

**MEKONG RIVER COMMISSION**

**ASSESSMENT OF PROGRESS IN IMPLEMENTING REFORMS AFTER THE  
INDEPENDENT ORGANISATIONAL, FINANCIAL AND INSTITUTIONAL  
REVIEW OF THE MRCS AND NMCs, November 2006**

**Final Report**

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## **Introduction**

The Independent Organisational, Financial and Institutional Review of MRCS and the National Mekong Committees was initiated by the MRC member countries and the MRC development partners towards the end of 2006 in order to help MRC meet the organisational and strategic challenges that the institution will be facing in the future. The review report was issued in January 2007 with 38 recommendations.

Since then the findings of the review have been subject to a rigorous and systematic follow-up by the MRC member countries and the MRC Secretariat. The work has been supervised and guided by two MRC working groups; the Sub-Committee on the Permanent Location of the MRC Secretariat and the Task Force on the MRCS Organisational Structure. The work of the former was later integrated in the work of the Task Force on the MRCS Organisational Structure.

The reform measures have been followed by a Joint Contact Group consisting of a representative from each of the four MRC Member Countries, two representatives from the MRCS (CEO and Chief ICCS), and four Development Partners (Australia, Denmark, Germany and Sweden).

The progress in implementing reform measures have been documented in a road map prepared by MRCS. Funding for reform measures have been made available by Australia, Denmark and Germany (in 2009).

It was agreed at the 4<sup>th</sup> meeting of the Joint Contact Group on 7 October 2008 in Vientiane that it would be useful to commission an external assessment or stock-taking exercise to assess the progress in implementing the recommendations of the Independent Review, the way in which the implementation is tackled, constraints, challenges and opportunities, and the quality of results as well be provided with a limited number of suggestions or recommendations as to how the reform measures might be addressed differently, more effectively or otherwise speeded up.

A team of two persons was selected for the assessment, both of whom were members of the Independent Review Team: Nigel Hawkesworth and Sokhem Pech. The Team visited MRCS in the period 10-17 December 2008. Meetings were held with relevant staff of MRCS and with representatives of the Joint Contact Group resident in Vientiane. Views were solicited by email from JCG members not resident in Vientiane. The result was that views were obtained from the three donor representatives on the JCG and from the Lao representative.

The draft report was presented to MRC in early January 2009, and was discussed with the Task Force on MRC Organisation in January and the Joint Contact Group on 10<sup>th</sup> February. This final report contains some revisions made in light of the discussions.

## **The Process of Managing the Recommendations**

All the Independent Review recommendations were first considered by the Joint Committee at a special Session in June 2007. This was preceded by a Technical Group meeting which presented its views to the JC. Four meetings of the Joint Contact Group have been held in the

12 months October 2007 to October 2008. The JC also established a Task Force on the MRC Secretariat Organisational Structure consisting of country representatives and MRCS staff to work on proposals for the MRCS structure and the related recommendations in the Review Report. The Task Force has held five meetings up to October 2008.

Some recommendations have been agreed to and implemented directly by the CEO. For the remaining recommendations, MRCS has prepared proposals for consideration by the Task Force and the Joint Committee (JC). The Joint Contact Group has also received and commented on the proposals.

The Embassy of Denmark in Hanoi has provided some USD 535,000 to support the process of considering and implementing the recommendations. This has financed the meetings of the Joint contact Group and has paid for consultancy assistance. There is still a significant amount of the budget remaining. The quality of work provided by the selected consultants has not been up to the required standard in all cases, and experience shows that much of the work needs to be done internally by MRCS because of the detailed knowledge that is required.

The Assessment Team finds the process has been serious and thorough. However, it is also time-consuming and requires the allocation of considerable time and resources from MRCS and the JCG members. Nearly two years have now passed since the final Review report was ready. In general, the recommendations that have been agreed upon and implemented have been the easy ones of a technical nature (see below and annexed table). The politically sensitive issues that affect national interests have been under study and discussion for about one and a half years, and the decisions have been postponed until the third quarter of 2009. Some proposals have been through a number of drafts and are not yet agreed upon. A lot of effort has been invested in drafting and redrafting documents without reaching a final decision being taken by the MRC Joint Committee (MRC JC) or Council.

Developments in the Basin over the past two years, such as the fact that two years ago there was no mention of mainstream dams and now there are plans for 11 of them, show that the MRC outside environment is changing very rapidly. MRC however is moving very slowly in adjusting itself to respond constructively to that reality. MRC may risk becoming less relevant to Basin developments if some of the key recommendations (see below) are not decided upon soon.

At some stage there must be an end to the process. A self-imposed deadline may help to move things along. The Assessment Team **recommends** (1): the Joint Committee meeting in August 2009 be accepted as the deadline for final decisions on all recommendations.

## **Overall Progress**

With the exception of the time factor, the Team finds that there has been reasonable progress in addressing the recommendations of the Independent Review. All of the recommendations have been seriously considered by the Joint Contact Group (JCG) and the MRCS, and nearly all have been considered in some detail by the MRC JC. The Team finds that this is an encouraging sign of a growing openness and willingness to dialogue on the part of MRC as a

whole. There is also a much more positive atmosphere in the MRCS than there was in late 2006 when the Independent Review took place.

A number of recommendations were phrased in the form of starting a process rather than detailing a specific proposal. In that regard, it can be said that the MRC JC agreed at a special meeting in June 2007 that 35 out of 38 recommendations need to be addressed and that proposals should be formulated. This in itself is a considerable achievement.

Some recommendations have been through the stages of consideration, formulation and revisions of proposals, final decision-making, and start of implementation. The Team regards 19 recommendations to be in this category. Three recommendations have not been agreed to by the JC. One recommendation fits into both categories as it has been partly accepted and partly rejected (no. 26 on staff recruitment and the role of NMCs in screening applicants). The remaining 16 recommendations have received the go-ahead by the JC, but final decisions are dependent on further work on detailed proposals.

See the attached table for the Team's assessment on the progress of consideration and implementation of each recommendation.

