater programme coordination, transparency in prioritisation and funding re-allocation, etc.
4. MRC must continue to **develop relationships with the upper Mekong Countries**. While a long term goal of having all 6 riparian countries signing an Agreement must always remain, in the immediate future the MRC should build on the successes so far in data exchange and for the development of acceptable transboundary arrangements such as for navigation.
5. MRC should develop **more substantive links and forge strategic alliances with the major banks on the one hand, ADB and the World Bank, and ASEAN frameworks** on the other, to leverage the strengths found in each entity for achieving synergistic and complementary ends. To this end,
  - a. The MRC should seek to strengthen the relationship with the World Bank based on the partnership agreement of 2008.
  - b. The MRC should take the initiative to further strengthen linkages with the ADBs GMS projects and activities.
  - c. The MRC should take the initiatives to open negotiations to establish closer relations with the ASEAN water and environment related activities, with the goal of establishing an MoU between the two initiatives.
6. MRC should **propose to ASEAN that it lead the development of a Mekong Regional MDGs report** to reflect member country commitments to the MDGs and to set out how all activities are able to contribute. The MRC should commit to work with ASEAN on the project in the areas of its mandate. Such a regionally focused MDGs reports would provide a meaningful way to assess MRC's orientation towards the MDGs and measure progress and achievements towards this.
7. MRCS should quickly complete its consultancy now underway to come up with general principles and a **policy on stakeholder involvement in MRC Governance Bodies**, and recommendations for implementation. The output of this consultancy will be integrated to the MRC Communications Strategy, currently at an advanced stage of drafting. Stepping up MRC communications and public relations efforts so that its profile and image could be elevated and better projected was identified by a number of Contributing Papers.

8. **Public participatory processes** should be further encouraged. In this connection, participatory processes such as the stakeholder consultations conducted by MRC this year for the BDP and Hydropower programme could help bridge the gaps in understanding and perceptions and assist in putting things in their proper perspectives among all the concerned parties.
9. MRC should adopt a policy of **more open disclosure and access to information** with regard to its database, reports and other information resources along with a marketing strategy for making its products and services useful to the basin community and available in a timely and effective manner. During interviews with senior programme management staff in the Secretariat as part of the mid term review, a recurring theme was that the programmes had in the past been too inwardly focused, concentrating hard on the various studies and research, without keeping an eye on the external environment and its needs and directions. There was common agreement that this needs to change. All of the MRC information should be made useful and accessible to interested parties or concerned agencies and to the basin community. The MRC web page should be simplified to facilitate access to basic information.

## 6.2 Overall programme priorities

211. It is recommended that the following **priority programme measures/steps** be undertaken:

1. **Measures to deal with the challenges of hydropower should be developed, endorsed and begin implementation as a matter of urgency.** MRC must immediately take a much more active role in regional planning support for mainstream hydropower development. Most Contributing Papers, including the IDPs, agree that the rapid development of the hydropower potential of the Mekong River Basin is the most important issue currently facing the MRC. Unless the MRC can demonstrate tangible influence on this issue, serious questions will continue to be asked about its relevance, impact and effectiveness. The MRC “fast track” activities identified under the Hydropower Programme, and related activities being undertaken by other programmes, need to be fully supported. The IDPs have welcomed the stakeholder consultations undertaken regarding hydropower developments and acknowledge the work being undertaken to ‘fast-track’ some actions within MRC Programs that have hydropower relevance. The IDPs have stressed the need to maintain and build this momentum to make MRC truly relevant to the hydropower challenges facing the basin, including through BDP2.
2. **BDP must become the “engine of the Mekong vehicle”.** The implementation of the BDP2 Program should be given very high priority and its links to other relevant Programs strengthened. While BDP2 start-up was delayed, the programme is now making good progress in addressing sectoral information gaps (in particular in the hydropower and irrigation sector) in collaboration with the responsible national line agencies and MRC programmes. A start has been made with the comprehensive assessment of possible basin-wide water resources development scenarios. The JC has in principle agreed to a set of assessment criteria that will measure how well each scenario would achieve national policies and plans in a sustainable manner. The assessment process, methodology, and intermediate results are regularly discussed at national level and in a basin-wide dialogue with various stakeholders and planning partners, such as line agencies, research institutes, universities, international organizations, NGOs, and MRC programmes, which increasingly contribute to the implementation of the assessment activities.

