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ADB



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GMS E-UPDATES

Recent and Upcoming GMS Events and Initiatives

This GMS E-News is a regular publication to provide readers with an update on activities and major developments in pursuit of accelerated development of the countries sharing the Mekong River.

Upcoming GMS Events*

July 2011

- **World Bank-JICA-ADB Retreat/ Consultations on GMS Strategic Framework 2012-2022** (Tokyo, Japan)
- **3rd GMS Environment Ministers Meeting** (Phnom Penh, Cambodia)

August 2011

- **3rd Meeting of the Task Force for the 4th GMS Summit** (Phnom Penh, Cambodia)
- **17th GMS Ministerial Conference** (Phnom Penh, Cambodia)

Featured Article*

GMS Economic Corridor Development: Where Do We Stand? Where Do We Want to Go?

*See inside pages for details

THIRD GMS ECONOMIC CORRIDORS FORUM (ECF-3): Emphasis on the Role of Corridors in the Success of the GMS Program (Vientiane, Lao PDR, 30 June 2011)

The ECF-3, with the theme “Strengthening Pathways for Sustained Progress in the GMS” was held to discuss the development of GMS regional corridors focusing on the GMS East-West Economic Corridor (EWEC), North-South Economic Corridor (NSEC) and the Southern Economic Corridor (SEC). Participated in by Ministers and senior officials from Cambodia, the People's Republic of China (PRC), Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam, together with



representatives from the private sector and development partners, the Forum focused on issues constraining the development of these economic corridors, with various measures considered to accelerate their development within the context of the new GMS Strategic Framework. Drawing upon recommendations of corridor-specific symposia held earlier (see *article below*), the Forum considered such measures as the strengthening of coordination and networking among various sectors, groups, and entities involved in economic corridor development, development of a corridor monitoring system for transport and trade facilitation (TTF), improvement of multi-sector coordination along the corridors, including working on developing competitive cities on sustainable basis, and the enhancement of participation of the private sector and provincial authorities in GMS economic corridor development.

Stressing that the development of GMS economic corridors is the key indicator of the success of the GMS Program, ADB has been assisting the Mekong countries to create economic corridors linking various parts of the subregion to major markets with certain places serving as centers for production, trade and enterprise development. These corridors extend the benefits of improved transport links to remote and landlocked parts of the GMS, opening up opportunities for investment, and promoting synergy and enhancing the impact of GMS activities. “The GMS corridors not only have the potential to serve as models for other regional cooperation initiatives elsewhere in the world; they are also already emerging as building blocks of regional connectivity and integration in Southeast Asia,” said Bindhu Lohani, Vice President of ADB. Key agenda of ECF-3 was how to further sustain and strengthen the development of the NSEC, EWEC and SEC, and how to enhance support and advance the strategies and action plans (SAPs) prepared for these corridors, which provide the road map for economic corridor development.

ICT Ministers noted the considerable progress in the GMS ICT sector, especially in construction of ICT infrastructure, which supported the rapid growth of the economies and trade of the GMS members

GMS Information Communication Technology (ICT) MINISTERS' MEETING (IMM): A New Strategy to Enhance ICT for GMS Development (Xian, PRC, 10 June 2011)

The IMM was convened to promote ICT for development applications using the GMS Information Superhighway Network (ISN) in accordance with the directive of the Third GMS Summit in March 2008. During the meeting, the ICT Ministers noted the considerable progress in the GMS ICT sector, especially in construction of ICT infrastructure, which supported the rapid growth of the economies and trade of the GMS members. They noted remaining problems in the sector such as the generally low penetration rate and slow broadband speed, as well as the persistence of the digital divide in the subregion. Noting the need to address such challenges while being mindful of global ICT development trends, the Ministers adopted the ICT Development Strategy for the GMS, which prescribed the ICT Development Vision and Goals for the subregion and identified various cooperation initiatives and actions, which covered such areas as ICT infrastructure development, ICT applications (e-commerce), rural ICT piloting and green ICT application. The Ministers also positively reviewed the draft MOU on ISN (Phase III) which will provide the means for GMS members to cooperate further in developing ICT applications using the ISN. This is scheduled for signing later this year, for presentation to the 4th GMS Leaders' Summit in December 2011.