## **Some Outstanding Issues**

The Team has identified some issues that merit comment in relation to the basic reasoning behind the Independent Review report. The Review envisaged a capable, professional and riparian MRCS that is the executive arm of a world class river basin organisation. There are two basic themes in that vision: riparianisation and professionalism. The following outstanding issues in regard to the Review recommendations are deemed important in realising the vision.

### **1. Role of NMCs and NMCSs (Recs. 2, 3 and 26)**

The issue of the role and responsibilities of the NMCs seen in relation to MRCS and programme implementation (Rec. 2) has hardly moved forward. A long consultant report has been produced which is only a functional description and contains little analysis. There has thus been little progress on this pressing issue

It is recognised that there is a role for NMCs and NMCSs as the facilitators and coordinators of MRC activities in the member countries. However, they have been doing more than this, and the other activities do not help MRCS progress towards a professional world class river basin organisation. These are:

1) Involvement of some NMCSs in screening of MRCS job applicants and acting as a kind of patron for their nationals in MRCS is inappropriate in relation to the present urgent need for creating an organisation with world class skills and high professional integrity (see point 6 below).

2) The existing administrative routine of virtually every document from programmes needing to be cleared by NMCs before being officially sent on to line agencies is a delaying factor in most activities. The same applies for planning purposes where drafts of documents are discussed at national consultations, then regional consultations, then the new drafts are sent

again for comment to the NMCS, who sometime take weeks to reply. The NMCSs are in effect another layer of governance in MRC. While that may seem desirable and appropriate to the NMCSs, it is not conducive to creating an effective riparian MRCS. The role of NMCSs is one of the major factors in the slow decision-making and implementation practices in MRC.

MRC cannot respond effectively to the rapidly changing nature of the Basin in this manner. Other more powerful political, financial and economic interests will simply ignore MRC if it cannot produce high quality services that are relevant and timely. To do this it has to have highly qualified staff and it has to react quickly. The present role of the NMCs and NMCSs is a factor that prevents this happening.

It is **recommended** (2): that the JC and MRCS take up the issue of the roles of the NMCs and NMCSs as a matter of urgency, and arrive at a decision which drastically streamlines their roles and working practices with regard to the future relevance of MRC in Basin development, and in line with the letter and spirit of the 1995 Mekong Agreement. Furthermore, it is recommended that an urgent review be made of what are the necessary long-term core functions of the NMCs and NMCSs. The findings of the review will help to guide the decision of the JC on this point.

## **2. Organisational Structure (Recommendations 14 and 15)**

These recommendations have been postponed until a decision has been taken on the permanent location (Recs. 31 and 32), and that decision has been postponed until the JC meeting in August 2009. The timing of the decision may be realistic in terms of the work that needs to be done, because it is can now be seen that it is important to link the future organisational structure with the future core functions of MRC (Rec.18). However, there is no need to link the organisational structure decision to the location of MRCS. Location of various divisions or programmes should not be the determining factor of a structure that is relevant for the future role of MRC in Basin development.

MRCS is currently starting on an exercise that envisages a new core functions structure being in place by 2016, meaning that the next Strategic Plan period 2011-2015 will be a transition phase. The Assessment Team is of the opinion that this too long a perspective. The speed of development in the Basin can easily overtake the relevance of MRC if it does not redefine and reorganise itself at an earlier date. The Strategic Plan needs to be a flexible document in order to respond to the changes in the Basin and be proactive. It should therefore be designed on a rolling basis and updated annually.

It is **recommended** (3): that the decisions about functions and structure should to be reflected in the next Strategic Plan 2011-2015, the drafting of which starts about the middle of 2009

The core functions discussions have already moved further than the suggestion in the Review – which basically assumed that the present structure would continue and be fully funded by member countries by 2014. The present discussions are looking at the key river basin management functions that the organisation should maintain, which is an excellent starting point. Perhaps a useful tactic would be to step back and ask the question: if MRC did not exist, what would the riparian countries need in the way of coordinated river basin management functions? This may result in the realisation that member countries could do more functions

themselves than they are doing now. The question would be followed up by a discussion of what the members countries would be willing to pay for.

In the meantime there is a concern that the organisation is growing too bulky and inflexible with a proliferation of programmes. Adding new management structures and staff increases the overhead costs and makes inter-divisional and programme coordination and cooperation more difficult.

This can be linked with the observation that there is some duplication of expertise in the programmes – with many programmes needing socio-economic, environmental and modelling expertise on one form or another. Is the IKMP doing enough to satisfy the needs of the programmes with technical data and expertise, in terms of quality and timing? Should not all modellers be placed in IKMP and work together rather than working in their separate programmes?

The present organisational structure is locked into four technical divisions plus the management functions, because there are four countries and each one should have a national as a Director of a division. This may be a major reason why the JC rejected the Review recommendation concerning the Director positions (Recs. 11 and 12) which was linked to a proposed new organisation structure in Annex 2 of the Review report. This Review proposal cut the divisions down to two, plus the corporate management functions. Sticking to the four divisions rationale is not a good long-term solution for a sustainable riparian professional organisation. What if China and Myanmar join? Should there then be six divisions? National balance of senior management positions can also be achieved with other rotating positions, such as a DCEO position which is envisaged to be created in the process of riparianisation of the CEO position.

The internal divisional structure and functions should reflect a logic of related functions that need to work together and thereby create a synergy effect that is greater than the effect of separate units working alone. The present setup does not seem to have much in the way of internal divisional synergies. The Technical Support Division is even split between two countries (TSD in Vientiane and Flood Center in Phnom Penh), so the internal synergy is hard to see.

In regard to the location of MRCS, the Assessment Team recognizes that the JC has made a decision to permanently locate parts of MRCS in Cambodia and Lao PDR. While this is not an optimum solution in cost effectiveness and managerial efficiency, it will be best to place one complete division (rather than a mixed bag of programmes) in Cambodia, with the MRCS management and the remaining divisions in Lao PDR. The division chosen to move must have a functional coherence and synergy.

