

REGIONAL AND SUBREGIONAL PROGRAM LINKS

Mapping the links between ASEAN and
the GMS, BIMP-EAGA, and IMT-GT



REGIONAL AND SUBREGIONAL PROGRAM LINKS

Mapping the links between ASEAN and
the GMS, BIMP-EAGA, and IMT-GT

September 2013

© 2013 Asian Development Bank

All rights reserved. Published 2013.
Printed in the Philippines.

ISBN 978-92-9254-202-3 (Print), 978-92-9254-203-0 (PDF)
Publication Stock No. RPT135922-2

Cataloging-In-Publication Data

Regional and Subregional Program Links: mapping the links between ASEAN and the GMS, BIMP-EAGA, and IMT-GT
Mandaluyong City, Philippines: Asian Development Bank, 2013.

1. Regional cooperation and integration. 2. ASEAN. 3. GMS. 4. BIMP-EAGA. 5. IMT-GT.
I. Asian Development Bank.

The views expressed in this publication are those of the authors and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent.


ADB does not guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use.

Use of the term "country" does not imply any judgment by the authors or ADB as to the legal or other status of any territorial entity. The symbol "\$" represents the United States dollar unless otherwise indicated. "Asia" refers only to ADB's Asian member economies.

ADB encourages printing or copying information exclusively for personal and noncommercial use with proper acknowledgement of ADB. Users are restricted from reselling, redistributing, or creating derivative works for commercial purposes without the express, written consent of ADB.

Photo credits (cover): ADB photo archive and Josephine Duque-Comia.

Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel: +63 2 632 4444
Fax: +63 2 636 4444
www.adb.org

 Printed on recycled paper

Contents

Foreword.....	v	V. SUMMARY OF MAJOR FINDINGS.....	83
Acknowledgements	vi	Major Findings	83
Abbreviations.....	vii	Strengthening Strategic and Institutional Links	86
EXECUTIVE SUMMARY	ix	VI. CONCLUSIONS	88
Introduction.....	ix	APPENDICES	90
Approach Adopted.....	ix	A. Selected ASEAN Highway Network Sections	
Key Findings	x	in the ASEAN Strategic Transport Plan Located in	
Strengthening Strategic and Institutional Links	xi	Subregional Corridors in the GMS, BIMP-EAGA,	
I. INTRODUCTION	1	and IMT-GT.....	90
II. RATIONALE FOR PROMOTING LINKS		B. Committees under the Purview of ASEAN Economic	
AND IMPROVING COORDINATION.....	3	Ministers	93
ASEAN, GMS, BIMP-EAGA, and IMT-GT.....	3	C. Memorandum of Agreement Between the	
Promoting Links and Improving Coordination	4	Association of Southeast Asian Nations	
III. STRATEGY AND PROGRAM LINKS	6	and the Asian Development Bank	96
Approach to Strategy Mapping	6	D. Business Organizations Affiliated with ASEAN	106
Review of Program-Wide Strategies	6	E. Review of ADB-Supported Capacity Building	
Findings and Observations: Strategy		Technical Assistance to ASEAN, GMS,	
Level Review	13	BIMP-EAGA, and IMT-GT	106
Operational Level Review of Selected		TABLES	
Sector Initiatives	16	1 Master Plan on ASEAN Connectivity Pillars	
Transport Connectivity.....	16	and Component Strategies	8
Energy Connectivity	35	2 ASEAN Strategic Transport Plan, 2011–2015:	
Transport and Trade Facilitation.....	42	Goals, Strategic Thrusts, and Key Actions	17
Findings and Observations: Operational		3 Development Strategies of Priority Subregional	
Level Review	48	Corridors	19
IV. INSTITUTIONAL COORDINATION AND LINKS	53	4 Number of ASEAN Highway Cross-Border	
Review of Institutional Arrangements		Links between Member States.....	22
and Mechanisms	53	5 Ferry Links in ASEAN Members States in the ASEAN	
In-Country Institutional Arrangements.....	71	Highway Network	22
Comparative Assessment of Institutional		6 ASEAN Highway Network Routes in the MPAC	
Mechanisms and Arrangements	74	and ASTP, 2011–2015 for Construction	
Enhancing Institutional Coordination	78	and Upgrading, and their Inclusion in the GMS,	
		BIMP-EAGA, and IMT-GT Programs	23

7	Cross-Border Rail Links Before and After the Singapore–Kunming Rail Link	24
8	Missing Links in the Singapore–Kunming Rail Link ..	25
9	ASEAN Maritime Transport Cooperation Goals and Strategies for 2011–2015.....	27
10	Designated Ports in the ASEAN Transport Network ...	27
11	ASEAN-Designated Ports Located in the BIMP-EAGA, IMT-GT and GMS Subregional Programs	28
12	ASEAN Multilateral Agreement in Air Services: Designated Points in BIMP-EAGA, IMT-GT, and CLMV under Protocols 1–6 on the 3rd, 4th, and 5th Freedoms of the Air	34
13	Energy Sector Strategies of ASEAN, GMS, and BIMP-EAGA	37
14	Status of ASEAN Power Grid	39
15	Status of Ratification for ASEAN Transport Facilitation Agreement (as of 12 April 2013)	43
16	Main Features of the BIMP-EAGA Memorandums of Understanding on Air Sea Linkages and Commercial Buses and Coaches	46
17	Operational Level Links between ASEAN, GMS, BIMP-EAGA, and IMT-GT in Selected Connectivity Areas	50
18	GMS Ministers and National Coordinators	54
19	Sectoral Bodies and Sectors under the ASEAN Community Councils	65
20	ASEAN Country Coordinators for Dialogue Partners ...	67
21	Country Membership in Selected Regional and Subregional Groupings.....	72
22	Focal Ministries or Agencies for ASEAN and Related Subregional Groupings	72
23	Key Institutional Features of ASEAN, GMS, BIMP-EAGA, and IMT-GT Programs	75
24	Mapping of Principal Bodies of ASEAN, GMS, BIMP-EAGA, and IMT-GT	77
25	Enhancing Coordination Methods and Processes	82

BOXES

1	Priority Projects in the Master Plan on ASEAN Connectivity	9
2	Greater Mekong Subregion Strategic Frameworks I and II: Vision, Goals, and Strategic Thrusts	10
3	BIMP-EAGA Roadmap to Development and Implementation Blueprint: Goals, Pillars, and Strategic Thrusts.....	12
4	IMT-GT Roadmap and Implementation Blueprint: Vision, Goals, and Strategic Thrusts and Sectors	14
5	Alternative Railway Routes in the Greater Mekong Subregion	26
6	ASEAN Single Aviation Market	32
7	Limitations of the GMS Cross-Border Transport Agreement Customs Transit System	45
8	Measures for the Enhancement of the BIMP-EAGA Memorandums of Understanding on Air and Sea Linkages, and Commercial Buses and Coaches	47

FIGURES

1	Two-Tiered Approach to Strategy Mapping.....	7
2	Subregional Program Strategies with Reference to ASEAN	15
3	Basic GMS Organization Structure	53
4	GMS Organizational Framework	55
5	IMT-GT Institutional Framework	58
6	BIMP-EAGA Institutional Structure	61
7	BIMP-EAGA Clusters	62
8	BIMP-EAGA Revised Institutional Structure (effective 1 January 2013).....	64
9	Implementation Arrangements for the Master Plan on ASEAN Connectivity	66
10	ASEAN Secretariat Organizational Structure	68

Foreword

The Association of Southeast Asian Nations (ASEAN) is central to economic integration among a diverse group of countries in Asia. ASEAN's aspirations are enshrined in ASEAN Vision 2020, which envisages the realization of an ASEAN Community by 2020 built on three interrelated pillars—economic, socio-cultural, and political-security. The ASEAN Member States have decided to accelerate the establishment of the ASEAN Community to 2015, with the signing of the ASEAN Economic Community (AEC) Blueprint.

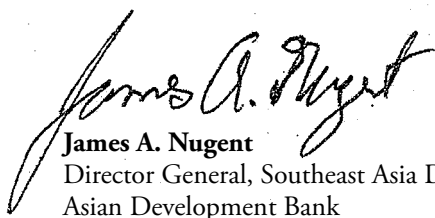
With 2015 fast approaching, the ASEAN Member States are taking concerted efforts to implement their commitments under the AEC Blueprint. Substantial progress has been achieved, but there are still many measures that need to be implemented up to and after 2015 to complement the “top-down” approach being taken by ASEAN with the “bottom-up” approaches exemplified by the Greater Mekong Subregion (GMS), Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA), and Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT).

This study explores the potential benefits of promoting closer links and improving coordination between ASEAN,

GMS, BIMP-EAGA, and IMT-GT in support of ASEAN's wide-ranging regional integration agenda under the AEC Blueprint. The study assessed the existing and potential links among ASEAN and the three subregional programs, as well as gaps in coordination mechanisms across the programs. This study was the first to review the strategic and institutional linkages among them, and its findings and recommended approaches can contribute to ongoing dialogue about enhanced coordination.