SYMPOSIUM ON THE GMS NORTH-SOUTH ECONOMIC CORRIDOR (NSEC): Emphasis on Crucial Role of Logistics Development in Promoting Investment and Trade (Kunming, PRC, 19–20 May 2011)



To maximize the benefits from improved physical connectivity, the development of logistics is needed in supporting the growth of trade and investments in the NSEC and transforming this transport corridor into a real economic corridor. At the NSEC symposium jointly organized by ADB and the Australian Agency for International Development (AusAID), representatives from the private sector presented their difficulties in transport and trade along the corridor, such as the remaining lack of operational links along certain routes, lack of border crossing facilities, lack of customs brokerage and banking services, short working hours of customs officers, cumbersome clearance and border procedures, security issues, and continuing need for transshipment at borders. Many transport businesses are confronted with problems and constraints in the implementation of customs and transit systems at border areas. Participants to the symposium confirmed that an effective transport corridor affords certainty and efficiency to transport operators. This, in turn, results in greater traffic volume that provides more income and employment to the border provinces and surrounding areas. Logistics is among the key factors that determine investment decisions. Mr. Paul Apthorp of TNT Express Worldwide, speaking on logistics and cross-border transport and trade challenges along the corridor, noted that the costly border facilities which have been built are often underutilized because of the limited operating hours. He emphasized the importance of simplifying and harmonizing trade procedures and of having a “user friendly” customs authority, which should act more as a trade facilitator rather than as a revenue collector. Meanwhile, Mr. Oudet Souvannavong, Secretary General of the GMS Business Forum, informed the Symposium that the proposed establishment of a GMS Freight and Transport Association may soon provide solutions to alleviate difficulties of transporting goods across borders in the GMS, and the lack of facilities in many border check points. Symposium participants from the border provinces agreed that enhanced inter-provincial coordination among provinces along NSEC's subcorridors will be pursued to address the problems presented. “NSEC's development requires a multi-sector effort that calls for close partnership between the public and private sectors, requiring patience, persistence and commitment,” said Arjun Goswami, Director, Regional Cooperation and Operations Coordination Division, Southeast Asia Department, ADB. NSEC development is one of the flagship programs under the GMS Strategic Framework (2002–2012) which was endorsed by the leaders of the GMS countries in 2002. Under the GMS Economic Cooperation Program which is being assisted by ADB, member countries have agreed to create economic corridors linking the subregion to major markets with certain points serving as centers for production, trade and enterprise development.

“NSEC's development requires a multi-sector effort that calls for close partnership between the public and private sectors, requiring patience, persistence and commitment,” - Arjun Goswami, ADB

The meeting recognized that the multitude of concerns and challenges that the working group tries to address involves multiple clientele and stakeholders and requires a multi-dimensional approach including cross-linkages with other sector working groups

10th WORKING GROUP ON HUMAN RESOURCE DEVELOPMENT (WGHRD): Charting Strategies and Programs in Support of GMS Priorities (Vientiane, Lao PDR, 18–19 May 2011)

The WGHRD-10 meeting, co-organized by the Lao Government and the Asian Development Bank (ADB), was participated in by a total of 89 participants (54% of which were women) from the 6 GMS countries, development partner agencies (bilateral, multilateral, intergovernmental organizations and regional academic and research institutions), resource persons, and ADB staff. The Meeting (i) reviewed the status of strategic projects under the GMS Strategic Framework and Action Plan for