It is recognised that that the present structure is also a product of donor willingness to fund programmes that they are identified with. This has resulted in programme design processes that are not necessarily closely inter-linked with other programmes in MRC. The move towards a functionally defined and closely coordinated structure will be an impetus for introducing basket funding of MRC as a whole.



A structure is only as good as the people working in it, and that any structure can be rendered ineffective by poor management. However, a dysfunctional structure is also a contributing factor to management performance. Therefore an organisation should always be looking at ways to improve its structure so that it best promotes the visions and tasks of the organisation.

It is **recommended** (4): that the MRC JC and MRCS reconsider the organisational structure that is at present locked into four divisions, and base a new structure on the core functions of MRC.

### **3. Cross-programme Coordination Mechanisms (Rec. 17)**

The Independent Review noted that there was a rigid internal official communication process with lines of authority having to be followed through programmes to division heads and then over to other divisions and down to programmes. Flexible inter-programme cooperation and coordination was made difficult by these practices. It also noted that there was an urgent need for such coordination. Recommendation 17 was concerned with cross-programme policy and coordination roles and mechanisms.

The Assessment Team has not found much evidence that this situation has improved in the past two years, except that there is a more relaxed attitude of informal contacts. This appears to be regarded by MRCS management as being a sufficient response to Rec. 17. However, the Assessment Team do not believe that it is enough, because the divisions/programmes/sections can still tend to act as small kingdoms jealously guarding their data, budgets, networks, meetings and workshop privileges. The inter-divisional coordination and synergy does not appear to be very evident. Verbal feedback gathered during the Team's visit gave a strong impression in this regard.

### **4. Meeting Overload**

Meetings, workshops, consultations, seminars, etc are an essential part of MRCs's work, given the regional and consensual nature of the organisation. The process of change, development and management of the Basin is a process that uses meetings as a primary tool. However, there is a risk of meeting overload in that the meetings divert resources from other productive work, that the same senior staff and stakeholders are invited to numerous meetings without a plan of how to spread the knowledge gained, and that meeting fatigue sets in. Many regional meetings are programme based, and are thus a product of the organisational structure in MRCS.

MRCS keeps a record of meetings in order to avoid conflicts of timing and try to avoid overlap of subjects. This is a necessary task, but is it enough? The Assessment Team notes the large number of meetings that are just concerned with the recommendations of the Review report, and recognises the administrative burden that each new development places on MRCS. It also recognises that there is no easy way out of a high intensity of meetings, and that management and coordination of meetings is essential. A new organisational structure with fewer divisions and programmes would help in this regard.

The long process of national, regional, international, development partner, governance, and internal and external stakeholder consultations is a factor in the slow moving nature of MRC. It is **recommended** (5): that the on-going core functions and structure discussions includes an objective of streamlining the consultation and decision-making processes in MRC.

## **5. Riparianisation and Professionalisation of MRCS (Rec. 6, 33)**

All key stakeholders that the Assessment Team met during the mission concurred that a capable, professional and riparian MRCS needs to be built and maintained. The momentum is being built through the creation of the Human Resource Section (HRS) and formulation of the Integrated Capacity Building Program (ICBP) with a firm commitment to consider for its funding by AUSAID. 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. It is encouraging to observe that the 28<sup>th</sup> JC meeting agreed to consider an increase in their national financial contributions after defining the MRC/MRCS core functions, and the staff and resources requirements.

The Assessment Team wishes to reiterate that riparianisation must go hand-in-hand with professionalisation of MRCS, which can be achieved through a combination of efforts in four directions:

1. Gradual replacement of international staff by riparian staff - A riparianisation roadmap and concept paper were submitted to the 28<sup>th</sup> JC meeting on 8/2008.
2. Increased training and capacity building of riparian staff – ICBP program proposal being developed and creation of CTA positions to support riparian program managers are implemented.
3. Revision of the organizational structure of the MRC Secretariat in relation to core functions.
4. Revision of recruitment practices and a broader interpretation of Article 33. Adequate actions have not yet been undertaken (see below).

The riparianisation of the position of the CEO has to be managed carefully in order to maintain a high-level professional approach and international credibility. There is no doubt that there are many well qualified riparian nationals who would be excellent CEOs. The present selection process has proved to be adequate – but needs to be speeded up. There will be ideas expressed that the position should rotate between the member states. While some consideration can be given to balance among the senior positions, the CEO position should be filled through strictly professional criteria.

## **6. Director and Staff Recruitment (Rec. 11 and 26)**

To improve the level of professionalism, recommendation 11 and 16 need to be reconsidered. They are linked with the on-going process of defining the core functions of the MRCS and organizational restructuring, as well as defining/developing a unified salary structure for MRCS that is appropriate for the region (Rec. 35).

Traditionally, the selection of the directors is “political” in that the NMCs select a person who they feel will best represent their interest in MRCS. Recommendation 11 proposed a competitive and merit-based recruitment of the directorship from the member country concerned, with a view to attracting the best candidates from government, given that the posts are actually representative of the governments. The recommendation was rejected by the MRC JC. The Assessment Team **recommends** (6): that the MRC JC reconsiders the decision in the interest of greater professionalization of MRCS.

The Assessment Team reconfirms the finding by the Review Team that there are a number of crucial issues related to the recruitment of staff for MRCS. Recruitment is not done directly by MRC, but indirectly through NMCs. Even though some of the recently recruited staff are from the non-government agencies, most member countries still often reserve the position for government employees from the ministries within which the NMC is located. Requiring candidates to send their applications through NMCs and requiring “no-objection” from NMCS concerned before the successful candidate can be confirmed as MRCS staff delays the recruitment and appointment processes, and discourages other qualified candidates to apply. This can result in a very small pool of candidates. It has been observed that recruitment of highly technical positions required re-advertising up to 2 to 3 times – and even exceeded the 16 week-long recruitment process defined in the 2006 Personnel Manuel. This period of 16 weeks is already extremely long. The process results in substantial delay in the arrival of the new staff and does not allow for an overlapping period between the incoming and out-going staff, which then results in a loss of institutional memory and experience.