We gratefully thank the Government of Australia for the financial support that made the study possible. The preparation of the report greatly benefitted from a wide range of views and information gathered during consultations with government and other stakeholders in the ASEAN Member States, the secretariats of the three subregional programs, and the ASEAN Secretariat. Comments and suggestions on the findings and recommended approaches were also obtained at a regional workshop in November 2012.

We hope this study contributes to the discussion on closer coordination and cooperation between ASEAN and the GMS, BIMP-EAGA, and IMT-GT.



James A. Nugent
Director General, Southeast Asia Department
Asian Development Bank

Acknowledgments

The preparation of this report was coordinated by a team in the Regional Cooperation and Operations Coordination Division (SERC), Southeast Asia Department (SERD), at the Asian Development Bank (ADB). The study was implemented through *TA 7718-REG: Promoting Links and Improving Coordination Among the Greater Mekong Subregion (GMS), the Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA), the Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT), and the Association of Southeast Asian Nations (ASEAN)*; and financed by the Government of Australia.

Rhodora B. Concepcion, institutional coordination specialist (former regional cooperation specialist in SERC), led the study, with overall guidance from Arjun Goswami (former director, SERC). Technical guidance was contributed by Eric Sidgwick, country director, Cambodia Resident Mission (CARM), and former principal regional cooperation specialist; and Pradeep Srivastava (former senior regional cooperation specialist, SERC). Richard Bolt, advisor, provided useful comments. Technical assistance was provided by Ma. Theresa Bugayong, associate operations officer (resource planning); Josephine Duque-Comia, senior programs officer; and Ma. Paz Manaligod, associate programs officer. The staff who helped with administrative support were Natalie Escano and Cira Rudas, in SERC; Elaeza Abellar-Ladao, in the Office of the Director General; and Utami Hendrarini, in the Indonesia Resident Mission.

ADB resident missions in Cambodia, the Lao People's Democratic Republic (LRM), Thailand (TRM), and Viet Nam (VRM) provided invaluable support for the study. The staff in CARM were Peter Brimble, senior country economist; Chantha Kim, former programs officer; Phalla Kong, senior operations assistant; and Vanna Sin, operations assistant. Staff in LRM included Barend Frielink, principal country economist. In TRM were Winfried Wicklien, principal country specialist; and Phairoj Phongsombutvara, senior operations assistant. In VRM were Yumiko Tamura, principal country specialist; Anh Hong Nguyen, associate programs officer; and Lan Thi Hoang Nguyen, associate project analyst.

Consultants were primarily responsible for the preparation of the report. They include Carolina S. Guina, who was responsible for the strategy component of the study, and Filologo Pante, Jr. for the institutional component. Marissa Espiritu provided technical and logistical support to the study, and Leticia D. de Leon and Kevin Donahue edited the report. Thomas Crouch served as resource person during the regional workshop held on 27 November 2012 in Bangkok, Thailand.

Inputs and feedbacks were also extremely important in the study and in the report. Gratefully acknowledged are Rony Soerakoesoemah, in the ASEAN Secretariat; the GMS national coordinators and their staff; and the BIMP-EAGA and IMT-GT senior officials, and regional and national secretariats.

Abbreviations

ADB	– Asian Development Bank	CLMV	– Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam
ACMECS	– Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy	CMEA	– Coordinating Ministry for Economic Affairs
ACC	– ASEAN Coordinating Council	CPR	– Committee of Permanent Representatives
AEC	– ASEAN Economic Community	CTS	– Customs Transit System
AEM–METI	– ASEAN Economic Ministers–Ministry of Economy, Trade and Industry	EPU	– Economic Planning Unit
AFTA	– ASEAN Free Trade Area	ERIA	– Economic Research Institute for ASEAN and East Asia
AHN	– ASEAN Highway Network	EWEC	– East–West Economic Corridor
AMBDC	– ASEAN–Mekong Basin Development Cooperation	GMS	– Greater Mekong Subregion Economic Cooperation Program
AFAFGIT	– ASEAN Framework Agreement for the Facilitation of Goods in Transit	GMS-BF	– GMS Business Forum
AFAFIST	– ASEAN Framework Agreement on the Facilitation of Inter-State Transit	GSSC	– Greater Sulu Sulawesi Corridor
AFAMT	– ASEAN Framework Agreement on Multimodal Transport	IAI	– Initiative for ASEAN Integration
AMEICC	– Economic and Industrial Cooperation Committee	ICT	– information and communication technology
APG	– ASEAN Power Grid	IMT-GT	– Indonesia–Malaysia–Thailand Growth Triangle
APSC	– ASEAN Political–Security Community	JBC	– Joint Business Council
ASAM	– ASEAN Single Aviation Market	JTD	– Joint Tourism Development
ASCOPE	– ASEAN Council on Petroleum	Lao PDR	– Lao People's Democratic Republic
ASEAN	– Association of Southeast Asian Nations	LCC	– low cost carrier
ASEC	– ASEAN Secretariat	LGF	– Local Government Forum
ASTP	– ASEAN Strategic Transport Plan	MAAS	– Multilateral Agreement on Air Services
BEBC	– BIMP-EAGA Business Council	MINDA	– Mindanao Development Authority
BIMP-EAGA	– Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area	MITI	– Ministry of Trade and Industry
BIMP-FC	– BIMP Facilitation Centre	MM	– ministerial meeting
CBTA	– Cross-Border Transport Agreement	MNPED	– Ministry of National Planning and Economic Development
CIMT	– Centre for IMT-GT Subregional Cooperation	MOC	– Ministry of Commerce
CIQS	– customs, immigration, quarantine, and security	MOFA	– Ministry of Foreign Affairs
		MOFAT	– Ministry of Foreign Affairs and Trade
		MOIC	– Ministry of Industry and Commerce
		MOU	– memorandum of understanding
		MPAC	– Master Plan on ASEAN Connectivity

MPI	– Ministry of Planning and Investment	SKRL	– Singapore–Kunming Rail Link
MRC	– Mekong River Commission	SMEs	– small and medium-sized enterprises
NCSS	– nonconventional-sized ships	SMED	– SME Development Cluster
NDG	– narrowing down the development gap	SOM	– senior officials meeting
NESDB	– National Economic and Social Development Board	TA	– technical assistance
NRD	– Natural Resource Development Cluster	TAGP	– Trans-ASEAN Gas Pipeline
NSEC	– North–South Economic Corridor	TIICTD	– Transport, Infrastructure, and ICT Development Cluster
NTO	– national tourism organizations	TIR	– Transit International Routier
PRC	– People’s Republic of China	TTR	– transit transport routes
RoRo	– roll-on/roll-off	VPOA	– Vientiane Plan of Action
SEC	– Southern Economic Corridor	WBEC	– West Borneo Economic Corridor
SF	– strategic framework	WGE	– Working Group on Environment

EXECUTIVE SUMMARY

Introduction

Regional Technical Assistance Project 7718 was administered by the Asian Development Bank (ADB) with funding from the Government of Australia through the Australian Agency for International Development (AusAID). The project assessed the links between the Association of Southeast Asian Nations (ASEAN) and the Greater Mekong Subregion (GMS), Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA), and Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT). It aimed to promote links and improve coordination among them in the context of wide-ranging regional economic integration initiatives under the ASEAN Economic Community (AEC).

The ASEAN Community, originally launched with a target date of 2020, was envisaged to accelerate economic integration in response to dramatic changes in the region. The ASEAN Community has three pillars—the ASEAN Political-Security Community, AEC, and the ASEAN Socio-Cultural Community—and its blueprints. The centrality of the ASEAN Community has made it necessary to more carefully and systematically examine how the GMS, BIMP-EAGA, and IMT-GT are contributing toward these aspirations of ASEAN. A closer assessment of the three subregional programs has become more urgent with the proximity of the AEC’s revised target date of 2015, and with many of these programs increasingly taking conscious efforts to link their activities with wider ASEAN initiatives.

The imperative to assess their links and coordination mechanisms is due to the fundamental differences in the memberships, institutional structures, business processes, and levels of government and ministerial involvement among ASEAN and the three subregional programs.

The strategies for each grouping will differ according to geography, economy, resources, institutions, and human capacities: there is no “one-size-fits-all” in the integration process. Despite these differences, however, advantages and opportunities are evident in linking programs and projects for greater synergy toward a shared vision and goals, and developing mutually supportive and beneficial relationships among them while remaining consistent with the ASEAN goals and facilitating the achievement of the AEC objectives.

This study is intended to serve as a resource for ASEAN, GMS, BIMP-EAGA, and IMT-GT in discussions on how to better improve linkages among themselves. The national and regional secretariats should take the lead in initiating relevant actions, while other development partners, including ADB and AusAID, could use the results of this study to identify follow-on studies and other possible interventions in support of ongoing efforts at accelerating economic integration in ASEAN. Several key concepts in strengthening strategic and institutional links among ASEAN and the three subregional programs are discussed below.