Human Resource Development for 2009–2012 aimed at strengthening subregional cooperation in education, labor and migration, health, and social development; and (ii) agreed on subregional HRD priorities that could be addressed under the new GMS Strategic Framework for 2012–2022. The GMS delegations summarized the individual countries' recent HRD achievements, policy issues and emerging challenges, country assistance programs, and priorities for subregional HRD cooperation. Representatives of development partners shared their strategic priorities/current programs and reaffirmed their commitment to support subregional HRD priorities. Resource persons briefed the meeting on the progress of ongoing initiatives in the various subsectors of cooperation. The meeting recognized that the multitude of concerns and challenges that the working group tries to address involves multiple clientele and stakeholders and requires a multi-dimensional approach including cross-linkages with other sector working groups. There is need to continue work on communicable and non-communicable diseases and HIV/AIDS prevention, education and skills development and collaboration/networking among higher educational institutions, and social protection for migrant workers. Going forward, a new HRD strategy and action plan for 2013–2018 will be prepared, emphasizing a more program-based (as against project-based) approach, complementing with other regional programs e.g., ASEAN.

The program document for CEP-BCI Phase II was designed “seeking good approaches and practices that the GMS members could share and work on together in achieving their shared vision of a poverty-free and ecologically rich GMS”, noted H.E. Dr. Mok Mareth, Minister of the Environment of Cambodia

17th ANNUAL MEETING OF THE WORKING GROUP ON ENVIRONMENT (WGE AM): Moving Forward with the Next Phase of the Core Environment Program (Phnom Penh, Cambodia, 24–25 May 2011)

The WGE AM-17 meeting, co-organized by the Cambodian Government and the ADB, brought together representatives of GMS countries and development partners to review the progress made and achievements of Phase I of the GMS Core Environment Program (CEP) and its flagship the Biodiversity Conservation Corridor Initiative (BCI). The meeting also discussed the new challenges facing the GMS countries, and considered refinements to the program framework document for the second phase of CEP-BCI (2012–2016), which would be presented for endorsement at the 3rd GMS Environment Ministers' Meeting to be held in Cambodia in late July 2011. The program document for CEP-BCI Phase II was designed “seeking good approaches and practices that the GMS members could share and work on together in achieving their shared vision of a poverty-free and ecologically rich GMS”, noted H.E. Dr. Mok Mareth, Minister of the Environment of Cambodia, in his keynote address at the meeting. After presentation of the CEP-BCI Phase II program framework, the meeting obtained its endorsement by WGE members and additional comments on it by the key CEP development partners. A technical session on integrating environmental considerations in GMS sector programs was held, which looked into the environment program's linkages with the energy, transport, agriculture, and tourism sectors, as well as in capacity building needs of CEP-BCI. The session noted the importance of applying an environment and climate filter in the formulation of the new GMS Strategic Framework (2012–2022) which is being finalized for endorsement at the 4th GMS Summit in December 2011. The second day of the meeting was devoted to discussions of CEP-BCI partner activities and future commitments.

The meeting will focus mostly on the requirements for establishing the RCC to coordinate step-wise progression of GMS power trade arrangements as the subregion advances in its stage of power trading

10th MEETING OF THE REGIONAL POWER TRADE COORDINATION COMMITTEE (RPTCC-10): Nearing Consensus on the Structure to Get Power Trade Moving (Phnom Penh, Cambodia, 25–27 May 2011)

The RPTCC-10 meeting focused mostly on the requirements for establishing the Regional Coordination Center (RCC) for power trading to coordinate step-wise progression of GMS power trade arrangements as the subregion advances in its stage of power trading. A draft report for the proposed GMS institutional structure was earlier circulated to the GMS countries, which was followed by an ADB consultation mission. The outcome of these consultations was a revised report presented at the meeting, which was the basis of discussions on the governance structure and other design matters for establishing the RCC, which were covered in the meeting sessions that included the set up of the regional power trade organization, experiences in establishing similar organizations, and the proposed RCC governance structure, selection criteria for RCC headquarters, and the draft agreement to establish the RCC. During the meeting, the GMS countries favorably considered a number of useful suggestions on the process and criteria for selecting the venue of the RCC headquarters. They also agreed on key milestones and timelines for the preparation and evaluation of proposals for hosting the RCC headquarters, and for the preparation, review and refinement of the inter-utility MOU to establish the RCC. The meeting also agreed on the focus of capacity building activity under the RPTCC.

