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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*

May 2011

- 10th Meeting of Working Group on Human Resource Development (WGHRD-10) (Vientiane, Lao PDR)
- 27th Meeting of Tourism Working Group (TWG-27) (Pakse, Lao PDR)
- Symposium for Developing the North-South Economic Corridor (Kunming, PRC)
- Annual Meeting of Working Group on Environment (WGE-AM)(Cambodia)
- 10th Meeting of the Regional Power Trade Coordination Committee (RPTCC-10), (Siem Reap, Cambodia)

June 2011

- GMS ICT/ Telecoms Ministers' Meeting (PRC)
- 3rd Economic Corridors Forum (ECF-3) (Vientiane, Lao PDR)

Featured Article*

Moving to the Next Level of GMS Power Trade Development

THIRD GMS TOURISM MINISTERS' MEETING: A Refocused Strategy to Better Respond to Poverty and Environmental Challenges in the GMS (Phnom Penh, Cambodia, 17 January 2011)

The GMS Tourism Ministers' Meeting, held as part of the ASEAN Tourism Forum 2011, reviewed the findings and recommendations of the Mid-term Review of the GMS Tourism Sector Strategy, recently prepared with ADB technical assistance. The Ministers unanimously endorsed the refocused strategic directions proposed in the Midterm Review, including a revised spatial strategy that focuses on the development of thematic multi-country tour circuits linked to the iconic Mekong River Tourism Corridor, and an updated 2011–2015 implementation road map based on 3 consolidated strategic programs covering tourism-related human resource development, pro-poor sustainable tourism, and marketing and product development.



The Ministers also agreed to continue efforts to improve the protection of natural and cultural tourism sites, upgrade infrastructure, strengthen human resources and tourism management systems, harmonize service standards, and further streamline immigration procedures. Similarly, they agreed to better protect vulnerable groups from the negative impacts of tourism and continue efforts to spread the benefits of tourism more broadly. They recognized that the tourism industry must take steps to mitigate and adapt to climate change and promote more environmentally and socially responsible practices. In their Joint Ministerial Statement, the GMS Tourism Ministers expressed their appreciation for the assistance to priority programs provided by key development partners, including ADB and the French Government that is supporting the Mekong Tourism Coordinating Office.

GMS BIODIVERSITY CONSERVATION CORRIDOR: Cambodia and Lao PDR Sign Agreements to Implement Grant Project

The Project, which aims to conserve more than 1.9 million hectares of threatened forest, was approved on 10 December 2010 with ADB grant funding of \$69 million for Cambodia, Lao PDR and Viet Nam. Agreements to set in motion the implementation of the project were signed recently by Cambodia and Lao PDR. The \$19 million grant agreement for the Cambodia part of the project was signed on 27 January 2011, while the \$20 million grant agreement for the Lao PDR part was signed on 14 February 2011. These developments will help Cambodia and Lao PDR to preserve their richly diverse forest areas which have come under increasing pressure from hydropower and road development as well as mining and commercial agriculture activities. The project includes planting indigenous trees to restore degraded forests, raising the capacity of local and national agencies in managing forests, supporting security of land tenure for poor households and financing small-scale community infrastructure for water, sanitation and market access roads.

*See inside pages for details

The Symposium proposed setting up a “Coalition for SEC Development” which brings together stakeholders to improve information exchange, coordination, networking and implementation.