Approach Adopted

The study covered a strategy component and an institutional component. The mapping of links at the strategic level adopted a two-tiered review: program-wide and selected sector initiatives or programs (operational). The program-wide review examined the contents of the strategic frameworks of the subregional programs to assess references to ASEAN and its overarching frameworks, in particular, the AEC Blueprint and Master Plan on ASEAN Connectivity. The operational review focused on connectivity initiatives

in transport and energy, and in transport and trade facilitation. The mapping of institutional links focused on the existing institutional mechanisms and arrangements for coordination in the subregional programs and ASEAN.

Key Findings

Strategy and program links. The importance of ASEAN is strongly recognized in the program-wide strategies of the GMS, BIMP-EAGA, and IMT-GT. Regional cooperation was a potent means toward collective action in overcoming constraints unique to member countries. The proximity of the AEC target in 2015, in particular, has spurred a greater sense of urgency to accelerate economic integration. BIMP-EAGA has manifested the strongest link with ASEAN, and has been considered to be a subset of ASEAN. *The BIMP-EAGA Roadmap to Development, 2006–2010* specified a role for the ASEAN Secretariat in refining the roadmap for its implementation; however, the ASEAN Secretariat has not yet fully performed this role.

Links on cooperation in transport and energy, and transport and trade facilitation, were sometimes purposive or intended, other times random or unintended; some links were also manifested in physical connectivity expansion. In translating the ASEAN goal of physical connectivity, the subregional corridors have provided a “land bridge” to connect ASEAN more intensively with other markets in Asia. Further, ASEAN has played a more effective role in institutional connectivity involving region-wide liberalization measures, standards and rules harmonization, and policy coordination, among other areas.

Institutional coordination and links. ASEAN, GMS, BIMP-EAGA, and IMT-GT have similar governance structures consisting of four levels—summit, ministerial, senior officials, and sector working groups or bodies—in addition to their central secretariats. Certain changes in the organizational structures and mandates of regional or subregional bodies have occurred recently, which include the adoption by BIMP-EAGA of a new organizational structure effective 1 January 2013, and an ongoing review of the ASEAN Secretariat. Meanwhile, all ASEAN Member States are members of at least one other regional or subregional program, creating interlocking memberships that require close in-country coordination. Therefore, the first line of defense against a fragmented and uncoordinated approach to regional and subregional development is at the country level.

The in-country mechanisms and arrangements for coordinating the GMS, BIMP-EAGA, and IMT-GT vary widely in their designated focal ministers and agencies. Arrangements adopted by a member country are dependent upon its own specific situation: this implies that an organizational approach effective in one country may not necessarily be effective in another country. The national secretariats and coordinators perform a range of functions; however, internal assessments have concluded that many of the national offices lack the needed resources and capacity, and not all sector ministries concerned have designated focal units or officials within their respective organizations. This results in a lack of continuity and a low level of participation in working group meetings and activities, and an inadequate monitoring of subregional initiatives.

Intra-program coordination among the concerned ministries and agencies varies by country, with more formal arrangements in some countries than in others. In-country institutional arrangements for intra-program coordination are generally well-defined, but this is not the case for in-country coordination among or across regional and subregional programs (inter-program). The assessments of regional and subregional programs suggest that inter-program coordination is constrained by a lack of resources, limited technical capacities, historical antecedents and inertia from past practice, and political factors and personalities. Member countries have addressed inter-program coordination through informal, ad hoc approaches, and also through mechanisms that are institutionalized on a government-wide basis. On cross-cutting issues, inter-program coordination between ASEAN and the GMS, BIMP-EAGA, and IMT-GT has been inadequate and has had limited results. For instance, the participation of the ASEAN Secretariat in the ministerial and senior officials meetings of BIMP-EAGA has not led to substantive results in the absence of a clear administrative mandate.

Concerns involving coordination mechanisms and arrangements that cut across regional and subregional programs include (i) improving in-country coordination of various initiatives; (ii) addressing issues confronting the central secretariats; (iii) building capacity for project identification, development, and implementation, particularly in BIMP-EAGA and IMT-GT; and (iv) strengthening monitoring systems using a results-based framework. The potential benefits of addressing these issues are discussed below.

Improved strategic, program, and institutional links between ASEAN and the three subregional programs potentially offer the following individual and collective benefits:

- (i) **For ASEAN**, the progress and achievements of the subregional programs related to the AEC targets could help improve its performance on the AEC scorecard. This approach is reasonable because ASEAN could (i) invoke the “minus X” principle for subregional projects, (ii) use the subregional programs as implementing partners in operationalizing ASEAN-wide agreements and initiatives, and (iii) pilot test new agreements and initiatives through the subregional programs. ASEAN’s strength in rules and policy-based cooperation could also be complemented by concrete, action-oriented projects and programs at the subregional level.
- (ii) **For GMS, BIMP-EAGA, and IMT-GT**, stronger ties with ASEAN could strengthen the support of central governments to their respective programs and projects. Regularizing their links with ASEAN, operationally and technically, could also help increase their interaction with ASEAN development partners in the integration process and subregional activities. For the three subregional programs, using policies and rules agreed to by ASEAN Member States would provide a high degree of confidence about their reliability and sustainability. It would also save the subregional programs from “starting from scratch” and avoid inconsistencies that may eventually need correction. They could also tap the technical expertise and experience of the ASEAN sector bodies and network of learning institutions, and link up with ASEAN-wide private sector organizations in promoting investments.
- (iii) **For member countries**, improvements in in-country mechanisms and arrangements for coordination could ensure consistency and continuity in the positions being taken by country delegations, avoid unnecessary overlaps and duplication of activities, strengthen alignment between national and regional or subregional strategies and priorities, and enhance the impact of regional and subregional programs and projects. Improved inter-program coordination could ultimately benefit member countries through increased efficiency and a better division of labor in the deployment of human and financial resources; by providing a clearer perspective of how the subregional frameworks fit into the larger ASEAN framework of cooperation; and by promoting more avenues for obtaining additional development assistance,

especially for the CLMV countries—Cambodia, the Lao People’s Democratic Republic, Myanmar, and Viet Nam—and other lagging areas, such as those in BIMP-EAGA and IMT-GT.

Strengthening Strategic and Institutional Links

There are two critical factors for forging effective strategic and institutional links: (i) well-functioning in-country coordination is a necessary condition for promoting effective links at the regional and subregional levels; and (ii) national, regional, and subregional secretariats require sufficient competencies and mandates to perform their roles effectively in promoting links.

Pursuing opportunities for strengthening links. Based on this study’s operational review of selected connectivity areas, a number of broad measures could be taken to further promote or expand links. For example, ASEAN might (i) take into account subregional corridor development plans in further prioritizing the ASEAN Highway Network routes for upgrading and expansion, (ii) address gaps involving ferry links and cross-border highways links, (iii) strengthen coordination in the software elements of railway and energy grid connectivity, or (iv) consider lead roles for BIMP-EAGA and IMT-GT in pursuing the ASEAN roll-on/roll-off (RoRo) network. For their part, the subregional programs might (i) promote and deepen their roles in pilot testing transport and trade facilitation, (ii) expand railway connectivity beyond the Singapore–Kunming Rail Link, (iii) align the Cross-Border Transport Agreement under GMS to the new ASEAN Customs Transit System, or (iv) expand the BIMP-EAGA memorandum of understanding on non-conventional sized ships to IMT-GT.

Strengthening organizational structures and coordination mechanisms. Well-functioning in-country coordination mechanisms can help avoid fragmentation, promote better resource allocation, and ensure alignment of national priorities with regional and subregional commitments. Such mechanisms involve (i) an assessment of the adequacy of existing in-country arrangements and mechanisms within and among ministries for coordinating the initiatives of ASEAN and the three subregional programs, (ii) the identification of areas and actions for improvement, and (iii) the implementation of measures to strengthen arrangements and mechanisms on a sustained basis.

Focal points for overall coordination are already well-established. Additional focal points—such as a ministry

or agency, department, or even specific official—for each regional or subregional initiative by sector of cooperation, where designations have not yet been made, could further strengthen coordination. A periodic coordination meeting including the secretariats of ASEAN, the GMS, BIMP-EAGA, and IMT-GT could serve as a forum to exchange information on recent developments, and identify areas or specific activities where links could be promoted. The secretariats would then convey to the mandated bodies the relevant information discussed at the coordination meeting. Furthermore, establishing regular links between the ASEAN Secretariat and the subregional program secretariats and/or their related sector groupings, particularly for BIMP-EAGA and IMT-GT, would involve the institutionalization of certain roles, on the part of both the ASEAN Secretariat and the subregional program secretariats, beyond conducting joint meetings.

Mechanisms for sharing and discussing regional and subregional master plans, roadmaps, and sector studies as planning and programming inputs could also be beneficial. The mechanism could be a forum for discussing plans for specific sectors, issues, or themes, and may not necessarily be a formal structure or institutional link. A similar mechanism would be the regular conduct of workshops and seminars covering specific issues facing ASEAN, GMS, BIMP-EAGA, and IMT-GT to exchange experiences and lessons learned.