If there is going to be a successful professionalization and riparianisation of MRCS, then it will be necessary to attract and secure the best qualified candidates, not just from government but from the civil society as a whole. The process should be managed on a strictly competitive basis, and administered by MRCS itself. MRCS can ask for assistance from the NMCSs in the process, such as for references, if required.

It is encouraging to observe that the newly created HRS is currently working on a revised recruitment policy for the review by the Task Force on the Organizational Structure on 13 January 2009. Since this matter is linked to the recommendations that were rejected either totally or partially by the MRC JC, the later may need to reconsider them. See the Assessment Teams recommendation on the role of NMCSs under point 1 above.

#### **7. Policy Interpretation of Article 33 and the Country Quota System (Rec. 34)**

The working paper on the policy interpretation of the Article 33 was presented to the Task Force on the Organizational Structure in October 2008. The Strategy and Action Plan for Riparianisation of the MRCS acknowledged that a strict adherence to the limited terms for riparian staff in Article 33 results in a loss of corporate knowledge and skills. This results in a need to constantly re-invent core capabilities especially for those unique and highly technical capabilities, such as hydrologic, hydraulic and ecological response modelling and trans-boundary impact assessment.

The Assessment Team **recommends** (7): that the JC takes a decision to allow MRCS to retain qualified staff as long as possible by approving the MRCS working paper on the policy interpretation of the Article 33 at an upcoming meeting in June or August 2009.

One member country needs to address its current practice of allowing its nationals serve as MRCS professional staff not more than one 3-year term.

MRCS recruitment of riparian staff has, in the main, remained in line with the country’s quota system. This practice intends to ensure that every riparian country has an equal opportunity to contribute human resources to the work of MRCS. To a certain extent the quota system restricts MRCS from always securing the best person for a particular post, and it can generate a

split loyalty of staff to the CEO and the NMCs. With the full scale riparianisation of the MRCS, the Assessment Team recognizes the need to consider some flexibility in applying the quota system by giving more emphasis to qualifications, personal attitudes and aptitude.

## **8. Information Management**

A Communication Strategy including a disclosure policy has been through a number of drafts and is still being worked on. Some development partners are concerned about the extent of the disclosure policy. MRC has a public relations dilemma here. Critical environmental impact analyses and scenarios showing negative impacts of Basin developments on livelihoods are politically sensitive issues. While disclosure may give rise to difficult public debates and possible revisions of development plans, non-disclosure of critical data creates an even worse situation – because leaks will inevitably occur and the resulting loss of credibility will lead to the irrelevance of MRC. The Assessment Team **recommends** (8): the adoption of full openness by MRC on scientific data and analysis produced by MRCS.

## Progress in Implementing the Independent Review Recommendations

### I. Agreed Upon and Being Implemented

Recommendations	Actions	Final decision (by whom, when)	Implementation (when, by whom, how)	Comments
1. Strengthening the mechanisms for continuous policy dialogue among the member countries and with the donors on the role of MRC in basin management, development and sustainability assessment.	It was accepted by the JC Special Session on 27/6/2007 and by the 1 <sup>st</sup> JCG meeting on 2/11/2007.	Special JC Session on 27/6/2007 set up JCG and Task Force.	<ul style="list-style-type: none"> <li>▪ OCEO, ICCS,</li> <li>▪ JCG and Task Forces were set up and meet regularly (3 times/year),</li> <li>▪ Informal Donor meeting and DCG meet once a year</li> <li>▪ Dialogue undertaken under BDP2 and Hydropower Program (March and 9/2008);</li> <li>▪ Mid-term review of MRC SP 2006-2010.</li> </ul>	A constructive dialogue can be improved through addressing the limitation factors such as i) capacity and authority of JCG members from some countries, ii) quality and timeliness of working document submission; and iii) addressing “diminishing return” issues - investing a lot time and effort in drafting and redrafting documents, and obtaining only minimal outputs/final decision. The MRC and Development Partners are encouraged to set a deadline for implementing the agreed-upon recommendations.
3. Analyzing NMC/NMCS access to national planning processes, and of how to improve access.	The JC shows interest in furthering the issue.	Council Decision on BDP2. The BDP 2 is working on how to integrate or interact with national planning process.	BDP, NMCs, Line Agencies concerned	MRCS BDP team expects that by the end of 2009, the IWRM based strategy will be adopted by the MRC. BDP2 has a challenging task to ensure that interface and application of MRC planning tools/products in the national planning process.
4. Formulating a more intensive capacity building programme for NMCSs, focusing on English proficiency and programme coordination.	See also rec. 24.		HRS/ICBP	English Training request was obtained only from TNMC. Other NMCs requested for training in other areas such as leadership and program management training. The Review Team noted that there is an urgent need for English training in the three other NMCs.
6. Giving high priority to the riparianisation of ICCS positions in MRCS.	A riparianisation roadmap and concept paper was submitted to the 28 <sup>th</sup> JC meeting on 8/2008 (Rec. 33).	28 <sup>th</sup> JC decided: riparian chief FAS by 31/12/08, riparian Chief ICCS by 31/12/09 and Riparian CEO by 01/07/2010 (but will be extended until end of current CEO contract 3/2011)	JC and MRCS OCEO, ICCS.	Riparianization must go hand-in-hand with professionalization of MRCS that can be achieved through a combination of efforts in four directions: <ul style="list-style-type: none"> <li>- Gradual replacement of international staff by riparian staff;</li> <li>- Increased training and capacity building of riparian staff;</li> <li>- Adjustments to the organizational set-up of the MRC Secretariat; and</li> <li>- Review of recruitment practice and a broader interpretation of Article 33.</li> </ul>