SYMPOSIUM FOR DEVELOPING THE SOUTHERN ECONOMIC CORRIDOR (SEC): Realizing Synergies from Private Sector Dynamism and Public Sector Planning (Phnom Penh, Cambodia, 9–10 March 2011)

The Symposium, with the theme “Synergizing Private Sector Dynamism and Public Sector Planning” was attended by 217 participants from key central government agencies, provincial governments and international development organizations and research institutions. The Symposium aimed to (i) review and assess progress in trade and transport facilitation, logistics development and cross-border economic links along the SEC; (ii) disseminate the views of the private sector on opportunities and constraints in SEC development; (iii) draw attention to issues and constraints affecting SEC development at local level and how to address these; (iv) increase support for the SEC of local authorities and private sector; (v) identify priority follow-up actions to facilitate SEC development; and (vi) strengthen the platform for coordination and networking among local authorities and the private sector. Among the key points discussed at the Symposium was the SEC’s immense potential, with its diversified economic structure, natural resource endowments and labor markets. Also, provincial authorities stressed the importance of continued infrastructure development and assistance for this, including rural and feeder roads. The private sector emphasized the need to address remaining constraints to trade and investment, while development partners recognized the need for closer coordination of activities and for a framework for monitoring/evaluation of SEC development. The Symposium reiterated the proposal to include Dawei in Myanmar in the SEC, which could be formalized in forthcoming GMS meetings. Among the next steps proposed were: (i) to set up a Coalition for SEC Development bringing together stakeholders to improve information exchange, coordination, networking and implementation; and (ii) to form a Task Force (TF) to identify how this Coalition is designed and implemented. This TF is planned to meet shortly to prepare an Action Plan for collecting information/indicators for SEC development, prioritizing issues to be addressed by the Coalition, and prioritizing sector initiatives to be pursued for the SEC. The TF, which will also develop the format, program and agenda of future SEC stakeholder meetings, will submit its recommendations to the Third Economic Corridors Forum (ECF-3) in Lao PDR in June 2011.



FIRST TASK FORCE FOR THE 4TH GMS SUMMIT/SENIOR OFFICIALS’ MEETING (Nay Pyi Taw, Myanmar, 29 March 2011)

The meeting discussed the proposed arrangements for the 3rd Economic Corridors Forum (ECF-3) in Lao PDR and the 17th GMS Ministerial Conference (17th MC) in Cambodia, and updated on progress of preparations for these meetings. Ideas on the logo, theme, program and component activities for the 4th GMS Summit in Myanmar were also discussed. The meeting also took stock of the status/ progress of the key deliverables for the 17th MC and 4th GMS Summit, notably the new GMS Strategic Framework (2012–2022).

Featured Article

MOVING TO THE NEXT LEVEL OF GMS POWER TRADE DEVELOPMENT: Formalizing Arrangements to Synchronize Power Grid Planning, Programming and Operations in the Subregion

Introduction

Power trading in the GMS has so far been limited to bilateral deals, where power is exported from a surplus country (e.g., Lao PDR) to an energy deficient country (e.g., Thailand). In some cases, power is exported to remote, underserved border areas of the neighboring country (Thailand to Lao PDR) or to augment supply at lower cost to adjacent areas (Thailand to western Cambodia). While bilateral trade brings benefits, GMS members recognize that bigger benefits can be realized through multi-party power trade, which requires formation of a regional transmission network that is developed and operated in a coordinated manner to achieve a competitive regional power market. Through multi-party power trade, GMS members will (i) reduce investments in power reserves needed to meet peak demand, (ii) achieve more reliable supply, (iii) reduce operational costs, (iv) reduce greenhouse gas emissions, and (v) increase consumers’ access to cheapest power sources available.

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Status of GMS Power Trade Cooperation