27th MEETING OF THE TOURISM WORKING GROUP (TWG-27): Stepping Up Tourism Road Map Implementation for 2011–2015 (Pakse, Lao PDR, 26 May 2011)



Representatives from the six GMS countries, the Mekong Tourism Coordinating Office (MTCO), development partners including the Asian Development Bank, Netherlands Development Organization, France, New Zealand, and UN World Tourism Organization, and other officials, attended the meeting which reviewed the progress of the subregional joint tourism marketing and development programs. This included the Explore Mekong Campaign, the status of priority programs on tourism development, and steps to implement the Road Map covering 2011–2015 that emphasizes 3 strategic programs: (i) tourism-related human resource development; (ii) pro-poor, sustainable tourism development; and (iii) subregional marketing and product development. MTCO has

been tasked to work on the design of projects and implementation arrangements on a project-by-project basis with the support of the GMS countries, ADB, and other development partners. The working group also reviewed final preparations for the Mekong Tourism Forum (MTF) 2011 which was subsequently held on 27–28 May 2011 in the same venue, with the theme “Destination Mekong: The Making of a Star”. The MTF, the leading tourism event for the Mekong region, gathered travel industry professionals from the public and private sectors and regional development partners to share insights and business leads on the subregion’s emerging destinations.

SECOND TASK FORCE FOR THE 4TH GMS SUMMIT/SENIOR OFFICIALS’ MEETING (Vientiane, Lao PDR, 29 June 2011)

The meeting discussed the progress of preparations for the 17th GMS Ministerial Conference (17th MC) in Cambodia. Ideas on the logo, program and component activities for the 4th GMS Summit in Myanmar were also discussed and firmed up; the meeting affirmed the theme for the 4th GMS Summit theme, i.e. “**Beyond 2012: Towards a New Decade of GMS Strategic Development Partnership**”. The meeting also took stock of the status/progress of the key deliverables for the 17th MC and 4th Summit, notably the new GMS Strategic Framework (2012–2022).

The Mekong Tourism Forum adopted the theme “Destination Mekong: The Making of a Star” and shared insights and business leads on the subregion’s emerging destinations



REGIONAL CORRIDORS DEVELOPMENT IN THE GMS: Where do we Stand? Where do we Want to go?

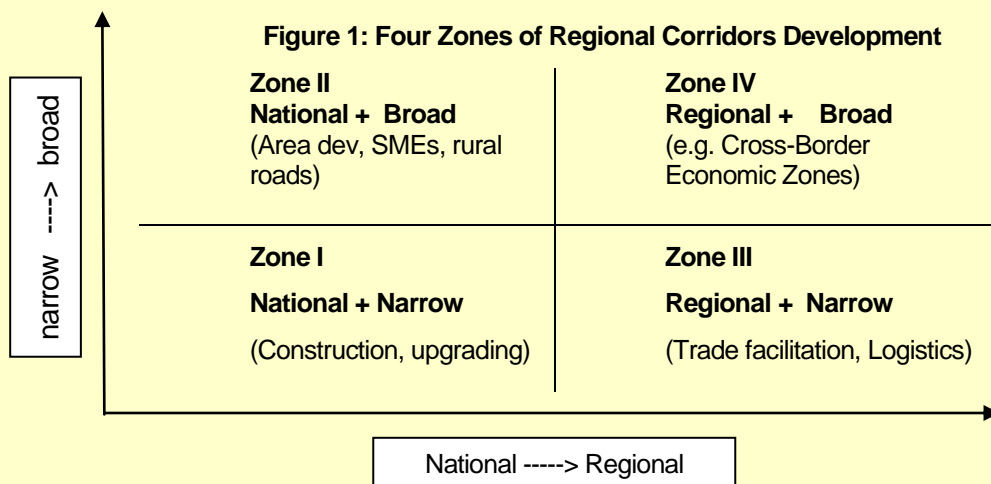
Introduction

Regional corridors are an important part of the toolkit for regional cooperation initiatives (RCIs), and are frequently promoted in ADB-supported RCIs. The development of regional corridors is usually recognized as central to enhancing the effectiveness and impact of RCIs, with the argument that these corridors consist of improved transport infrastructure and connectivity across countries which are then linked to increased trade and regional development. Corridors are expected to evolve into various stages through improvements in trade facilitation and logistics services, but the transformative process is not informed by any explicit framework. For instance, one approach sees this transformation in five stages namely: stage 1 transport corridor; stage 2 transport and trade facilitation (TTF) corridor; stage 3 logistics corridor; stage 4 urban development corridor; and stage 5 economic corridor. However, differences between these stages are not clear cut and one cannot easily answer how the transition will take place across the various sequenced stages.

