

JOINT MINISTERIAL STATEMENT

Accelerating Economic Recovery to Expand 30 Years of GMS Achievements Toward Inclusive and Sustainable Development

1. We, the Ministers and Head of Delegations from the Governments of the Greater Mekong Subregion countries, met in Luang Prabang, Lao PDR on the 8th of December 2022 for the 25th Ministerial Meeting of the Greater Mekong Subregion Economic Cooperation Program (GMS Program).

2. We recognize the extraordinary regional and global context within which our meeting was being held. The world is barely coming out of the COVID-19 pandemic and its severe social and economic impacts are still hounding us. As the GMS countries are all pursuing recovery from the pandemic, our efforts are now being threatened by strong headwinds from, among other sources, pernicious inflationary pressures, rising interest rates, supply chain disruptions, risk of imminent and widespread recession, food insecurity, energy instability, and rising global debt burdens.

3. We are heartened, however, by the good progress that has been achieved on many areas despite these challenges. Moreover, we are encouraged by the fact that these accomplishments were attained in pursuit of the directions and priorities set in the new GMS Economic Cooperation Program Strategic Framework 2030 (GMS-2030) as well as the medium-term GMS COVID-19 Response and Recovery Plan 2021-2023, which were endorsed by the GMS Leaders in the Seventh GMS Summit held last year. This confirms that these strategic directions are relevant and effective even in extraordinarily challenging situations. They will be there to guide us as we navigate a perhaps even more demanding long-term future.

Recent Achievements of GMS Cooperation

4. We are, therefore, proud to announce the following substantial achievements in the various **priority sectors of cooperation** in the GMS Program since the last time we met in 2020:

- (i) **Transport** infrastructure projects continued to make up the great majority of the projects in the GMS Regional Investment Framework (RIF) 2022 with a total estimated value of over \$65.8 billion, accounting for 85% of the RIF pipeline. Major transport projects have been completed including: the PRC-Laos (Kunming-Vientiane) Highspeed Rail Project, the Thailand GMS Highway Expansion Phase 2 Project, and Cambodia Phnom Penh Sihanoukville Expressway Project. Other key projects are in advanced stages of construction, including the Viet Nam Ha Noi-Lang Son Expressway Project.
- (ii) In **Transport Facilitation**, the COVID-19 pandemic has disrupted the significant achievements made previously under the Early Harvest Implementation of the Cross-Border Transport Facilitation Agreement (CBTA). But with larger numbers of local population vaccinated, with a view to expediting their economic recovery, some GMS countries are reopening their borders. A concerted subregional effort is needed to set the Early Harvest program back on track and to refresh the vision of a subregional free market for transport services envisaged under the CBTA. These issues, including

the possible extension of Early Harvest Permits that have lapsed, are expected to be addressed in the next CBTA Joint Committee Meeting to be chaired by PRC.