Enhancing institutional capacities. This study also identified the importance of strengthening the capacity of the national and subregional secretariats for coordinating regional and subregional programs. Specifically, this includes improving secretariats' (i) conduct of analytical work on common concerns and cross-cutting issues among the sectors of cooperation; (ii) preparation of technical reports, in coordination with concerned ministries to assist relevant bodies in making informed decisions; (iii) provision of updated information on developments in the region and on various regional cooperation programs; (iv) appraisal of projects; and (v) monitoring of progress and results.

Mobilizing resources. The lack of resources for improving coordination within and across programs is a common constraint faced by ASEAN and the subregional programs. If a consensus for improved coordination exists, then a concerted effort would be necessary to help mobilize resources for strengthening the capacity of national and central secretariats; improving mechanisms for inter-program coordination at the overall, sector, and subsector levels; and expanding operational links between ASEAN and the subregional programs.

I. INTRODUCTION

This report presents an assessment of the links among the Association of Southeast Asian Nations (ASEAN) and three subregional programs: (i) the Greater Mekong Subregion (GMS); (ii) the Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA); and (iii) the Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT). The report is the result of a study completed under a regional technical assistance project (TA) executed by the Asian Development Bank (ADB) with funding from the Government of Australia through the Australian Agency for International Development (AusAID).¹ The TA project aimed to identify means to promote links and improve coordination among these three subregional programs, and between them and ASEAN. The project was conceived in the context of wide-ranging regional economic integration initiatives under the ASEAN Economic Community (AEC)² and heightened connectivity agenda through the Master Plan on ASEAN Connectivity (MPAC).³ It is the first study undertaken to explicitly map and analyze the strategic programs and institutional links among the GMS, BIMP-EAGA, IMT-GT, and ASEAN.

The study focused on the GMS, BIMP-EAGA, and IMT-GT due to three main reasons. First, the roles of the three subregional programs in ASEAN integration are explicitly cited in high-level ASEAN statements and declarations. Second, their major initiatives are included among the priority projects of the MPAC for achieving physical connectivity. The MPAC also includes the setting up of a coordinating mechanism between the ASEAN Secretariat and the respective secretariats of the three subregional programs as a key action under its strategy for improving coordination of policies, programs, and projects among them. Third, the three subregional programs have been taking concerted efforts to link their activities to the broader ASEAN agenda. Meanwhile, covering only the three subregional programs in the study, instead of six or more programs that involve the participation of ASEAN Member States,⁴ makes the assessment more manageable.

The report is based on desk reviews of official documents, such as strategic frameworks, blueprints, roadmaps, connectivity-related sector strategies, and institutional reviews of the three subregional programs and ASEAN. The reviews were also supplemented by consultations with government officials⁵ and private stakeholders⁶ in ASEAN Member States and with the secretariats of the three

¹ ADB. 2010. *Promoting Links and Improving Coordination among the Greater Mekong Subregion (GMS), the Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA), the Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT), and the Association of Southeast Asian Nations (ASEAN)*. Manila (TA 7718-REG, \$400,000, approved on 15 December, financed by the Government of Australia and administered by ADB).

² The AEC Blueprint was adopted at the 13th ASEAN Summit on 20 November 2007 in Singapore to serve as a coherent master plan guiding the establishment of the AEC. The AEC Blueprint is one of the three pillars of the Roadmap for an ASEAN Community (2009–2015)—signed on 1 March 2009 in Cha-am, Thailand by ASEAN leaders—in addition to political-security and socio-cultural community.

³ The MPAC was endorsed during the 17th ASEAN Summit in October 2010, in Jakarta.

⁴ The other subregional programs involving the ASEAN Member States include the (i) ASEAN–Mekong Basin Development Cooperation, (ii) Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy, (iii) Cambodia–the Lao People's Democratic Republic–Viet Nam Development Triangle, (iv) Brunei Darussalam–Indonesia–Malaysia Heart of Borneo program, (v) Mekong–Ganga Cooperation, and (vi) Mekong River Commission.

⁵ Agencies consulted include the subregional cooperation offices (senior officials, national coordinators, and national secretariats); the Ministry of Foreign Affairs (ASEAN Department); and the ministries of trade; industry and commerce; transport; energy; and planning.

⁶ Representatives from the private sector arms of the regional and subregional groupings comprised the ASEAN Business Advisory Council, BIMP-EAGA Business Council, GMS Business Forum, and IMT-GT Joint Business Council.

subregional programs and ASEAN; studies commissioned by ADB and other international organizations; and independent assessments by academics, practitioners, and research institutions. A regional workshop was convened to obtain feedback on the report's findings and recommended approaches.

As envisaged in the TA project, the focus of the study has two major components: strategic links and institutional links. The report focused principally on the links between the three subregional programs and ASEAN, rather than among the three subregional programs. This is due to the fundamental differences in the geographical coverage, rationale, and operational modalities among the GMS, BIMP-EAGA, and IMT-GT.⁷

⁷ This point was emphasized during consultations with officials from the Member States, secretariats of the subregional programs, and ASEAN.

II. RATIONALE FOR PROMOTING LINKS AND IMPROVING COORDINATION

ASEAN, GMS, BIMP-EAGA, and IMT-GT

ASEAN

The Association of Southeast Asian Nations (ASEAN) was established in 1967 with the signing of the ASEAN Declaration (Bangkok Declaration) by Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Brunei Darussalam joined in 1984, Viet Nam in 1995, the Lao People's Democratic Republic (Lao PDR) and Myanmar in 1997, and Cambodia in 1999, making up what are today the 10 Member States of ASEAN. The ASEAN Declaration set out the aims and purposes of ASEAN to promote economic growth, social progress, cultural development, regional peace, and collaboration and partnership with the international community. These aims and purposes evolved through the years as ASEAN responded to new challenges that emerged in the regional and global landscape. In 2003, on the occasion of its 30th anniversary, ASEAN leaders announced their vision of establishing an ASEAN Community by 2020. This signified commitment at the highest political level to accelerate the economic integration process in response to dramatic changes in the patterns of industrial production and trade in the region. The ASEAN Community comprises three pillars and a blueprint for its realization: ASEAN Political-Security Community, ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community. In 2007, ASEAN leaders decided to advance the realization of the ASEAN Community by 2015. The ASEAN Charter was signed the following year, in 2008, which provided the legal and institutional foundation for achieving the ASEAN Community.

GMS

The Greater Mekong Subregion (GMS) Economic Cooperation Program was established in 1992 among six countries that share the Mekong River—Cambodia, the People's Republic of China (PRC),⁸ the Lao PDR, Myanmar, Thailand, and Viet Nam. Since its inception, the GMS Program has focused on promoting connectivity as a means of accelerating trade and investment, consequently stimulating economic growth, and ultimately helping to reduce poverty. At the onset, GMS cooperation took a pragmatic approach, recognizing the need to generate concrete results in order to build mutual trust and confidence eroded by decades of conflict. It was agreed that physical connectivity was a major development constraint to be overcome and, together with other nonphysical impediments, should be progressively addressed. In addition to focusing on physical connectivity, cooperation also extended to other areas where regional cooperation was perceived to contribute to addressing common concerns and harnessing the subregion's collective potential. The GMS presently covers nine areas of cooperation: (i) agriculture, (ii) energy, (iii) environment, (iv) human resource development, (v) investment, (vi) telecommunications, (vii) tourism, (viii) trade, and (ix) transport.

BIMP-EAGA

The Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA) was established in 1994 to accelerate the socioeconomic development of less-

⁸ The GMS originally covered only Yunnan Province of the PRC. In December 2004, Guangxi Zhuang Autonomous Region in the PRC was formally added as part of the GMS.

developed, marginalized, and geographically remote areas in these four countries as part of a broader goal to narrow the development gaps, not only among ASEAN Member States, but also within them. The objective of BIMP-EAGA is reflected in its geographic focus on provinces and states that are relatively underdeveloped, instead of entire national territories. With the exception of the entire sultanate of Brunei Darussalam, the participating entities in the program include nine provinces in Kalimantan, Sulawesi, the island chain of Maluku, and Papua (Indonesia); the federal states of Sabah and Sarawak, and the federal territory of Labuan (Malaysia); and Mindanao (26 provinces) and the province of Palawan (the Philippines). The BIMP-EAGA program of cooperation presently covers (i) cross-border trade and investment; (ii) customs, immigration, quarantine, and security; (iii) infrastructure development, which includes transport, energy, and information and communication technology; (iv) natural resources development, which consists of agriculture, fisheries, and environment; (v) small and medium-sized enterprises development; and (vi) tourism.