A Framework for Regional Corridor Development

Mr. Pradeep Srivastava, Senior Regional Cooperation Specialist, Regional Cooperation and Operations Coordination Division (SERC), Southeast Asia Department, ADB, prepared a simple framework¹ for assessing development of regional corridors in the context of regional cooperation, which was presented at the 3rd GMS Economic Corridors Forum held in Vientiane, Lao PDR on 30 June 2011. In this framework he discussed the two building blocks of a basic framework for regional corridor development, (i) the extent to which the corridors are national or regional, and (ii) the extent to which they are narrow or broad. In the first case, what constitutes a regional project as distinct from a national one is a central question in regional cooperation. Conceptually a regional project is one that embodies cross-border spillovers (whether positive or negative) requiring joint/ coordinated action by 2 or more countries, such as controlling spread of diseases or managing cross-border crime. For infrastructure projects, ADB uses a wider operational definition, to include national projects with regional implications, such as a road corridor whose regional aspect grows to the extent it reaches across borders, e.g., connecting nodes across borders and economically attracted to each other through mutual demand for production factors or goods. In the second case, Mr. Srivastava explains a narrowly defined corridor as one road/highway that simply connects two nodes. A broader corridor includes other points that are not along the highway, but whose residents are benefitted with easier access to other nodes by using the highway. One implication is that denser areas off the highway-like other urban nodes- would contribute to the widening of the corridor. The impacts of specific factors and types of regional projects on the widening of the corridor were provided; among examples cited were highway corridor/upgrading (widening), road safety improvement (widening), increased costs at borders, say cumbersome customs procedures (narrowing), and corridor towns development (widening).

These two dimensions of corridors then- the national versus regional, and the narrow versus the broad- provide a useful framework to assess the components for development of corridors and their interrelations. This is illustrated in the figure below, where the x-axis shows the national/ regional characteristics of a corridor, and the y-axis represents the narrow/ broad dimension, with increased widening moving up the axis. Zone 1 represents the national and narrow stage, a useful starting point marked by a highway's initial construction. Zone 2 (national, broad) and Zone 3 (regional, narrow) may be pursued at any time but differ in content, with zone 2 mostly the purview of national government and is "investment intensive" (to fund diverse infrastructure), while zone 3 requires regional cooperation and "investment light" with focus on strengthening software. Zone 4 is the last stage wherein the corridor is transformed from a narrow, national entity into a broad and seamless regional entity, and this may require joint regional plans (say for cross-border area development) or coordination of national plans.



¹ Based on ADB Working Paper 258 (<http://adbweb/Documents/Working-Papers/2011/Economics-WP258.pdf>)

Implications for the GMS Program

The GMS Program has adopted the economic corridor approach to regional development in 1998, and has anchored regional projects and initiatives on these corridors. This approach was reinforced with the establishment of the Economic Corridor Forum (ECF) in June 2008 in Kunming, PRC as the ministerial-level multisector platform for coordination, networking and facilitating corridor initiatives. With almost \$12 billion worth of investment projects completed or under implementation and entering its third decade, the GMS Program is one of the more advanced RCI program.