- (iii) The work of the **Greater Mekong Railway Association (GMRA)** proceeded well as supported by ADB TA 9918-Connecting the Railways of the GMS, Phase 2, which aims to (1) help establish a strengthened and permanent GMRA Secretariat and complete the establishment of the GMRA as a legal, intergovernmental organization; (2) finalize the Framework Agreement for Cross-Border Railway Transport Connectivity (FA-CBRTCA), which is nearly complete; (3) finalize the Rail Operational Readiness Plan; and (4) update the GMS cross-border rail network strategy, including pre-feasibility studies for additional rail link alignments.
- (iv) For **Trade and Investment**, we welcome the establishment of the **GMS Task Force on Trade and Investment**, based on the recommendations of the scoping study undertaken to identify ways to better facilitate trade and investment in the subregion. The Task Force will explore, identify, and initiate collaborative actions and programs to boost trade and investment in the GMS. We note with appreciation its Terms of Reference, under which it commits to work with economic agencies in the GMS countries to develop and implement an action plan to revitalize GMS trade and investment under three pillars, namely, promoting digitalization; improving the business climate, including through diversification of trade and investment activities, attracting foreign investment, and micro, small and medium enterprises (MSME) development; and building capacity for implementing and maximizing the benefits from free trade agreements (FTAs).
- (v) In **Energy**, to effectively address the challenges in the sector and move toward sustainable energy, the Regional Power Trade Coordination Committee was transitioned to an Energy Transition Task Force (ETTF). The Task Force will facilitate the ongoing energy transition in the GMS, with a particularly strong promotion of Renewable Energy (RE), Energy Efficiency, and Green Financing for energy projects. It has five working groups: (1) Energy Transition; (2) Bilateral/Multilateral Interconnection; (3) Energy Storage; (4) Policy Working Group, to work on operationalizing the technical standards developed under the previous RPTCC; and (5) Energy Efficiency. Renewable energy capacity is progressing in many GMS countries recently, for example in Cambodia, Viet Nam, and the PRC. Approved on 3 November 2022, the Lao PDR: Monsoon Wind Power Project with a capacity of 600 megawatts, will be the first wind power project in Lao PDR, the largest in Southeast Asia, and the first one in Asia to supply power across borders, as it will provide substantial clean renewable energy to Viet Nam and generate social and economic benefits to Lao PDR. Meanwhile, GMS bilateral power trade continues to advance with notable increase in the role of the private sector.
- (vi) In **Agriculture**, the on-going ADB TA on the GMS Sustainable Agriculture and Food Security Program (or SAFSP) is helping the GMS countries to tackle key climate change challenges to agriculture through strengthening of climate-friendly, inclusive, and gender-responsive agri-food value chains and agribusinesses; adoption of harmonized crop and livestock safety and quality systems; and enhancement of climate-adaptive agriculture in the context of the water-food-energy (WFE) security nexus. The GMS Working Group on Agriculture is considering ways to apply the WFE nexus approach and showcase climate smart agriculture solutions and agreed upon a plan of action to guide transition to a long-lasting food security and sustainable agriculture. The SAFSP stepped up preparation of pilot demonstrations of innovations that will assist the GMS agriculture sector respond to climate change, adopt better

climate friendly practices, apply digital solutions to improve crop and livestock food safety, and enhance water use efficiency.

- (vii) In **Environment**, additional ADB grant funding was made available to support green and resilient COVID-19 recovery in the GMS, through the GMS Climate Change and Environmental Sustainability Program (CCESP.) This will provide policy support, build institutional and technical capacities, and demonstrate innovative options to build cleaner, greener, and more climate-resilient economies. The CCESP worked with the GMS Working Group on Environment (WGE), conducting bilateral consultations with GMS countries to discuss and prepare possible demonstration projects under the program. The WGE also discussed national and subregional climate resilience and post-2020 biodiversity conservation frameworks and actions in the GMS in the context of the UN Climate Change Conferences (COPs) and COVID-19. Among the priority actions proposed under the CCESP are the establishment of a GMS-wide multi-stakeholder partnership mechanism; promoting community-based adaptation and disaster management; and mobilizing additional finance for adaptation through innovative but locally appropriate financing instruments.
- (viii) In **Tourism**, GMS countries started to reopen to international travelers since late 2021 and travel restrictions or requirements were considerably reduced by the first half of 2022, allowing for the increase in tourist arrivals and revenues. GMS countries' COVID-19 response and recovery efforts for the tourism sector continued and were supported by the GMS Tourism COVID Recovery Communications Plan and accompanying Tool Kit prepared and implemented by the GMS Tourism Working Group, which guided the dissemination of accurate and engaging information toward a safe, resilient, and sustainable GMS tourism recovery. The related ongoing and proposed ADB-assisted projects include: (1) the GMS Tourism Infrastructure for Inclusive Growth Projects; (2) the Guangxi Li River Comprehensive Ecological Management and Demonstration Project; (3) the ADB Frontier Fund—a non-sovereign investment fund that will invest in growth-oriented tourism-related SMEs in Lao PDR and Cambodia; (4) the Hoa Binh Tourism Infrastructure Development Project.
- (ix) In **Health**, the “One Health” approach adopted under the GMS COVID-19 Response and Recovery Plan 2021-2023, which provides an integrated, unifying approach that aims to sustainably balance and optimize the health of people, animals, and ecosystems, is now being pursued. Under this approach, a Regional One Health Working Group has been established and continued support is being provided for regional TAs linked to existing One Health networks and resources. Among these are: (1) \$30 million additional support for the GMS Health Security project to improve and upgrade various services and equipment at 89 provincial and district referral hospitals; (2) \$95 million assistance for vaccination initiatives from 2022 to 2023; (3) \$32.5 million border areas health project that will improve access to quality health services for residents and migrants in border areas; and (4) post-pandemic recovery support through development, dissemination, and exchange of knowledge, through among other means, regional health webinars and online meetings.
- (x) In **Urban and Border Area Development**, projects have been approved in support of GMS-2030 directions toward resilience of cities to future pandemics, including through use of digital technologies; development of livable cities; and strategies for a holistic development. Among these are: (1) Guangxi Regional Cooperation and Integration Promotion Investment Program - Tranche 3; and (ii) Livable Cities Investment Project covering the cities of Bavet, Kampot, and Poipet in Cambodia,