IMT-GT

The Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) was established in 1993 with the objective of accelerating the economic transformation of the member states and provinces in the three member countries, by exploiting their underlying complementarities and comparative advantages. The three countries, which are among the rapidly growing middle-income members of ASEAN, were motivated to embark on area-based cooperation in an effort to accelerate the growth of their lagging localities, especially in Sumatra and southern Thailand, at a sufficiently rapid pace. The goal is to allow them to catch up with the leading states and provinces, and thus benefit more evenly from economic integration. Since 1993, IMT-GT has expanded to its present geographic scope of 32 provinces and states—14 provinces in southern Thailand, 8 states in Peninsular Malaysia, and 10 provinces on the island of Sumatra in Indonesia. The IMT-GT program of cooperation presently covers (i) agriculture, (ii) halal products and services, (iii) human resource development, (iv) tourism, (v) trade and investment, and (vi) transport and infrastructure.

Promoting Links and Improving Coordination

The centrality of the ASEAN Community with its three pillars—economic, socio-cultural, and political-security—has made it necessary to more carefully and systematically examine how subregional programs are contributing toward each pillar. In particular, the AEC has important ramifications for the medium- to long-term strategic goals of the three subregional programs. Furthermore, the subregional programs can play an important role by testing new ideas and approaches to support ASEAN’s efforts to realize the AEC. This need has become more urgent with the proximity of the AEC’s target date of 2015, and with many of the subregional programs increasingly taking conscious efforts to link their activities with wider ASEAN initiatives. This TA project was thus conceived to provide the means for assessing the actual and potential links between the GMS, BIMP-EAGA, and IMT-GT subregional programs with ASEAN, considering their overlapping country memberships (with the exception of the PRC in the GMS). Identifying the points of convergence and complementarities is important for developing a mutually supportive and beneficial relationship among these regional and subregional programs.

Overlapping membership has the advantage of being able to link programs and projects for greater synergy toward a shared vision and common goals. Unity in direction, however, does not imply uniformity in pace and approach. Regional cooperation and integration (RCI) is likely to follow a multitrack and multispeed process. Different regions, subregions, and countries will embrace RCI at different speeds; hence, the pace of progress for different aspects of RCI will vary.⁹ For instance, the GMS has been involved in project and sector strategy development since its inception, while project momentum only recently began in BIMP-EAGA and IMT-GT in late 2009. It is likely that within ASEAN and its subregions, countries will engage with their immediate neighbors as an initial step toward integration, gradually enlarging their engagement to the rest of the region and eventually outside the region. The strategies for each grouping will differ according to geography, economy, resources, institutions, and human capacities: there is no “one-size-fits-all” in the integration process. Mapping the links between ASEAN and its subregions can help situate overall progress in the integration process.

⁹ ADB. 2006. *Regional Cooperation and Integration Strategy*. Manila.

Apart from strategic considerations, institutional dimensions also weigh heavily on the need for better coordination among the regional and subregional programs. There are differences in the institutional structures, business processes, and levels of government and ministerial involvement in ASEAN and the three subregional programs. ASEAN involves entire countries and spans not only economic but also social, political, and security concerns. ASEAN has acquired a legal status with the promulgation of its Charter in 2008. The GMS covers five ASEAN Member States, while BIMP-EAGA (except the entirety of Brunei Darussalam) and IMT-GT involve only some provinces and states in their participating countries. The GMS is national in scope, but it also has initiatives covering specific areas that require local government support. BIMP-EAGA

and IMT-GT have area-based memberships and initiatives that need support from central governments. There is a common need to address the national–local divide issues in implementing initiatives.

On one hand, differences among the subregional programs can limit the benefits of developing closer links. On the other hand, these can help promote specific geographic and sector foci, while remaining consistent with ASEAN goals. The adoption of coordination mechanisms that strengthen links and harness the best institutional features of ASEAN and the three subregional programs can facilitate achievement of AEC objectives. ASEAN's top-down and policy-driven approach could be complemented by the bottom-up and project-driven approach of the subregional programs.

III. STRATEGY AND PROGRAM LINKS

Approach to Strategy Mapping

The mapping of links at the strategy level consisted of a two-tiered review: (i) program-wide review; and (ii) selected sector, initiative, or program review, which is also referred to as an operational review.

The review at the program-wide strategy level examined the contents of the frameworks of the subregional programs to assess the references made to the Association of Southeast Asian Nations (ASEAN) and its overarching frameworks, in particular, the Association of Southeast Asian Nations (ASEAN) Economic Community (AEC) Blueprint (footnote 2) and Master Plan on ASEAN Connectivity (MPAC) (footnote 3). Explicit references to ASEAN in the strategy frameworks of the subregional programs would be an indication of the intent to operationalize links with ASEAN. Moreover, an endorsement at the strategy level is an enabler for action at the operational level; it could shape plans of actions and implementation modalities for certain initiatives. It is expected that where there is evidence of a strong link at the strategy level, a strong link would also be found at the operational level (Figure 1).

The review of strategies at the operational level focused on the links in physical and institutional connectivity as envisaged in the technical assistance (TA) project (footnote 1). In physical connectivity, the areas selected are transport and energy; in institutional connectivity, they are transport and trade facilitation. Both vertical and horizontal links were reviewed: vertical links between the three subregional programs and ASEAN, and horizontal links between the Greater Mekong Subregion (GMS), Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA), and Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) subregional programs. Greater

focus, however, was given to the vertical links on account of the centrality of ASEAN. On the other hand, horizontal links were rather tenuous in view of the fundamental differences among the three subregional programs in their rationale, principles, and operational modalities.

The TA did not intend to conduct a sector analysis, but a review at the operational level mainly served to illustrate how links develop, are manifested, or can be further expanded. The review adopted existing strategies as given, used assessments drawn from commissioned studies and reports, and relied on official sources.

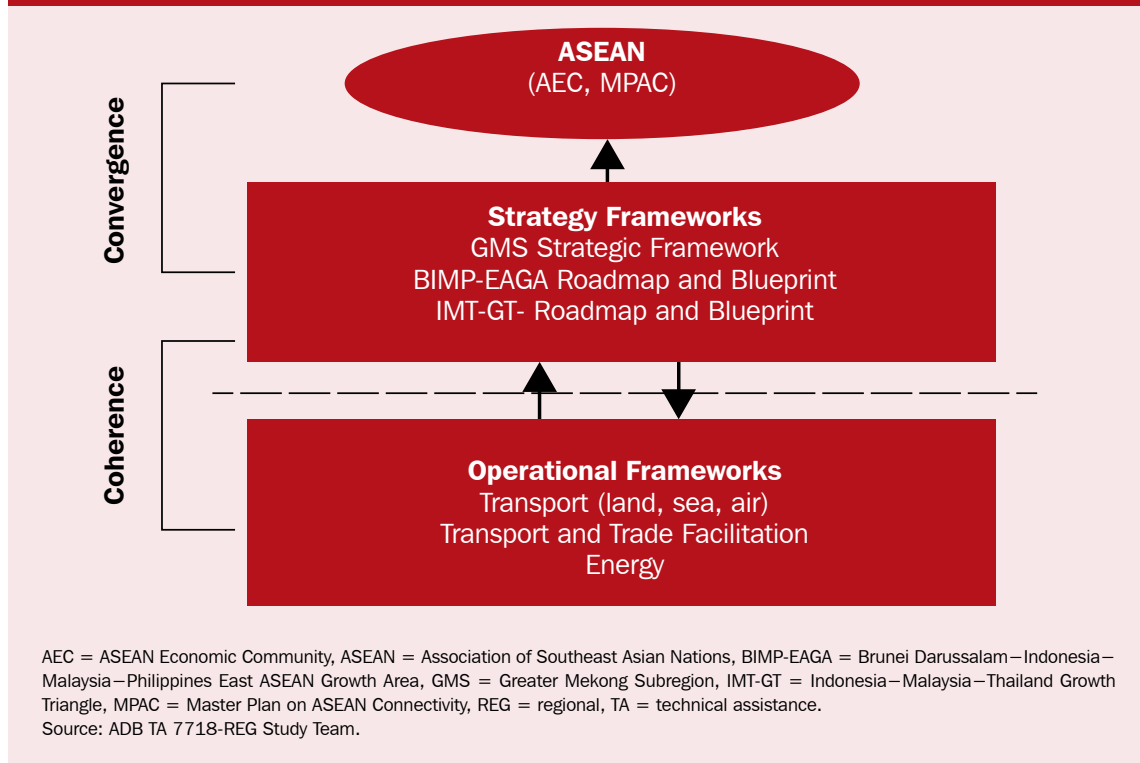
Review of Program-Wide Strategies

ASEAN Economic Community

The AEC is the end goal of Vision 2020 declared at the Bali Summit in October 2003. It embodies the desire of the ASEAN Member States to deepen and broaden economic integration by 2020. In 2007, the ASEAN Member States agreed to a single and coherent blueprint (the AEC Blueprint) for advancing the realization of the AEC by 2015, by identifying its characteristics, elements, time-bound targets, and measures for implementation. Flexibilities were agreed upon to accommodate the interests of all of the ASEAN Member States.