<b>Recommendations</b>	<b>Actions</b>	<b>Final decision (by whom, when)</b>	<b>Implementation (when, by whom, how)</b>	<b>Comments</b>
7. Delegating a range of personnel and administrative functions within MRCS.	Linked to rec. 31. MRCS structural revision. Some delegation measure have been implemented others - signing of administrative memo, TA, and cheque by ACEO.	Series of memoranda were issued. TOR of ACEO was drafted. Concept paper on a permanent deputy CEO is being developed.	CEO, ACEO, Directors, program managers.	The monitoring and strict enforcement of guideline on travel and workshop will also help address Rec. 22 on budgets for travel and workshop expenditure.
9. Adopting a more open and participatory style of management at MRCS.		No formal decision/ document available during the review.	CEO, Senior Staff, and program managers.	From interview with staff and the staff association, the management style is believed to become much more open and participatory, especially since the arrival of current CEO in April 2008.
15. Incorporating the following functions into the MRCS organizational structure: human resources management, monitoring and evaluation, legal services, socio-economic assessment, and dispute management	Addressed in connection with recommendation 14. Legal services for contractual matters are handled by the Mekong Law Group. Other matter related to water allocation and use is expected to be handled by the M-IWRM, HRS, and IKMP.	BDP is expected to handle socio-economic assessment and dispute management.	.CEO, FAS, ICCS, Planning Division, HRS, TSD/IKMP	Full implementation may be linked to the pending decision on the permanent relocation
16. Developing a monitoring and evaluation strategy, including a framework for country reporting against measurable performance indicators.	The consultancy services have been working on the formulation of the M&E system since 10/2008.	Special JC Session on 27/6/2007.	CEO/Chief Technical Coordinator, ICCS, program managers.	The “demonstration” system is expected to be complete by mid 2009. Inception Report describes a very comprehensive system, which needs to be simplified.
19. Including costs for the Communications Office and for part of IKMP in OEB.	Some actions have been taken including the riparianization of the post of communication officer.	OEB budget for 2009 approved by Council in 11/2008.	ICCS, FAS	MRCS estimated that by the end of 2009, about 90% of the communication staff cost excluding international adviser will be covered by OEB.

<b>Recommendations</b>	<b>Actions</b>	<b>Final decision (by whom, when)</b>	<b>Implementation (when, by whom, how)</b>	<b>Comments</b>
20. Establishing that all donors pay the same 11% management and administration fee as contribution to OEB.	The recommendation was considered at the first JCG meeting in 11/ 2007.	A uniform standard MAF rate was agreed in principle at the IDM of 20/6/2008 by all development partners except one.	OCEO, ICCS, FAS	More dialogue may be required within the development partner harmonization framework.
21. Adjusting DSA rates downwards to 75% of the UN rates.	Task Force on the Organizational Structure of the Secretariat undertook a DSA survey in the MRC Member States.	The revised DAS rate was approved at the Informal JC Meeting in 6/2008 - 100% UN rate for Laos and “elsewhere”, and 75% of UN rate for the rest.	Implemented since July 2008 (FAS).	Completed.
22. Reviewing budgets for travel and workshop expenditures	Travel budgets reviewed and monitored as part of programme formulation and implementation processes.	Currently CEO and ACEO closely monitor the MRCS Travel Authorization and 3-month travel plan.	Donors to ensure budgets are realistic. MRCS to control (CEO, ACEO, directors, all program managers).	MRCS guidelines being developed soonest to ensure that meetings are necessary, do not overlap or duplicate others and are held at locations that are cost-effective and require least time for travelling. The situation has improved since the Review.
24. Renewing efforts to secure funding for the implementation of the MRC Integrated Training Strategy and Programme	The ICBP formulation started in 8/2008 (Rec 4) Australia willing to fund in principle.	Program and Funding proposal is expected to consider by JC and Donors in 3/2009.	Newly formed HRS/ICBP team implement this ICBP in cooperation with countries.	Next steps will be to secure funding, recruit/ dedicate qualified staff and timely start-up of the ICBP.
25. Establishing a unified Human Resource Management Section, covering personnel administration, employee services and training	HRS Section was established. Chief HRS is on board on 16/09/08.	Special JC June 2007	MRC JC; CEO/HRS.	A number of recommendations and other priorities to be handled by the newly created HRS. Prioritization and planning should be in place.
29. Reviewing the salary review mechanism	The briefing note for salary review was submitted to JC four times.	The salary review mechanism was finally approved by the 28 <sup>th</sup> JC Meeting in 8/2008.	FAS. It is effective retroactively from 1/1/2008.	Completed.
32. Making decision on moving Navigation Programme to Phnom Penh.	Being addressed under recommendation 14 (MRCS structure) and 31 (MRCS permanent location)		Task Force, JCG, JC and Council on MRCS structure and relocation issues.	It is no longer relevant to consider the Navigation Programme alone .

<b>Recommendations</b>	<b>Actions</b>	<b>Final decision (by whom, when)</b>	<b>Implementation (when, by whom, how)</b>	<b>Comments</b>
33. Implementing key recommendations of the 'riparianisation roadmap'; appointing a riparian Chief FAS and a riparian CEO by agreed timeframes.	As in Rec. 6		CEO, ICCS, HRS.	See Rec. 6
36. Making or updating formal agreements with major regional development initiatives or organisations, clarifying strategic relationships and mechanisms for implementation.	MOUs already signed with WB, ADB, UNDP and process will continue.	JC Special Session on 27/6/2007.	CEO, ICCS	Ref. document of Fifteenth Meeting of the MRC Council and Thirteenth DCG Meeting (7-8/11/2008). - Some of them attend meeting of the MRC governance annually. An MOU was concluded with the World Bank in October 2008. MRCS is now working on partnership with ASEAN. Regular meetings are held with WWF and ADB to review annual implementation plans
38. Formalising collaborative partnerships with research organisations through MOUs or partnership agreements.	Number of MOU already exists and process will continue.	JC Special Session on 27/6/2007.	CEO, ICCS	Ref. document of Fifteenth Meeting of the MRC Council and Thirteenth DCG Meeting (7-8/11/2008).