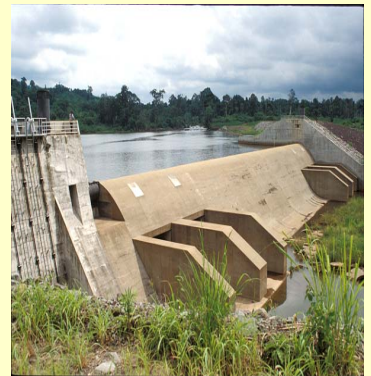


Under the GMS Program, cooperation in power development involves a two-pronged approach to develop the regional power market, which combines both policy framework and physical infrastructure components. The **first** involves providing the policy and institutional framework for promoting opportunities for extended cooperation in regional power trade. The **second** involves a building block approach to developing the essential grid interconnection infrastructure that will physically facilitate the cross-border dispatch of power. This approach is carried out through the institutional mechanisms created under the GMS program of cooperation in energy. The Subregional Electric Power Forum (**EPF**) was established in 1995 to promote opportunities for extended economic cooperation and the EPF was technically supported by the Experts Group on Power Interconnection and Trade (**EGP**) created in June 1998. Currently coordination in power trade development is being handled by the Regional Power Trade Coordination Committee (RPTCC) formed in 2003 under the Inter-Governmental Agreement on Regional Power Trade (IGA) signed by the GMS countries in November 2002. The RPTCC has established working groups (Focal Group and Planning Working Group) that

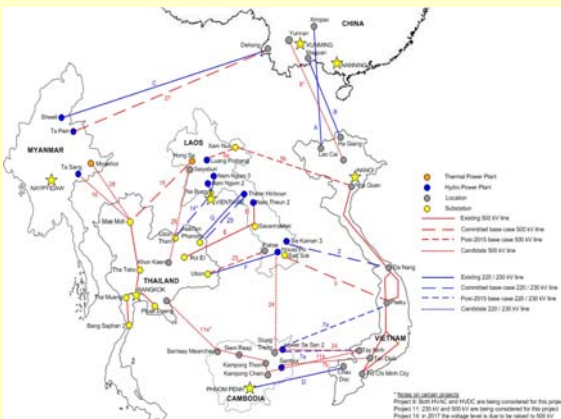
carry out priority activities and studies to reach a consensus on power plans and specific rules for power trade that comprise the Regional Power Trade Operating Agreement (RPTOA). The RPTCC's work program has been guided by the recommendation of an earlier study that the GMS power market should evolve in four stages given that current GMS regulatory and transmission capacities do not meet the requirements for a competitive set-up. Stage 1 is where only country-to-country trade is feasible. In Stage 2, transmission facilities are developed to allow almost every GMS member to trade with another. Stage 3's enlarged cross-border capacity allows increased transactions. In Stage 4 a regional energy market with multiple buyers and sellers is eventually developed.

The Policy Framework

While the IGA sets the long-term vision and higher level objective for the regional power market, the MOU on RPTOA Stage 1, (**MOU-1**) signed by the GMS countries during the Second GMS Summit in Kunming, PRC (July 2005), sets more "modest" rules for initial trade at Stage 1 to guide future power market development. This MOU contains the detailed RPTCC work plan which includes technical studies and other tasks supporting the RPTOA including (i) setting up a power-sector data base; (ii) preparing/ updating a power master plan; and (iii) developing best practices for power purchase agreements (PPAs). Subsequently, an MOU on the Road Map for Implementing the GMS Cross-Border Power Trading (**MOU-2**) was signed at the Third GMS Summit in Vientiane, Lao PDR in March 2008. This MOU prescribes a Road Map with more clearly specified indicative milestones with timelines needed to fully achieve Stage 1 of regional cross-border power trade for the period 2008-2012, and the measures to prepare for Stage 2.



The Regional Grid Interconnection Infrastructure



GMS cooperation also focuses on: (i) the essential physical power interconnection in the GMS until 2020; and (ii) harmonization of transmission planning, design and operational practices. GMS members will therefore continue to plan for the building of essential power interconnections to enable power trade based on findings of the master plan study. Earlier the EPF and EGP supervised the conduct of the study on the Regional Indicative Master Plan on Power Interconnection, which identified essential physical power interconnections in the region up to 2020, recommended least-cost grid interconnection scenarios, and identified activities to coordinate technical issues needed to link national transmission systems. The study was endorsed in the May 2002 EGP meeting. The RPTCC-9 meeting held in Shenzhen, PRC in October 2010 discussed the updates of the GMS Master Plan for 2010–2025, running simulations of the model for a range of regional power system scenarios. The update also identified potentially beneficial regional projects and compiled a list of priority projects