The AEC aims to establish ASEAN as a single market and production base to make ASEAN more dynamic and competitive. This will be achieved by (i) accelerating regional integration in priority sectors; (ii) facilitating the movement of business persons, skilled labor, and talents; and (iii) strengthening the institutional mechanisms of ASEAN. At the same time, the AEC will seek to narrow the

Figure 1: Two-Tiered Approach to Strategy Mapping



development divide by helping to accelerate the integration of Cambodia, the Lao People's Democratic Republic (Lao PDR), Myanmar, and Viet Nam—collectively known as CLMV—through the Initiative for ASEAN Integration.

The AEC has four interrelated and mutually reinforcing components:

- (i) a single market and production base,
- (ii) a highly competitive economic region,
- (iii) a region of equitable economic development, and
- (iv) a region fully integrated into the global economy.

The AEC Blueprint ensures consistency and coherence among these elements, as well as proper coordination in their implementation. Across the four AEC components are 176 measures with corresponding sets of actions. For each action, individual ASEAN Member States commit to a specific timeframe for implementation—converging in 2015—taking into account its unique legal and regulatory frameworks, and institutional capacities. A scorecard tracks progress toward AEC 2015, with targets consisting primarily of policy, legislative, and regulatory measures; and other process-oriented activities.

Master Plan on ASEAN Connectivity

To give further impetus to ASEAN integration, the MPAC was launched at the 17th ASEAN Summit in October 2010. The MPAC was formulated both as a strategic document for achieving overall ASEAN connectivity, and a plan of action for immediate implementation in 2011–2015. Its three pillars connect ASEAN through (i) enhanced physical infrastructure (physical connectivity); (ii) effective institutions, mechanisms, and processes (institutional connectivity); and (iii) empowered peoples (people-to-people connectivity).

Significantly, the MPAC indicated that it will ensure the synchronization of ongoing sector strategies and plans with the framework of ASEAN and its subregional programs, including the GMS, BIMP-EAGA, and IMT-GT. The three pillars and respective components of the MPAC are summarized in Table 1.

Table 1: Master Plan on ASEAN Connectivity Pillars and Component Strategies

Pillars and Objectives		Component Strategies
Physical Connectivity		
■ Establish regional connectivity through multimodal transport system, information and communication technology (ICT) infrastructure, and regional energy security framework	Strategy 1	Complete the ASEAN Highway Network
	Strategy 2	Complete the implementation of the Singapore–Kunming Rail Link
	Strategy 3	Establish an efficient and integrated inland waterway system
	Strategy 4	Accomplish an integrated and competitive maritime transport
	Strategy 5	Establish an integrated and seamless multimodal transport
	Strategy 6	Accelerate the development of ICT infrastructure
	Strategy 7	Resolve institutional issues in ASEAN energy infrastructure
Institutional Connectivity		
■ Eliminate impediments to movements of vehicles, goods, services, and skilled labor across borders ■ Open ASEAN progressively to investments from within and beyond the region	Strategy 1	Operationalize the three framework agreements on transport facilitation
	Strategy 2	Facilitate interstate passenger land transportation
	Strategy 3	Develop an ASEAN Single Aviation Market
	Strategy 4	Develop an ASEAN Single Shipping Market
	Strategy 5	Eliminate barriers to merchandise trade in the ASEAN region
	Strategy 6	Develop an efficient and competitive logistics sector
	Strategy 7	Substantially improve trade facilitation in the ASEAN region
	Strategy 8	Enhance border management capabilities
	Strategy 9	Open ASEAN to investments within and outside the ASEAN region
	Strategy 10	Strengthen institutional capacity for policy and program coordination
People-to-People Connectivity		
■ Increase greater people interaction in ASEAN	Strategy 1	Promote deeper intra-ASEAN social and cultural understanding
	Strategy 2	Encourage greater intra-ASEAN people connectivity

ASEAN = Association of Southeast Asian Nations.

Source: Compiled from the ASEAN Secretariat. 2010. *Master Plan on ASEAN Connectivity*. Jakarta.

Among the several actions listed under each pillar, the MPAC identified 15 priority projects (Box 1) with potentially high and immediate impacts on ASEAN connectivity. The priority projects involving key initiatives in the subregional programs are the following:

- (i) implementation of two power projects under the BIMP-EAGA and IMT-GT priorities, which are Melaka–Pekan Baru Power Interconnection (IMT-GT: Malaysia and Indonesia), and West Kalimantan–Sarawak Power Interconnection (BIMP-EAGA: Indonesia and Malaysia);
- (ii) conduct of study on the RoRo network and short-sea shipping that relate to similar initiatives in the BIMP-EAGA and IMT-GT;
- (iii) completion of the Singapore–Kunming Railway Link, which involves a segment being implemented under the GMS Program; and
- (iv) operationalization of ASEAN agreements on transport facilitation, which will impact transport agreements under the subregional programs.

The specifics of these projects are discussed in the relevant sections under the operational review.

GMS

GMS Strategic Frameworks, 2002–2012 and 2012–2022. It was not until 2002—or 10 years after the GMS Program was established—that the first 10-year *GMS Strategic Framework, 2002–2012*, or SF-I, was formulated. SF-I rationalized and unified the program-, project-, and activity-based approaches of prior years into five broadly defined strategic thrusts, with 11 flagship programs supporting the shared vision of a more integrated, prosperous, and harmonious subregion. SF-I gave the GMS Program greater focus, generated the need for both in-depth and comprehensive sector analysis as a basis for project formulation and programming, and indicated the need for a greater balance between the hardware and software aspects of connectivity. The spatial focus of the GMS Program became more pronounced with high priority given to three economic corridors: the East–West Economic Corridor, North–South Economic Corridor, and Southern Economic Corridor.

In the course of SF-I implementation, the GMS Program evolved into a more complex cooperation arrangement. While retaining essentially its pragmatic and results-oriented modality, the GMS Program began to undertake

Box 1: Priority Projects in the Master Plan on ASEAN Connectivity

- (i) Completion of the ASEAN Highway Network missing links and upgrade of Transit Transport Routes,
- (ii) Completion of the Singapore–Kunming Rail Link missing links,
- (iii) Establishment of an ASEAN Broadband Corridor,
- (iv) Melaka–Pekan Baru Interconnection (IMT-GT: Malaysia and Indonesia),
- (v) West Kalimantan–Sarawak Interconnection (BIMP-EAGA: Indonesia and Malaysia),
- (vi) Conduct of study on the Roll-on/Roll-off network and short-sea shipping,
- (vii) Development and operationalization of mutual recognition arrangements for prioritized and selected industries,
- (viii) Establishment of common rules for standards and conformity assessment procedures,
- (ix) Operationalization of all national single windows by 2012,
- (x) Options for a framework or modality toward the phased reduction and elimination of scheduled investment restrictions and impediments,
- (xi) Operationalization of ASEAN agreements on transport facilitation,
- (xii) Easing of visa requirements for ASEAN nationals,
- (xiii) Development of ASEAN virtual learning resources centers,
- (xiv) Development of information and communication technology skills standards, and
- (xv) ASEAN community building programme.

ASEAN = Association of Southeast Asian Nations, BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.

Sources: ASEAN Secretariat. 2010. *Master Plan on ASEAN Connectivity*. Jakarta.; BIMP-EAGA Facilitation Centre. 2012. *BIMP-EAGA Implementation Blueprint 2012–2016*. Kota Kinabalu; IMT-GT Subregional Cooperation. 2012. *IMT-GT Implementation Blueprint: 2012–2016*. Putrajaya.

more difficult policy-oriented initiatives that involved adjustments in national legislative and regulatory frameworks. However, GMS success in the software area has been limited. For one, the Cross-Border Transport Agreement, which provides a comprehensive framework for transport and trade facilitation, has met with several implementation bottlenecks. The Intergovernmental Agreement on Power Interconnection and Trade, which seeks to establish the policy and regulatory framework for GMS power trade, has made slow progress. The transformation of transport corridors into full-fledged economic corridors has been set back by the absence of a comprehensive and coherent spatial strategy and master plan, as well as a more inclusive and broad-based institutional arrangement. It was not until 2008 that specific strategies and action plans were formulated for the three economic corridors, which now serve as the blueprint that guides cooperation in this area.

Recognizing the many challenges that continue to confront the GMS, the successor *Greater Mekong Subregion Economic Cooperation Program Strategic Framework, 2012–2022*, or SF-II, was endorsed at the 17th Ministerial Meeting in August 2011 and adopted during the 4th GMS Summit in December 2011. It called for fine-tuning the GMS Program while retaining the same vision, goals, and principles in SF-I, which continued to be relevant. SF-II, the second 10-year strategic framework, also called for a more effective focus on the software aspects to complement the continued focus on hardware; this would entail achieving greater progress

on the policy dimensions of infrastructure development, in particular, for transport and trade facilitation. It also recognized the need to link more closely with the broader regional integration agenda. At the same time, SF-II sought clarity on the kind of regional issues that should really be covered by the GMS Program, as distinguished from those that should be addressed by other subregional cooperation programs. To bring about greater synergy and linkages across sectors (e.g., between energy and food security), climate change was included as a cross-cutting issue. The regional investment programming framework to support SF-II is currently being developed. Box 2 highlights the features of SF-I and SF-II.