Ultimately, senior officials of the four LMB countries, who are responsible for the planning and decision making on Mekong water and related resources, need to provide guidance on which scenario (and thus which level of water resources development) most likely would achieve an acceptable balance between economic, environmental, and social outcomes in the LMB and would bring mutual benefits to the LMB countries. This “development space” should be elaborated an IWRM-based Basin Development Strategy that provides directions for a rolling planning framework that aims at bringing basin perspective into the national planning and vice versa, amongst others through the MRC sector programmes and BDP2’s sub-area activities.

It is anticipated that the agreed BDP will facilitate the enhanced implementation of the earlier agreed water utilization procedures, in particular the Procedures for Notification and Prior Consultation and Agreement (PNPCA). Through its monitoring programmes and the maintenance of its project data bases, the MRC could review and facilitate dialogues on significant projects that may not comply with the agreed IWRM-based BDP. In addition, the MRC could suggest and facilitate public consultations on controversial projects. This would offer an opportunity for the MRC to demonstrate its wide range of experiences and skills, and add value to the identification, preparation and implementation of projects.

3. **Scenarios work and associated modelling, not just hydrological, should be core competencies of the MRC.** Clarifying how its scenario work is framed and undertaken, and improving and expanding the DSF should be given high priority. Building understanding and then routine application of appropriate tools for strategic analysis is an important service the MRC is best placed to provide. Scenarios and CIA are so far largely focused on hydrological considerations. The WUP created an expectation that social, economic, environmental and trans-boundary impact analysis would also be undertaken by MRC. This is once again scheduled for the future, BDP2 in 2009+, but remains a current priority. It is crucial that the MRC position itself to effectively and efficiently do this work, otherwise other actors will fill the space.
4. The MRC Member States should reaffirm their commitment to successfully implement the notification and/or prior consultation processes of the 1995 Mekong Agreement. In particular, the **timely and sufficiently notification or prior consultation required under the Agreement** on the projects and plans by the member state(s). The PNPCA were adopted by the Council at its Tenth Meeting in November 2003. In addition, related guidelines for the implementation of the approved procedures have been developed and approved by the Joint Committee at its Twenty-second meeting in August 2005. MRCS Internal Procedures have been drafted in November 2005 to help the MRCS in the implementation of the procedures. A total of 17 projects covered by 17 notifications were submitted by Member Countries in a “notifying” format prior to the adoption of the PNPCA. Since the PNPCA adoption by the Council in November 2003, records indicate an additional 11 projects covered by the 8 notifications were submitted. To date there has been only one notification submission for prior consultation (Thakho Hydropower project on the Mekong Mainstream by Lao at the Fourteenth Meeting of the Joint Committee, Phnom Penh, Cambodia, 2001) and no submission for specific agreements has been received.
5. The **MRC guidelines for EIA, especially Transboundary EIA and supporting documents**, need to be finalised to ensure the provision of open and transparent information on the environmental conditions in the basin and the social and environmental impacts of development projects.