Given the centrality of corridor development in the GMS, the framework discussed here has some important implications for the GMS Program. One, there is a need to reject the strict national versus regional dichotomy in the GMS context, particularly for 2nd generation regional projects, since, in an advanced RCI like the GMS, very often *regional is national* and *national is regional*. For the GMS Program, there is arguably a need to look for projects that are regional in scope but national in implementation (as reflected in the maxim “Think Regionally, Act Nationally”). The Mekong River Commission (MRC) example was cited, which follows a regional framework anchored on the Mekong Basin for planning of national projects that the MRC coordinates. Two, the GMS Program needs to transition into the second generation, since its first 20 years was anchored on Zone 1 investments in highway construction/upgrading related to the 3 corridors. Three, second generation will comprise Zone 2 and 3 development, but the question remains as to their sequencing. Four, Zone 3 activities are increasingly integrated into the GMS Program, with TTF (Zone 3) recognized as high priority in recent years, with development of logistics and freight forwarding services also growing in priority. Five, Zone 2 development remains low key, because it is not just resource-intensive, it also more complex to conceptualize and implement. Rural roads, for instance, even if linked to regional corridors, face low commercial benefits/cost ratios, and to boost these, rural roads will need to be packaged with other investments to link to markets and build rural capacity to produce for markets. Six, there is a need for greater integration of Zone 2 in the GMS Program, since transition to Zone 3 minus Zone 2 risks realizing growth that would be geographically imbalanced and less inclusive than desired. Seven, Zone 2 transition should be anchored on a regional master plan, which can ensure that increased channeling of resources to this zone is based on sound benefit/ cost analysis, and allow the GMS countries to better address climate change risks. Lastly, the ECF should be developed as the platform for Zone 4 development in the longer term, although in the short term it should focus on coordinating Zone 3 activities, increasing Zone 2 focus and developing the regional master plan and monitoring system.

Upcoming GMS Events

World Bank-JICA-ADB Southeast Asia Department Retreat/ Consultations on GMS Strategic Framework 2012-2022 (Tokyo, Japan, 6-7 July 2011)

The Regional Retreat will strengthen ADB-Japan International Cooperation Agency (JICA)-WB donor coordination partnership at the strategic, sectoral, and portfolio management and operations levels in support of country and regional cooperation programs in the Greater Mekong Subregion. This will also discuss the key points of the latest draft of the GMS Strategic Framework 2012-2022, which will be presented at the 17th GMS Ministerial Conference in Cambodia in August 2011 and the 4th GMS Summit in Myanmar in December 2011.

3rd GMS Environment Ministers' Meeting (Phnom Penh, Cambodia, 28 July 2011)

The 3rd GMS Environment Ministers' Meeting (EMM-3) will take stock of the achievements of the Core Environment Program (CEP)- Biodiversity Conservation Corridor Initiative (BCI) 2006-2011, and consider the proposed next phase of CEP-BCI 2012-2016. The meeting theme is “Sustaining Natural Resources for Green and Inclusive Growth”. The meeting will be preceded on 27 July by an Environment Senior Officials' Meeting to finalize EMM preparations and an Environment Forum which will discuss prospects for sustainable and green practices in the GMS.

3rd Meeting of the Task Force for the 4th GMS Summit (TF4/SOM-3) (Phnom Penh, Cambodia, 2 August 2011)

The TF4/SOM-3 meeting will firm up the program/ agenda and component activities for the 4th GMS Summit. It will take up the further preparations for Summit logistics arrangements and discuss needed actions to complete the various Summit deliverables.

17th GMS Ministerial Conference (Phnom Penh, Cambodia, 2-4 August 2011)

The Conference with the theme “**Building on Success: Expanding GMS Cooperation for New Opportunities**” will commence on 2 August with the TF4/SOM-3 meeting, followed by the Development Partners' Meeting (DPM) on 3 August. The DPM will take up issues concerning the implementation of the GMS Strategic Framework (SF) 2012-2022 especially on building the knowledge platform and building capacity under the GMS Program. The Ministerial Meeting on 4 August 2011 will consider the reports of the TF4/SOM-3 and DPM meetings, and will have the Ministers in a closed-door retreat to discuss implementation issues of the GMS SF.



Links:

- [GMS Tourism Sector Strategy Midterm Review & Road Map 2011-2015](#)
- [GMS Core Environment Program](#)
- [Development of Economic Corridors](#)
- [GMS Road Map for Expanded Energy Cooperation](#)

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