according to their merits. The update also identified **three poles of development** along which the three subregional markets would be organized. The three proposed subregional market poles are: (i) North West Pole: Interconnections from Myanmar to PRC and Thailand; (ii) the East-West Northern Link: Thailand, Lao PDR North and Viet Nam North, with the possibility of opportunity exchanges between Thailand, Viet Nam, and possible extension to PRC; and (iii) the Southern Pole: Lao PDR South, Cambodia, Viet Nam Centre and Viet Nam South.

The Need for a Regional Coordination Center

Phased evolution of the GMS power market is thus being planned as regional energy trading grows. Over time, as the region's installed capacity grows, new players enter the market, and competitive forces in GMS's power markets develop. Beginning with bilateral contracts, requiring long term PPAs, the GMS should be moving toward a more structured, competitive spot market. Eventually the GMS market is expected to evolve into an open, but appropriately regulated, competitive power market. A **Regional Coordination Center (RCC)** is being planned for the GMS to deal effectively with the GMS power market's changing needs. Initial focus is on synchronizing the building of new power plants and transmission lines in the region, and then later, allowing or encouraging competition in the electricity market as it grows in size and maturity. Among the proposed design criteria for the RCC are the following: (i) it should be an independent legal entity; (ii) funding for administrative operations should come from its members rather than be dependent on governmental budget appropriations; (iii) it should operate on a strict commercial basis; (iv) it should be subject to appropriate regulation to prevent the accumulation of market power and the abuse of monopoly control; (v) the process for developing and changing power trade rules over the course of time must be perceived as transparent, fair and well-grounded; and (vi) its internal organizational structure should provide for sufficient representation of interests, but also assure the timely delegation of decision-making to appropriate bodies.

Currently ADB is assisting GMS members in preparing the **MOU** to establish the RCC. ADB is assisting in the consultations among GMS members to seek consensus on vital RCC issues such as the selection criteria for Headquarters of the RCC, the suitable Governance Structure and Membership of the RCC, its functions, powers, responsibilities and limitations, and finally, its financing and implementation aspects. The RPTCC meetings in 2011-2012 will focus on getting the GMS members to finalize and sign the MOU, and setting in motion the financing, physical establishment and initial operations of the RCC.

10th Meeting of the Working Group on Human Resource Development (Vientiane, Lao PDR, 18–19 May 2011)

The WGHRD-10, with the theme "Emerging GMS HRD Challenges and Priorities for the GMS Strategic Framework 2012–2022" will assess implementation of the Strategic Framework and Action Plan for Human Resource Development in the GMS (2009–2012) and identify emerging HRD challenges and priorities to feed into the new GMS Strategic Framework for 2012–2022. The working group will also share information on recent analytical work and good practices related to HRD and knowledge management. Representatives from line ministries of the 6 GMS countries in education, labor and migration, health, and social development, development partners, research and academic institutions, civil society and subsector experts are attending.

27th Meeting of the Tourism Working Group (TWG-27) (Pakse, Lao PDR, 26 May 2011)

The TWG-27 meeting will be held back-to-back with meetings of the Joint Steering Committee on the Sustainable Tourism Development Project (25 May), Closed Meeting of the Mekong Tourism Coordinating Office Board (26 May), and Mekong Tourism Forum 2011 (27–28 May) in Pakse, Champasak, Lao PDR. TWG-27 will discuss and exchange insights on subregional tourism issues and programs, and initiatives to strengthen subregional tourism cooperation. The Mekong Tourism Forum 2011 continues an annual event, revived in 2010, that brings together public and private sector organizations to discuss issues such as the expansion of marketing networks, infrastructure development, and policy. The theme for this year's Forum is "Destination Mekong – The Making of a Star", featuring six new travel concepts from each of the 6 GMS countries on how their ventures and services contribute to attracting tourists from around the world and to establishing the Mekong subregion as a tourism star. A Mekong Travel Fair is also being held in conjunction with the Forum.