6. Programmes **contributing to the hydropower activities or the BDP should be given higher priority in the remaining period of the SP.** Knowledge management and provision of data and expertise is core to the MRC. Knowledge and data is essential to develop relevant sustainable development policy and to set up adequate monitoring of its implementation. Because environmental monitoring and impact assessment are becoming even more critical in a context of rapid economic development, the MRC has to strengthen these key functions.
7. Efforts to adapt MRC programmes to **the effects of climate change** should be fast-tracked. If hydropower is the immediate and short term key challenge for the MRC, then responding to climate change forms another, medium- to long-term strategic challenge to the MRCs relevance and effectiveness. The MRC should seek to fast-track a selection of key, demand-driven (rather than IDP driven) climate adaptation activities which should be integrated and mainstreamed under its existing MRC Program Portfolio. Any initiative in this area should be integral with the EP, and climate proofing of other relevant programs should be carried out to allow them to adapt activities to current and future effects of climate change. The MRC should ensure that ownership of climate change initiatives is firmly anchored within the MRC States, including in national efforts currently under way or planned. Also, it is vital that the IDPs are on board and consulted in the process and that the finalisation of any initiatives is made through a participatory process involving all stakeholders - member States, IDPs, the NGO community etc.
8. **Finalise, approve and implement the WUP Procedures and Guidelines.** As mandated by the 1995 Agreement and outlined in the SP, the MRC has a responsibility to see that Procedures and Guidelines developed under WUP are used in an authentic way to inform and influence water resource development and management in the Basin. With the completion of WUP (first phase), some of these Procedures and Guidelines have been handed to existing MRC Programs for refinement and implementation; some will be subject to further work under the proposed WUP follow-up activity (second phase). The MRC should develop a time-bound plan to see the 'unfinished' businesses of WUP completed so as to support States in their water utilisation negotiations.
9. A **review of the AIFP** should be undertaken to look at a more strategic approach more in the "line of sight" of the MRC core goals. For example, scenario work on agricultural development options and policies and their relations to water in particular, but also to MDGs and core goals of the MRC, should be undertaken to support the BDP process. While hydropower is certainly a key priority at the moment, very significant irrigation development programmes are being planned in the basin, with certainly a significant impact.
10. **Strengthen programme elements that make significant tangible contributions to improved conditions for the people** of the River. While the hydropower aspects and the BDP will take centre stage, the other programme activities, especially those that more directly benefit the river community, should not be ignored. These include enhanced flood forecasting capacity; planning for flood preparedness and response; navigation along the Mekong River in order to boost economic growth; activities for sustainable fisheries; and enhancing rice production.

### 6.3 Within programme focus

212. The following suggestions came from the Contributing Papers and/or comments on the draft report:

1. Under the FMMP, the immediate focus should be on the implementation of the recommendations made to the 28<sup>th</sup> JC meeting regarding the lessons learnt from



the August 2008 floods. The FMMP Steering Committee has developed an action plan to address the issues that emerged.

2. ICBP has to take into consideration not only the detailed development of the training plan for the NMCs, but also for line agency counterparts in order to increase the level of professional expertise and skills.
3. The environmental flow studies are critical and should actively involve the member Countries and take into account their river values and needs. This will be critical for impact assessment and for BDP trade-off decisions, as well as harmonising the environmental provision between Member Countries.
4. There is a need to complete the study on sediment balance and related monitoring activities. As well, river bank stability, particularly at the Lao and the Thai border area, needs consideration.
5. Fisheries activities should have a greater focus on the real needs of the four riparian countries. Of most importance is a more in-depth study on fishery migration.
6. The existing information on forest cover used old data provided by the riparian countries. There is a need for MRC to derive updated data and information on forest cover in the basin, which contribute to critical water related catchment processes such as water retention.
7. A priority for the Programme must also be to resolve the fact the MRC has 3 separate monitoring systems which would benefit from far greater integration.

## 7 Preparation of the next Strategic Plan 2011-2015

213. This section covers suggestions for a timely and inclusive planning process for the next Strategic Plan 2011-2015, including preparatory works required as inputs to the process. This relates to Objective (e) of the mid-term review (see paragraph 8).

214. A key problem in the formulation of the current SP was the lack of in-house capacity and the over-reliance on external consultants to formulate the draft Plan. Also, the late involvement of IDPs lead to a painstaking process of reformulation, even after the SP was approved by the MRC Council.

215. The MRC should learn from the previous process. It should mobilise its in-house expertise to assist MRC States in formulating the new SP and country people who know the MRC well, and rely much less on external experts to give the MRC the answers. If necessary, ICBP could be used to develop capacity to lead the process in MRSC, NMCs and line agencies.