given their potential to service Cambodia's cross-border trade with Viet Nam and Thailand, as well as opportunities for tourism. The project will provide improved urban infrastructure and support capacity development to strengthen institutional capacity of municipal administration in operations and maintenance of public services.

5. In addition to the work in specific sectors, substantial progress has been made in various important **cross-cutting themes identified in GMS-2030** as well as **new emerging areas** that have a significant bearing for GMS development:

- (i) For **Knowledge Generation**, we recognize the importance of cooperation in this area for the development of the subregion and welcome the establishment of a **GMS Knowledge Network (GMS KN)**, which will provide expertise, stimulate discussion, and raise awareness on relevant and emerging issues in the GMS. The GMS KN will serve as a mechanism to, among other functions: coordinate research findings and policy recommendations; develop, synthesize, and coordinate policy advice on key issues; provide guidance on best practice regulatory frameworks on cross-border issues to facilitate regional integration; and translate the knowledge produced into concrete government policies or new information for opportunities for the private sector.
- (ii) For **Digitalization**, we are keenly aware that this is now a key driver of economic activity and innovation, and an economy's ability to tap and effectively utilize it determines its competitiveness in this dynamic world. We therefore endorse the **"GMS Digital Economy Cooperation Initiative"** developed and proposed by the People's Republic of China and supported by the other GMS countries. This Initiative provides a framework for GMS countries to start cooperation in digital trade, digital infrastructure, digital innovation, digital finance, digital inclusiveness, digital governance and other important areas, to help them to take advantage of the opportunities as well as adapt to the challenges posed by the new digital economy. We encourage the GMS countries to make better use of cooperation mechanisms such as the GMS Cross-border E-commerce Cooperation Platform and the GMS Task Force on Trade and Investment to conduct digital economy cooperation.
- (iii) We endorse the **GMS Gender Strategy**, which aims to: (1) improve existing and develop new approaches to gender mainstreaming in GMS Program-related activities and opportunities; (2) complement subregional and GMS national governments' efforts on Sustainable Development Goal No. 5 to explicitly address barriers affecting the full participation of women and men of all ages and abilities in all socio-economic spheres; and (3) address pervasive gender norms that disadvantage one group over another. It identifies regional economic coordination, labor mobility and safe migration, education and skills, special economic zones, and digitalization, as well as addressing gender-based violence as cross-cutting themes in gender mainstreaming.
- (iv) In the area of **Labor Mobility and Safe Migration**, a Mekong Dialogue on Labor Mobility was organized in May 2022 with the support of the International Organization for Migration (IOM) to discuss and share knowledge and good practices in fostering safe labor migration, for a post-COVID-19 recovery and better migration management in the subregion. The participants also looked at strengthening border health systems as part of improving regional health security in the GMS.

6. Recognizing the GMS economic corridors as the anchor for GMS integration and development, we welcome the outcomes of the **Thirteenth Economic Corridors Forum (ECF-13)** hosted by the People's Republic of China on 3 November 2022, with the theme

“Gearing Up the Economic Recovery along GMS Economic Corridors by Digitalization, Integration and Inclusiveness”. ECF-13 discussed ways of accelerating economic recovery, especially along and around the economic corridors, through spurring trade and investment, including building capacities to maximize benefits from free trade agreements, such as the Regional Comprehensive Economic Partnership; meeting the demands of and taking advantage of opportunities offered by the digital economy; and exploring ways to strengthen and deepen the engagement of local authorities in the development of the GMS economic corridors. We are also pleased with the success of the GMS Governors’ Forum held in Kunming on 20-21 November 2022.

The Way Forward

7. The progress made in the last two years reassures us of the subregion’s ability to achieve significant progress on many fronts despite the hostile context during and post-pandemic, which only demonstrates the resilience of our cooperation program. We will redouble our efforts going forward to implement the foregoing initiatives launched in important cross-cutting themes, including coordinating and generating knowledge products to guide policies, effectively utilizing digitalization, mainstreaming gender equality in GMS activities, and promoting safe labor migration in the subregion. We will also deepen our commitment to the spatial development approach stated in GMS-2030 by continuing to plan the development of specific sections of the GMS economic corridors.