## II. ON-GOING (Pending Final Decision)

Recommendations	Actions	Likely Schedules	Comments
2. Specifying common guidelines for the roles and responsibilities of NMCs, NMCSs and MRCS, in relation to programme implementation.	It has been delayed. MRCS plans to address the recommendation through NMC consultations and Functional Description Document.	The issue is to be discussed at the 29 <sup>th</sup> JC meeting in 3/2009.	The consultant's functional description document developed in early 2008 was partially useful. The CEO and ICCS chief are to coordinate this issue. It is important for future relevance and performance of MRC.
5. Applying a uniform contract system for NMCS staff doing tasks for MRCS programmes.	Has been rescheduled. FAS is to review the present contract system and prepare a proposal for a uniform system.	It is planned for submission to the 29 <sup>th</sup> JC in 3/2009.	This may have been misunderstood by some. It is not about the employment terms of NMC staff, which are government employees, but about services provided for MRC programmes by NMCSs.
10. Clarifying the role of the JC in management issues.	MRC plans to address it in the context of the concept paper on riparianisation of the CEO position (recommendation 33)	No specific date is given for its implementation	This issue can be addressed together with the overall MRCS-NMCS-Line Agency triangle relationship. Rules on roles of JC/Secretariat are reasonably clear, but not always adhered to.
13. Reviewing practices of information management at MRCS.	A Policy on Disclosure of Data, Information and Knowledge, drafted in 2007. The 7th draft Communication Strategy including section on information disclosure was presented to 5 <sup>th</sup> Meeting of the Task Force and JCG in 6 October 2008.	The Task Force asked MRCS to work further on it and organize a Regional Meeting in 2009 and to 29 <sup>th</sup> JC meeting in 3/2009.	Need to ensure synergy between stakeholder engagement policy and communication strategy. Work is underway.
14. Considering and making decision on adopting the proposed organisational structure.	It is being addressed by the task force on location and organizational structure. No final decision in place. It has been linked with the MRCS location issue.	At its meeting in 11/2008, the Council could not reach agreement on permanent location solution and postponed the decision until Aug 2009.	This has to be linked to the core functions discussion. The location issue should not determine the functional organizational structure.
17. Creating/assigning key cross-programme policy and coordination roles in the areas of planning and socio-economic analysis, flow/quantity management, environment, trans-boundary rules and procedures, information and decision support.	Recommendation is said to be addressed with assignment of substantive areas to programmes and sections, but new coordination mechanisms not evident except for preparation of Hydropower Programme.		Should also be linked with core functions and organization structure issues. Cooperation atmosphere is somewhat better, but there are still difficulties in coordination.

<b>Recommendations</b>	<b>Actions</b>	<b>Likely Schedules</b>	<b>Comments</b>
18. Carrying out an in-depth analysis of long-term core functions, with a view to full OEB funding.	A concept note defining the long-term core functions of MRCS was prepared and submitted to the 28th JC in Aug 2008. Internal MRCS retreat 12.12.08.	That would then lead to the discussion on the OEB size and national contribution.	To be discussed at the 29 <sup>th</sup> JC working session in March 2009.
23. Making decision on full funding of total long-term requirements by member countries by 2014, and revising schedule of contributions.	Linked to recommendation 18 on core functions and staffing requirements. At 28 <sup>th</sup> JC in August 2008, the countries agree to work on the increase of national contributions	Further decision is to follow the decision on MRCS core functions and organizational structure.	Current total 2009 countries' contribution is \$1.44 million, at current rate it will reach around \$2.15 million by 2014. The decision seems to be delayed until the relocation issue is solved.
26. Reviewing staff selection processes, discontinuing NMCS role in reviewing applications, and opening recruitment to civil society	Only first part of the rec. 26 was considered. The second phrase "NMCs role in reviewing applications is discontinued" was not accepted by the JC at its June 2007 Special session.	HRS plans to submit a draft policy paper on the recruitment to the Task Force Meeting on January 13, 2009.	Some staff members have been recently recruited from the other than government agencies. However, the practice of "pre-screening" by certain NMCSs of the applications and certain influence from NMCSs on the selection panel members in the MRCS remain and are hindrances to effective recruitment of sufficient qualified staff.
27. Developing NMCS orientation packages for MRCS staff as complementary to the orientation package developed by MRCS.	To be implemented by NMCs assisted by HRS	Standard content outlines are yet to be developed.	
28. Reviewing MRC staff appraisal system, basing it more on a competency analysis for individual staff, and developing an orientation programme for all supervisors.	The proposal will be developed by Chief HRS who came on board with the MRCS/HRS in 8/2008.		This Rec. 28 needs to be undertaken in conjunction with the consideration and implementation of Rec. 26 "staff selection" and Rec. "staff orientation" package.
30. Formulating formal grievance procedures.	Informal mechanism exists within the Staff Association. Staff Performance Review is used also for addressing staff grievance. No formal mechanism for addressing staff grievance yet.		Development of proposal will be undertaken by Chief HRS.
31. Making decision on a permanent location of MRCS.	The 5-6 proposals for a permanent relocation plan were developed by MRCS/ICCS.	The November 2008 Council Meeting decided to postpone the decision for 10 months (9/2009).	Decision needs to be based on future core functions of MRC, not just on dividing assets.

Recommendations	Actions	Likely Schedules	Comments
34. Developing a policy interpretation of Article 33 of the Mekong Agreement in order to allow staff to stay at MRCS for a second term of three years when appropriate, and applying a more liberal policy towards extensions of contract beyond six years	A working paper on the policy interpretation of the Article 33 was discussed at the Fifth Meeting of the Task force On the MRCS Organizational Structure in <i>10/2008</i>	A proposal will be submitted to the 29 <sup>th</sup> JC meeting in March 2009	The Strategy and Action Plan for Riparianisation of the MRC acknowledged that a strict adherence to the limited terms for riparian staff in Article 33 results in a loss of corporate knowledge and skills, and a need to be constantly re-inventing core capabilities especially for those unique and highly technical; capabilities, such as hydrologic, hydraulic and ecological response modeling and trans-boundary impact assessment. One country often recalls their nationals from the MRCS after the completion of 1 <sup>st</sup> three year term, which is not conducive to building MRCS competency.
35. Developing a unified salary structure for MRCS that is appropriate for the region.	To be build on the riparianisation papers (recommendations 6 and 33)	A proposal will be submitted to the 29 <sup>th</sup> JC meeting in March 2009	Care should be taken to ensure that the organization is capable of attracting qualified riparian and international specialists.
37. Formalising a stakeholder (NGO and civil society) consultative process as part of MRC annual meetings.	An overall MRC policy is being prepared taking into account the experience of the BDP Stakeholder forum. Draft Stakeholder Engagement Policy, and Draft Communication Strategy are being developed in parallel.	Draft Stakeholder Engagement Policy, and Draft Communication Strategy are expected to submit to the 29 <sup>th</sup> JC in March 2009.	JC should pay special attention to their timely formalization. JC and MRCS need also to consider: <ul style="list-style-type: none"> <li>▪ Need for synergy between the two key documents: Communications and Stakeholder Strategies.</li> <li>▪ MRCS programs should avoid causing “stakeholder consultation” fatigue. Coordinated mechanism for consultation with stakeholders is required.</li> <li>▪ Financial resources and dedicated staff are required.</li> </ul>