216. The SP must be prepared by the member Countries in partnership and owned by them for its duration. A joint SWOT analysis by the Member Countries should provide a good context for SP development. As well, the development of the next SP should be taken as the opportunity to deal with the negative perceptions of the MRC as outlined in paragraph 82. The SP development should be started sooner rather than later and specifically include processes that tease out and deal with these perceptions. Processes for including the Upper Mekong Countries as closely as possible should also be included.

217. The next SP should be based on the agreed core functions of the MRC, and IWRM principles, agreed goals and objectives to draw out the main tasks and solutions to achieve objectives/goals. The SP will need to focus on pro-poor initiatives, recognising that economic development per se does not necessarily lead to reductions in poverty. Linkages to the MDG should also be made. The SP should also indicate implementation arrangement including milestones for each major outputs/activities, and specifically, a reasonable number of priority projects/programmes. The development of the M&E system should be an a sufficiently advanced stage to facilitate this.

218. The SP should be devised under a truly consultative process with inclusion of all relevant stakeholders, including IDPs and civil society in the Mekong basin. It should take into account the availability of water and related resources and challenges in the basin, naturally (including climate change) and artificially.

219. At the end of the current SP period most MRC programme agreements will end, or their current phases will end. Institutionally, at that time, the issues of MRC Headquarters and personnel will, hopefully, be clear. The completion of this Mid Term Review process should be the departure point for designing the process for preparing and negotiating the SP 2011-2015. The next SP should be very much influenced by the MRC consideration of the issues raised in this mid-term review document.

220. Consideration should be given to strengthening the current goals and objectives. This could include:

1. Strengthening Goal 3 to more explicitly embrace an environmental/biodiversity conservation aspect (eg for a coordinated regional approach to wetland management). The current focus on environmental monitoring and impact assessment is rather narrow.
2. Strengthening Goal 2 to more explicitly recognise the need for capacity development at all levels, including Country levels, as a key to more effective and efficient cooperation. This could be achieved by moving the IWRM capacity part of Goal 4, and the related objectives, to Goal 2. This would also allow Goal 4 and its objectives to more clearly focus on the knowledge base, which is such a critical basis for decision making.

221. As most programmes will be completed or will have completed their current phases at the end of the SP, this presents an opportunity to review and reform the current programme structure with an aim of reducing, consolidating and better integrating the existing MRC Programme portfolio. Specific issues to be considered should include whether or not:

1. The AIFP programme should be split into a watershed component and an AIF component, which could also embrace many of the drought issues related to water production (as by far the greatest use of water is for irrigation) but also embracing the whole spectrum of agricultural production and land use. Questions of where the split components should reside would need to be resolved.
2. EP should have an explicit and increasing focus on conservation/biodiversity activities. This could be based on a revised Goal 3, which currently covers monitoring and impact assessment but not conservation of regional environmental values such as wetlands.
3. Elements of drought and the management of its consequences can be dealt with through other programmes (such as BDP, AIF, FMMP) without the need to create a new programme.
4. The Tourism Program should be deleted, as one the most significant regional issues for the subsector – environmental impacts on the river – is being dealt with under the EP. The other key aspect of tourism development is being effectively covered by GMS and is also being considered by ASEAN.

222. The current SP is based on a number of core “values” emanating from the views of the member Countries on aspects that should drive priorities and how the organisation should behave during the term of the SP. These values are increasingly important in strategic planning as they often set the intent and direction for on-going organisational development. For the next SP, these value statements should be more explicitly included and a methodology prepared under the M&E framework to formally assess how well these values have been met. The values include:

1. The MRC should move toward a more comprehensive implementation of the 1995 Mekong Agreement. This would translate into the following performance criteria: to what extent had the implementation of the SP contributed to more concrete implementation of the Agreement.
2. More tangible results focusing on poverty reduction through sustainable development so as to make a real effect on the lives of the people within the basin: This would translate into the following performance criteria: to what extent has the implementation of the SP contributed to:
  - a. More sustainable and productive fisheries and enhanced aquaculture of indigenous species for increased food security and economic output,
  - b. Increased food security through more efficient and productive water use in agriculture,
  - c. Appropriate exploitation of the hydropower potential to help meet the increasing need for energy,
  - d. More active and efficient river transportation through increased freedom of navigation to increase social development, international trade and tourism opportunities,
  - e. Avoidance, minimisation and mitigation of people’s suffering and economic losses due to floods and droughts
  - f. Protection of the environment, natural resources, aquatic life and ecological balance of the basin from pollution or other harmful effects from development.

3. Strengthening ownership and value-added: The concepts of ownership and value-added are interdependent and will require a more coordinated approach than has been used in the past. This would translate into the following performance criteria: to what extent has the implementation of the SP contributed to:
    - a. Ownership: more sustainable financial contributions from the four Member States
    - b. Value-added: greater value added to the existing national planning and water management processes.
  4. Adopting an integrated water resource management approach: This would translate into the following performance criteria: to what extent has the implementation of the SP contributed to:
    - a. Greater understanding of IWRM concepts and approaches throughout the Basin,
    - b. Greater adoption of IWRM concepts in National planning and water management approaches.
  5. Work of the MRC is complementary to and avoids duplication with other development partners. This would translate into the following performance criteria: to what extent has the implementation of the SP contributed to the MRC:
    - a. Taking a lead role in aspects critical to the member Countries where this is within the core function of the MRC and it has comparative advantages in regional coordination, basin knowledge, and environmental and social monitoring and protection
    - b. Maintaining its impartiality,
    - c. Avoiding duplication of efforts.
223. Other suggestions from the Contributing Papers include:
1. In terms of period, the MRC Strategic Plan or Development Strategy of the MRC could be formulated for a longer timeframe, say: 10 years (2011-2020) or five year (2011-2015) but with an orientation to 2020.
  2. To ensure more direct accountability and ownership and therefore more effective implementation of the SP, one possibility is to align the SP timeframe with the term of the CEO, or alternatively to adjust the tenure of the CEO so that it is synchronised with that of the SP period.
  3. The extent to which MRC development plans are able to complement and embrace national development plan or activities.

## **8 Conclusion**

224. The current SP has provided a significant reference document for programme development throughout 2006-2010. It has helped shape a new direction for the MRC. The detailed work programmes 2006, 2007, 2008 and 2009 have been able to provide more detailed targets, activities and tasks to give effect to the SP's provisions. Many programmes outcomes have been achieved that have significantly assisted Member Countries and their people. However, with emerging challenges in the region and in the basin, and the concerns of several stakeholders, successful implementation of SP in the remaining period will require some strategic decisions to be made by the MRC.

225. This review paper has highlighted both the achievements made so far and the challenges that the MRC currently faces and is likely to face in the near future. Achievements are considerable and most of the key actions/outputs of the SP are being met, or are likely to be met during its term. The Contributing Papers have recognised major achievements across all Programmes.

226. Future challenges are considerable. There are tough decisions that need to be made and the MRC has little choice and time to spare as the Mekong regional developments are moving ahead at a relatively fast pace, and with numerous competing players involved. Now is a critical time in the MRC's history as decisions are being taken which will change the waterscapes of the region. The MRC has an important and unique role to play. But it cannot - and should not - do everything. Without prioritisation and clear focus it will continue to be perceived as a weak and marginal organisation.

227. It is hoped that some of the measures/steps proposed in the Review report would be taken up by MRC as a matter of priority in order to re-align and re-direct, if not re-invent, itself into a more relevant and effective organisation that will be more responsive to the needs of the riparian countries and peoples, and therefore be more in line with its aspirations as stated in its Vision and Mission statements. The MRC may then truly become a good example of an international river basin organisation.

## **APPENDICES**

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