Symposium for Developing the North-South Economic Corridor (Kunming, PRC, 19–20 May 2011)

The proposed Symposium will have two parts, the first covering the Kunming–Bangkok (Western) Subcorridor and the second dealing with the Kunming–Ha Noi (Central) and Nanning–Ha Noi (Eastern) Subcorridors. The theme of the Symposium is proposed to be "Realizing the Potential of the North-South Economic Corridor (NSEC) for Mutual Benefit". Its objectives, among others, are to: review and assess the progress in trade and transport facilitation, logistics development, and expansion of cross-border economic links along the subcorridors of the NSEC; and draw attention to issues and constraints affecting the development of the subcorridors, and recommend priority follow-up actions to address them. It will be participated in by: (i) governors/high-level senior officials and representatives of business associations of the NSEC provinces; (ii) senior officials from central government agencies and relevant ministries; (iii) GMS Business Forum and other private sector representatives; and (iv) development partners and research institutions involved in the development of the NSEC.

Annual Meeting (AM) of the Working Group on Environment (Phnom Penh, Cambodia, May 2011)

The WGE-AM will discuss and finalize the draft Core Environment Program-Biodiversity Conservation Corridor Initiative (CEP-BCI) Phase II Program Framework (2012–2016) for endorsement to the 3rd GMS Environment Ministers' Meeting to be held in July 2011. The strategic directions for developing Phase II of CEP-BCI were earlier endorsed at the 16th GMS Ministerial Meeting in Ha Noi, Viet Nam in August 2010. The Draft Program Framework Document was circulated to the WGE for review in November 2010. Key outputs for CEP-BCI Phase II include: (i) sustainable development planning capacities and enabling policies improved; (ii) climate resilience and low carbon development promoted; (iii) cross-border management of biodiversity conservation landscapes for sustainable livelihoods facilitated; and (iv) sustainable financing for conservation, ecosystem management and climate friendly development established.

10th Meeting of the Regional Power Trade Coordination Committee (RPTCC-10) (Siem Reap, Cambodia, 25–27 May 2011)

The meeting will mainly discuss the proposed establishment of the Regional Coordination Center (RCC), envisaged to coordinate planning and construction of generation and transmission facilities in the subregion, with the view to enabling competition in the trade of power between and among GMS members (*see feature article above*). The meeting will be preceded by an ADB-led consultation mission to the GMS countries to discuss (i) the proposed governance structure of the RCC; and (ii) proposed selection criteria for RCC Headquarters with concerned GMS staff.

GMS ICT/ Telecommunications Ministerial Meeting (IMM) (PRC, June 2011)

The IMM will discuss the formulation of the GMS ICT development strategy which will include an analysis of opportunities and challenges of ICT development in the GMS and the vision, goals and strategic key points listing the priority projects for concerted ICT development in the GMS. The IMM will also approve the new MOU on cooperation to develop the GMS Information Superhighway Network (ISN), which will focus on promoting ICT applications services using the ISN. The MOU was earlier reviewed at the Telecoms Senior Officials Meeting in Shanghai, PRC (September 2010) and is currently undergoing review by the GMS members.

3rd Economic Corridors Forum (ECF-3) (Vientiane, Lao PDR, June 2011)

The Forum will discuss the results of corridor-specific symposia held to foster closer engagement of local authorities and the private sector in discussions on corridor development, in line with the guidance given at the ECF-2 in Phnom Penh in 2009. The symposium on the East-West Economic Corridor was held in Viet Nam in 2010, while the symposium on the Southern Economic Corridor was concluded in March 2011 (*see news item above*). The symposium on the North-South Economic Corridor (NSEC) will be held in May 2011.

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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