Links with ASEAN. SF-I considered ASEAN basically as the regional context of the GMS Program. Formulated a few years after CLMV became members of ASEAN in the late 1990s, SF-I saw ASEAN's expanded membership both as an opportunity and a challenge for the GMS Program. As members of ASEAN, CLMV could realize economies of scale from a larger market, possibilities for resource sharing, and other initiatives to strengthen productivity and product quality. The GMS Program recognized that to take advantage of the benefits of ASEAN free trade arrangements, cross-border impediments in the GMS would have to be reduced or eliminated. Goods and people could then flow freely across the subregion, leading to increased trade and investments. Ultimately, the goal is for CLMV to catch up with the “older” members of ASEAN

Box 2: Greater Mekong Subregion Strategic Framework I and II Vision, Goals, and Strategic Thrusts

Vision

A more integrated, prosperous, and harmonious subregion

Strategic Framework I (2002–2012)

- Accelerated and sustained economic growth
- Reduced poverty and income disparities
- Improved quality of life
- Sustainable management of environment and natural resources

Strategic Thrusts

- Strengthen infrastructure linkages
- Facilitate cross-border trade, investment, and tourism
- Enhance private sector participation and competitiveness
- Develop human resources and skills competencies
- Protect the environment and promote sustainable use of shared natural resources

Strategic Framework II (2012–2022)

Goals

- Enabling policy environment
- Effective infrastructure to facilitate cross-border trade, investment, tourism, and other forms of economic cooperation
- Equitable and sustainable environment and social interests
- Development of human resources and skills competencies

Refinements in Approach

- More effective focus on the software aspects to complement the continued focus on hardware
- Greater selectivity and focus on areas within sectors that are clearly regional in nature
- Closer link to the broader regional integration agenda
- Greater linkages across sectors (e.g., between energy and food security), including climate change as a key development and cross-cutting issue
- Rebalancing, without changing the broad sector focus of the Greater Mekong Subregion Program, bearing in mind organizational capacities and resources
- Focus on monitoring results

Sources: ADB. 2002. *The Greater Mekong Subregion Economic Cooperation Program Strategic Framework, 2002–2012*. Manila; ADB. 2012. *The Greater Mekong Subregion Economic Cooperation Program Strategic Framework 2012–2022*. Manila.

(also referred to as ASEAN-6) to enable them to realize the full benefits of regional integration. The GMS Program recognized that it was necessary to narrow the development divide between CLMV and ASEAN-6 to eliminate a two-tiered ASEAN that would be detrimental to integration.

In comparison, SF-II explicitly recognized the need to link with ASEAN's regional integration agenda, and to seek a unique role for the GMS Program in contributing to this goal. While SF-I saw the GMS Program as a means to narrow the development divide between CLMV and ASEAN-6, SF-II viewed CLMV, Thailand, and the People's Republic of China (PRC) as being actively engaged in regional supply chains. This was brought about by the realization of the ASEAN Free Trade Area and its expansion to include the PRC and other countries and regions. Thus, in SF-II, the trajectory of physical connectivity is no longer limited to promoting links within GMS but also to providing vital

links between the CLMV and Thailand and other countries and subregions, in particular, the PRC and South Asia.

BIMP-EAGA

The areas covered by BIMP-EAGA are among the poorest in their respective countries, but they are linked by a long history of trade and economic relations dating back centuries, with barter as a major form of trade until just a few decades ago. Between 1994 and 1997, cooperative agreements were forged to facilitate transport and upgrade infrastructure facilities at designated points as a means to promote cross-border trade, tourism, and investments. The long-term goal is to change the economy of BIMP-EAGA from one based on resource extraction to one based on value-added processing and non-resource-based activities. The underlying strategy is to mobilize private

sector investments in the subregion, with the governments providing the facilitative environment and support. In the aftermath of the Asian financial crisis in 1998, BIMP-EAGA went into a brief hiatus, but started a revival in 2001. Shortly thereafter, in 2004, the subprogram formulated a roadmap, as directed by the 9th Ministerial Meeting in Balikpapan.

BIMP-EAGA Roadmap to Development, 2006–2010. The roadmap spanned wider horizons relative to the program's earlier beginnings. The roadmap's goal went beyond promoting intra-EAGA trade to developing the subregion's competitive advantage in regional and global markets by promoting cross-border complementation, industry clustering, and value chain activities. Within this broader strategy, the roadmap indicated four specific objectives: (i) promotion of intra- and extra-industry trade in selected priority sectors, (ii) coordinated management of natural resources, (iii) coordinated planning and implementation of infrastructure support, and (iv) strengthening of BIMP-EAGA structures and mechanisms for effective roadmap implementation. It set targets to increase intra-EAGA trade by 10%, investments by 10%, and tourism by 20%.

The midterm assessment of the roadmap conducted in 2008 and the final assessment in 2010 concluded that (i) implementation of the roadmap was slow and uneven; (ii) many of the projects were either still in the conceptual stage or were just beginning to be implemented; and (iii) project profiles were inadequate; as a consequence, it was difficult to monitor outcomes and impact. It was recognized that many of the roadmap projects would take beyond 2010 to complete. The BIMP-EAGA countries concluded that the strategies in the roadmap remain valid; hence, they decided that an implementation blueprint, rather than a successor roadmap, would be more appropriate as a guiding document for focusing efforts on delivering results.

BIMP-EAGA Implementation Blueprint, 2012–2016. The implementation blueprint was approved by the 8th BIMP-EAGA Summit in April 2012. Although its strategic thrusts were to be carried over from the roadmap, some refinements and new elements were introduced. The strategic focus of the implementation blueprint was grouped into four pillars: (i) enhancing connectivity within and outside BIMP-EAGA, (ii) establishing BIMP-EAGA as a food basket for ASEAN and the rest of Asia, (iii) promoting BIMP-EAGA as the premier regional tourism destination, and (iv) ensuring the sustainable management of the environment. The connectivity pillar, in particular, was strengthened by focusing on critical infrastructure to complete missing links in two priority corridors—the West Borneo Economic Corridor (WBEC)

and Greater Sulu Sulawesi Corridor (GSSC). Learning from the experience of the roadmap, the implementation blueprint followed a more disciplined process of project preparation and programming to ensure that projects were well-prepared and had a good chance of being completed successfully. Box 3 highlights the goals and strategic thrusts of the BIMP-EAGA roadmap and implementation blueprint.

Links with ASEAN. The articulation of the links in the *BIMP-EAGA Roadmap to Development, 2006–2010* with ASEAN, as a framework and an institution, was explicit. The roadmap articulated the desire of the member countries to integrate their economies into the AEC. It further elaborated on the need to narrow the development gap, not only among the ASEAN Member States, but also within countries such as Indonesia; the Philippines; and, to a lesser extent, Malaysia, where pockets of underdevelopment still exist. The development of these areas needs to be accelerated if the full benefits of integration are to be equitably distributed. The roadmap viewed BIMP-EAGA as a subset of ASEAN and, consistent with that view, indicated that BIMP-EAGA initiatives to deepen subregional economic integration would be pursued within the broader ASEAN integration effort. The roadmap called for closer cooperation between BIMP-EAGA and ASEAN, and the active involvement of the ASEAN Secretariat in refining the roadmap in the course of its implementation. The ASEAN Secretariat will provide inputs to contextualize and guide the various EAGA initiatives, and link them with the activities of the appropriate ASEAN bodies. As the subregional cooperation measures becomes more defined, the ASEAN Secretariat will also be expected to help source and mobilize resources for the implementation of EAGA's projects and initiatives.

Notwithstanding these intentions, the involvement of the ASEAN Secretariat in the implementation of the BIMP-EAGA Roadmap to Development, 2006–2010 has been generally passive and basically confined to attendance in BIMP-EAGA meetings. Except for broad statements on ASEAN developments, the ASEAN Secretariat has not been proactively engaged in providing inputs to EAGA's action plans, programs, and projects that could potentially forge links with ASEAN initiatives.