8. We are pleased to acknowledge these recent achievements as we celebrate this year the GMS Program’s 30th Anniversary, knowing that they all enhance the Program’s record of successes. We have much to be proud of, including mobilizing \$30 billion of financing from GMS countries, ADB and development partners in the last 30 years for regional projects. These projects have helped improve millions of lives through greater connectivity, enhanced competitiveness, and improvements in the health and environment of local communities.

9. We note with satisfaction that significant progress was achieved in the implementation of the previous GMS Regional Investment Framework 2022 (RIF 2022), which at the end of its term had 63% of the 205 projects already completed or commenced and \$59 billion, or 76%, of the total required funding secured. We acknowledge that the new priorities set in the GMS-2030 require a new, more implementable, and better goal-focused pipeline of projects. We therefore endorse the new **GMS Regional Investment Framework 2023–2025 (RIF 2025)**. We note that this new RIF 2025 has been prepared through an extensive consultative process and is based on new criteria to ensure project readiness in terms of feasibility, implementation, financing, as well as alignment with the strategies, goals, and thematic priorities set in GMS-2030. The RIF 2025 comprises 111 projects with a total estimated value of \$11.7 billion.

10. We are keenly aware of the need to monitor results to track our success in implementing the strategies enunciated in GMS-2030. We therefore endorse the proposed **GMS Program Strategy 2030 Results Framework**, which will enable us to look at specific and measurable indicators allowing us to make course corrections as required in achieving the Program outputs and outcomes we envisioned. Related to the need to measure results is the need to ensure consistency and alignment between GMS-wide strategic thrusts and priorities and national development plans.

11. We recognize the important role of our development partners (DPs) in the GMS Program, as they provide financing, knowledge, and other forms of assistance. GMS-2030 has also mandated that the GMS Program become a more open platform that will further broaden and strengthen its engagement with DPs based on the consensus of the GMS

member countries. Given the multitude of challenges facing the subregion, DPs' wider and deeper support to the Program is urgently required. In this regard, we support the **Study on Deepening Development Partners' Engagement in the GMS Program** initiated by the GMS Secretariat, which were based on comprehensive consultations with DPs and the GMS countries and provides innovative and effective approaches to broaden and deepen DPs' participation in the GMS Program. Also, in line with another directive from GMS-2030, we will continue to explore ways to further enhance private sector participation in the GMS Program.

12. We recognize the opportunities arising from relevant global and regional initiatives. We will further promote synergies and complementarities between the GMS Program and the Belt and Road Initiative, Global Development Initiative, Lancang-Mekong Cooperation, and the ASEAN, as well as other regional and global cooperation initiatives, so as to provide new impetus to the development of the subregion and beyond.

13. We realize that the subregion continues to face quite an uncertain future as the global economy remains in a state of flux and momentous trends reshape the structure and course of the world order. Some of these challenges are more immediate, such as technology and digitalization, reconfiguration of supply and value chains, global inflation, and volatile global financial markets while threats of recession remain, and others are longer term, such as climate change and the related needs for resilience, adaptation and mitigation, including a daunting energy transition and increased investment in sustainability. Contributing to overcoming of the challenges, we are committed to a more balanced, inclusive, and sustainable growth for our region and to further improving connectivity and the business ecosystem within the subregion.

14. We are confident that despite the challenges, the GMS will remain one of the brighter spots in the global economy. Moreover, the GMS Program will continue to be a force to drive our success. We recognize though that in order to move steadily to the Vision we set in GMS-2030 of **a more integrated, prosperous, sustainable, and inclusive subregion** toward building a GMS community with a bright shared future, we will need an even stronger commitment to cooperation and joint action. We will also require the continued strong support of our private sector, development partners, as well as other key stakeholders in GMS development. Lastly, we wish to express our deep appreciation to the Asian Development Bank for its steadfast support to GMS cooperation. We also express our sincere gratitude to the Lao People's Democratic Republic for its gracious and able hosting of the 25th GMS Ministerial Conference.

Endorsed in Luang Prabang, Lao People's Democratic Republic on the 8th of December 2022.