### III. Not Agreed by MRC

Recommendations	Rejection	Justification	Comments
8. Making first term of appointment of CEO five years	Not accepted by the JC (SS 27/06/07)		No further action.
11. If Option 1 for deployment of Directors at MRCS: Making the selection process for the Directors by open competition among all government agencies and applying selection criteria that include experience in the management of international organizations.	Not accepted by the JC (SS 27/06/07)		To improve level of professionalism, this recommendation may be reconsidered by the JC together with the recommendation 26.
12. If Option 2 for the deployment of Directors at MRCS: Engaging the Directors, not as Heads of Divisions, but with stronger roles in central management and in acting as representatives of their NMCs.	Not accepted by the JC (SS 27/06/07)		Decision taken. No further action needed on that particular model. Discussion should now be on core functions and future structure.
26. Reviewing staff selection processes, discontinuing NMCS role in reviewing applications, and opening recruitment to civil society	Only first part of the rec. 26 was considered. The second phrase "NMCs role in reviewing applications is discontinued" was not accepted by the JC at its June 2007 Special session.		Recommend that this decision be reconsidered. Very important for successful riparianisation, professional competence and relevance of MRC.

**Annex 1**  
Terms of Reference

## **Mekong River Commission**

### **Assessment of progress in implementing reforms after the Independent Organisational, Financial, and Institutional Review of the MRCS and NMCs**

**8-16 December 2008**

**Draft Terms of Reference  
of 10 October 2008**

#### **Background**

The Independent Organisational, Financial and Institutional Review of MRCS and the National Mekong Committees was initiated by the MRC member countries and the MRC development partners towards the end of 2006 in order to help MRC meet the organisational and strategic challenges that the institution will be facing in the future. The review report was issued in January 2007 with 38 recommendations attached in annex 1.

Since then the findings of the review have been subject to a rigorous and systematic follow-up by the MRC member states and the MRC Secretariat. The work has been supervised and guided by two MRC working groups; the Sub-Committee on the Permanent Location of the MRC Secretariat and the Task Force on the MRCS Organisational Structure. The work of the former was later integrated in the work of the Task Force on the MRCS Organisational Structure.

The reform measures have been followed by a so-called Joint Contact Group consisting of a representative from each of the four MRC Member Countries, two representatives from the MRCS (CEO and Chief ICCS), and four Development Partners (Australia, Denmark, Germany and Sweden). The TOR of the JCG is attached as annex 2.

The progress in implementing reform measures have been documented in a road map attached as annex 3. Funding for reform measures have been made available by Australia, Denmark and Germany (in 2009).

It was agreed at the 4<sup>th</sup> meeting of the Joint Contact Group on 7 October 2008 in Vientiane that it would be useful to commission an external assessment or stock-taking exercise to assess the progress in implementing the recommendations of the Independent Review, the way in which the implementation is tackled, constraints, challenges and opportunities, and the quality of results as well be provided with a limited number of suggestions or recommendations as to how the reform measures might be addressed differently, more effectively or otherwise speeded up.

#### **Objectives of the assessment**

To review status, progress, results of key outputs implemented so far, approach as well as constraints, challenges and opportunities in implementing the recommendations from the Independent Review. Provide recommendations as to how implementation of reforms, if needed, might be improved.

## Output of the review

A report prepared by two independent consultants that includes an assessment and a recommendations part according to the scope of work outlined below.

The report will be made publicly available through the MRC homepage, once it has finalised.

## Scope of work

The team will assess the progress and status in implementing the below 38 recommendations of the Independent Review and provide recommendations as necessary.

1. Initiating a continuous policy dialogue among the member countries and with the donors to further clarify and develop the role of MRC in basin management, development and sustainability assessment.
2. Developing a common guideline for the roles and responsibilities of NMCs, NMCSs and MRCS, in relation to programme implementation
3. Analysing NMC/NMCS access to national planning processes, and of how this access can be improved.
4. Formulating a more intensive capacity building programme for NMCSs, focusing on English proficiency and programme coordination
5. Applying a uniform incentive/contract system by MRCS for NMCS staff
6. Giving high priority to the riparianisation of central management positions in MRCS
7. Delegating a range of personnel and administrative functions within MRCS
8. Making first term of appointment of CEO five years
9. Adopting a more open and participatory style of management at MRCS
10. Clarifying the role of the JC in management issues.
11. If Option 1 for deployment of Directors at MRCS: Making the selection process for the Directors by open competition among all government agencies and applying selection criteria that includes experience in the management of international organisations
12. If Option 2 for the deployment of Directors at MRCS: Engaging the Directors, not as Heads of Divisions, but with stronger roles in central management and in acting as representatives of their NMCs
13. Reviewing practices of information management at MRCS
14. Considering and making decision on adopting the proposed organisational structure
15. Incorporating the following functions into the MRCS organisational structure: human resources management, monitoring and evaluation, legal services, socio-economic assessment, and dispute management.
16. Developing a monitoring and evaluation strategy, including a framework for country reporting against measurable performance indicators
17. Creating and assigning key cross-programme policy and coordination roles in the areas of planning and socio-economic analysis, flow/quantity management, environment, trans-boundary rules and procedures, information and decision support
18. Carrying out an in-depth analysis of long-term core functions, with a view to full OEB funding
19. Including costs for the Communications Office and for part of IKMP in OEB
20. Establishing that all donors pay the same 11% management and administration fee as contribution to OEB
21. Adjusting DSA rates downwards to 75% of the UN rates
22. Reviewing budgets for travel and workshop expenditures
23. Making decision on full funding of total long-term requirements by member countries by 2014,

and revising schedule of contributions
24. Renewing efforts to secure funding for the implementation of the MRC Integrated Training Strategy and Programme
25. Establishing a unified Human Resource Management Section, covering personnel administration, employee services and training
26. Approving the appointment of a Chief Human Resource Management Section
27. Reviewing staff selection processes, discontinuing screening of applications by NMCSs, and opening recruitment to civil society
28. Developing NMCS orientation packages for MRCS staff.
29. Reviewing MRC staff appraisal system, basing it more on a competency analysis for individual staff, and developing an orientation programme for all supervisors
30. Reviewing the salary review mechanism
31. Formulating formal grievance procedures.
32. Making decision on a permanent location of MRCS
33. Making decision on moving Navigation Programme to Phnom Penh
34. Implementing key recommendations of the 'riparianisation roadmap'; appointing a riparian Chief FAS and a riparian CEO by agreed timeframes
35. Developing a policy interpretation of Article 33 of the Mekong Agreement in order to allow staff to stay at MRCS for a second term of three years when appropriate, and applying a more liberal policy towards extensions of contract beyond six years
36. Beginning to develop a unified salary structure for MRCS that is appropriate for the region
37. Making or updating formal agreements with major regional development initiatives or organisations, clarifying strategic relationships and mechanisms for implementation
38. Formalising a stakeholder (NGO and civil society) consultative process as part of MRC annual meetings
39. Formalising collaborative partnerships with research organisations through MOUs or partnership agreements

### **Composition of the review team**

The team will consist of Mr. Nigel Hawkesworth as team leader and Mr. Sokhem Pech as team member. Mr. Hawkesworth is partner and Institutional Specialist with the Nordic Consulting Group (NCG) and was team leader of the independent review team. Mr. Pech, a Cambodian national and policy and national resources expert. He was a member of the independent review team. Both experts will be contracted by the Embassy of Denmark in Hanoi who has offered to fund the assessment/stock-taking exercise on behalf of the Joint Contact Group.

### **Organisation and Work Method**

The assignment will consist of a desk study prior to field work of all relevant material, reports, summaries and draft and final documents from the JC, JCG, Task Force on the MRCS organisational structure, and consultancies commissioned for reform implementation. The team will be granted access to all documents, including drafts, which are not clearly marked confidential and will treat them with the required discretion. During an 8-9 day visit to Vientiane the team will meet with relevant managers and staff members of the MRCS.

The 2 consultants will report directly to the Joint Contact Group and provide a first draft report to the JCG by 12 January 2009. The team (or only team leader?) will debrief the JCG at their planned meeting on 10 February 2008 and discuss its findings and where MRC Member Countries and Development Partners will give their comments to findings and suggestions of the team. The team will deliver its final report to the JCG by 2 March 2009.



### **Estimated working days for consultancy input**

The consultancy input is envisaged to consist of a 15 working days input from the international consultant and 10? working days of input by the riparian consultant.

### **Tentative time schedule with milestones**

**1-5 December 2008:** Desk study of reports, draft documents etc.

**8-14 December 2008:** Field visit to Vientiane and the MRCS

**12 January 2009:** First draft report sent to the JCG for review

**10 February 2009:** Debriefing of the JCG in Vientiane and discussion of findings

**2 March 2008:** Final Report

**Annex 2**  
List of Persons Met

## Annex 2 List of persons met

		<b>Position</b>
	<b>MRCS</b>	
1	Mr. Jeremy Bird	CEO, MRCS, Member of JCG
2	Dr. Pornsook Chongprasith	Assistant CEO, Director of Environment Division
3	Mr. Te Navuth	Director of Technical Support Division
4	Mr. Do Manh Hung	Director of Operation Division.
5	Mr. Wolfgang Schiefer	ICCS Head
6	Mr. Chistoph Mor	Technical Advisor, Technical Coordination Unit
7	Mr. Dirk Overweg,	Chief, Finance and Administration Section
8	Ms. Hang Pham Thi Thanh	Officer in Charge of Planning Division. BDP Programme Coordinator
9	Mr. Ton Lennaertz	BDP CTA, Planning Division,
10	Erland Jensen	IKMP CTA, Technical Support Division
11	Christoph Barlow	Fisheries Programme CTA, Operation Division
12	Ms. Weena Aksornkaew	Chief, Human Resources Section
13	Mr. Vithet Srinetr	Environment Programme (EP) Coordinator, Environment Division
14	Ms. Hanne Bach	CTA, EP, Staff association Chairperson
15	Ms. Noëlle O'Brien	CTA, Integrated Capacity Building Program (ICBP), Human Resource Section.
	<b>Development Partners</b>	
16	Mr. Mr. Simon Buckley	JCG member, First Secretary (Development Cooperation) Manager - AusAID Mekong Regional Water and Infrastructure Unit, Australian Embassy, Vientiane
17	Mr. John Dore,	Advisor, AusAID Mekong Regional Water and Infrastructure Unit, Australian Embassy, Vientiane
18	Ms. Dorte Chortsen	JCG member, Counselor, Embassy of Denmark, Hanoi, Viet Nam
19	Mr. Daniel Haas	Counselor, Development Cooperation, (Cambodia, Lao PDR, Mekong River Commission) German Embassy, Phnom Penh, Cambodia.
	<b>Other Key Stakeholders</b>	
20	Mr. Chanthavong Saignasith	Director General, LNMC/ JCG representatives based in Vientiane.
21	Ms. Kate Lazarus	Consultant, Stakeholder Strategy,
22	Dr. Vitoon	ECO-Asia based in MRCS