Under the *BIMP-EAGA Implementation Blueprint 2012–2016*, the link to ASEAN at the strategy level was also evident. The implementation blueprint recognized that the wide-ranging regional economic integration initiatives of ASEAN would have important ramifications on the medium- to long-term strategic goals of BIMP-EAGA. In addition, the implementation blueprint indicated that BIMP-EAGA, as a subset of ASEAN, could contribute more

Box 3: BIMP-EAGA Roadmap to Development and Implementation Blueprint: Goals, Pillars, and Strategic Thrusts

Roadmap 2006–2010

Goals

- Narrow the development gap across and within the EAGA member countries, as well as across ASEAN-6 countries (long term)
- Increase trade, investments, and tourism within EAGA (short term)

Strategic Thrusts

- Promotion of intra- and extra- industry trade in selected priority sectors
- Coordinated management of natural resources
- Coordinated planning and implementation of infrastructure support
- Strengthening of BIMP-EAGA structures and mechanisms for effective implementation of the roadmap

Blueprint 2012–2016

Pillars

- Enhance connectivity within and outside BIMP-EAGA
- Establish BIMP-EAGA as a food basket for ASEAN, and the rest of Asia regional tourism destination
- Ensure the sustainable management of the environment

Refinements and New Elements

- Connectivity pillar focused on critical infrastructure to complete missing links in two priority corridors—the West Borneo Economic Corridor and Greater Sulu Sulawesi Corridor
- Community-based ecotourism identified as a flagship program within the tourism sector
- Cooperation in the environment to build on ongoing initiatives where BIMP-EAGA countries are participating (i.e., the Heart of Borneo and Coral Triangle initiatives)
- Food basket strategy as a new element and considering relevant ASEAN frameworks on food security

ASEAN = Association of Southeast Asian Nations; ASEAN-6 = Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore, and Viet Nam; BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area.

Sources: Compiled from ADB. 2006. *BIMP-EAGA Roadmap to Development 2006–2010*. Manila and BIMP-EAGA Facilitation Centre. 2012. *BIMP-EAGA Implementation Blueprint 2012–2016*. Kota Kinabalu.

directly toward AEC goals by establishing closer linkages between their initiatives. Examples of this are BIMP-EAGA's connectivity projects that are already reflected in the Master Plan on ASEAN Connectivity (MPAC). The underpinning principle of the implementation blueprint's focus on accelerated project implementation was deemed important in realizing the benefits of the AEC. Unlike in the roadmap, there was no specific reference made to the institutional involvement of the ASEAN Secretariat in the implementation blueprint processes.

Indonesia–Malaysia–Thailand Growth Triangle

The IMT-GT subregion is abundant with agricultural lands and rich natural resources, which are potential sources of rapid economic growth that could help reduce poverty. Combined with a dynamic private sector, these endowments have the potential to transform the subregion into a powerful

growth magnet and substantially improve the quality of life of its residents. The 1997/98 Asian financial crisis interrupted IMT-GT's initial efforts at cooperation as the countries attended to more pressing domestic concerns. A revival began in 2005 when the first IMT-GT Summit requested the Asian Development Bank (ADB) to prepare the first IMT-GT roadmap, which was subsequently endorsed by the 2nd IMT-GT Summit in 2007.

IMT-GT Roadmap for Development, 2007–2011.

The roadmap, entitled *Building a Dynamic Future: A Roadmap for Development, 2007–2011*, articulated the vision of a seamless progressive, prosperous, and peaceful subregion with improved quality of life. The roadmap specified two anchors where projects and activities would be clustered: (i) a policy and regulatory anchor, and (ii) an anchor built around major IMT-GT connectivity corridors. The first anchor is aimed at providing an enabling policy and regulatory environment conducive to private sector activities in the IMT-GT subregion. The

second anchor would serve as the “trunk lines” from which development radiates to neighboring areas. The roadmap identified five strategic objectives to (i) facilitate and promote intra- and inter-IMT-GT trade and investment; (ii) promote the growth of agriculture, agro-industry, and tourism; (iii) strengthen infrastructure linkages and support to the integration of the IMT-GT subregion; (iv) develop human resources and skills competencies, enhance mobility of labor, and strengthen environment and natural resource management; and (v) strengthen institutional arrangements and mechanisms for cooperation, including public–private sector collaboration, participation of stakeholders at the local level, and mobilization of support from development partners.

The IMT-GT roadmap reflected measures that were directly supportive of ASEAN initiatives: (i) simplification; standardization; and harmonization of customs, immigration, quarantine, and security; (ii) improvement of cross-border infrastructure and transport service connections; (iii) facilitation of road transport; (iv) adoption of mutual recognition arrangement and accreditation programs; (v) cooperation in environment and natural resource management; (vi) cooperation in the control and improvement of surveillance, public awareness, and response to pandemics due to transboundary animal diseases and natural disasters; and (vii) strengthening of mechanisms to improve IMT-GT’s linkages with external organizations, including ASEAN. Many of these measures, however, were not translated into well-developed projects and, therefore, were not realized.

Based on the *Mid-Term Review of the IMT-GT Roadmap for Development: 2007–2011*, the implementation of the roadmap achieved modest results. The lack of focus with too many flagship projects, absence of sector strategies, and weaknesses in project preparation and implementation were among the key constraints. In large part, these constraints were attributed to weaknesses in the national and regional institutional mechanisms that could have effectively guided the process of strategy, program, and project formulation. A business process review, thus, became a central component of the roadmap’s midterm review process. These, and the findings of the roadmap’s final assessment, eventually anchored the content of the IMT-GT implementation blueprint, which was endorsed by the 17th Senior Officials’ Meeting and Ministerial Meeting held in August 2010.

IMT-GT Implementation Blueprint, 2012–2016. The implementation blueprint featured a well-prepared set of projects that would be carried out in the next 5 years. The flagship projects were reduced from 37 in the roadmap to 12, with due focus on five priority economic corridors. A more disciplined process of project inclusion was followed

to ensure that only those projects with well-defined concepts, clear project accountability, and identified sources of financing were included in the implementation blueprint. In addition, only those projects with secured financing were included in the rolling pipelines. The sector strategies formulated and adopted as part of the mid-term review of the IMT-GT roadmap provided sharper focus and anchor for project development. The implementation blueprint was approved by the 6th IMT-GT Summit in April 2012. Box 4 summarizes the goals and strategies of the IMT-GT roadmap and implementation blueprint.

Links with ASEAN. In both the IMT-GT roadmap and implementation blueprint, references made to ASEAN pertained to shared aspirations, as well as the need for IMT-GT to reinforce ASEAN goals and take advantage of the opportunities from integration. The roadmap indicated that IMT-GT’s vision of “a seamless, progressive, prosperous, and peaceful subregion with improved quality of life” is not only consistent with, but is also intended to contribute to, the realization of the AEC. One of the roadmap’s guiding principles is for activities to complement and reinforce related activities in ASEAN. The IMT-GT roadmap and implementation blueprint cited the need for the subregion to take advantage of the benefits of globalization and ASEAN economic integration.

Findings and Observations: Strategy Level Review

The references to, and perspectives on, ASEAN indicated in the strategic frameworks of the GMS, BIMP-EAGA, and IMT-GT subregional programs can be broadly categorized as follows:

- (i) ASEAN is viewed as providing the regional context of the subregional program.
- (ii) ASEAN goals are explicitly shared by the subregional program.
- (iii) ASEAN frameworks—such as agreements, memorandums of understanding, and roadmaps—serve as the basis for subregional initiatives.
- (iv) ASEAN structures, processes, and mechanisms are utilized in the planning and/or implementation of subregional initiatives.

These categories indicate the degree to which the subregional programs’ overall strategy frameworks are linked to ASEAN dimensions, with the first category being the weakest form of link and the fourth being the strongest. The first category regards ASEAN simply as providing the wider regional context for the subregional program.

Box 4: IMT-GT Roadmap and Implementation Blueprint: Vision, Goals, and Strategic Thrusts and Sectors

Vision

A seamless, progressive, prosperous, and peaceful subregion with improved quality of life

Roadmap 2007–2011

Blueprint 2012–2016

Goals (including Flagship projects)

- Sustained economic growth
- Reduced poverty and improved quality of life
- Peace and stability

- Goals being the same as in the roadmap
- Flagship projects reduced to 12, from 37 in the roadmap

Strategic Thrusts

- Facilitate and promote intra- and inter-IMT-GT trade and investment
- Promote the growth of agriculture, agro-industry, and tourism
- Strengthen infrastructure linkages to support the integration of the IMT-GT subregion
- Develop human resources and skills competencies, enhance mobility of labor, and strengthen environment and natural resource management
- Strengthen institutional arrangements and mechanisms for cooperation, including public–private sector collaboration, participation of stakeholders at the local level, and mobilization of support from development partners

Specific Sector Strategies

Strategic thrusts are the same as in the roadmap but given sharper focus through the following sector strategies:

- **Transport:** enhanced connectivity focusing on priority corridors; and in energy, sustainable development and ensuring security, reliability, and cost-effectiveness of energy supply
- **Trade and investment:** results-oriented action in the areas of regulation, public–private sector collaboration, and provision of business services
- **Agriculture:** reducing constraints to agricultural investments, coordinating policies and standards, and promoting investments in the agriculture supply chain
- **Halal products and services:**
 - (i) development of regulatory processes and standards to maintain halal integrity,
 - (ii) development of the halal industry, and
 - (iii) promotion of the IMT-GT halal brand.
- **Tourism:** development of thematic tourism routes, and strategic alliances among the private sector in promoting thematic tourism
- **Human resource development:** development of a competitive work force and improvements in labor mobility

IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.

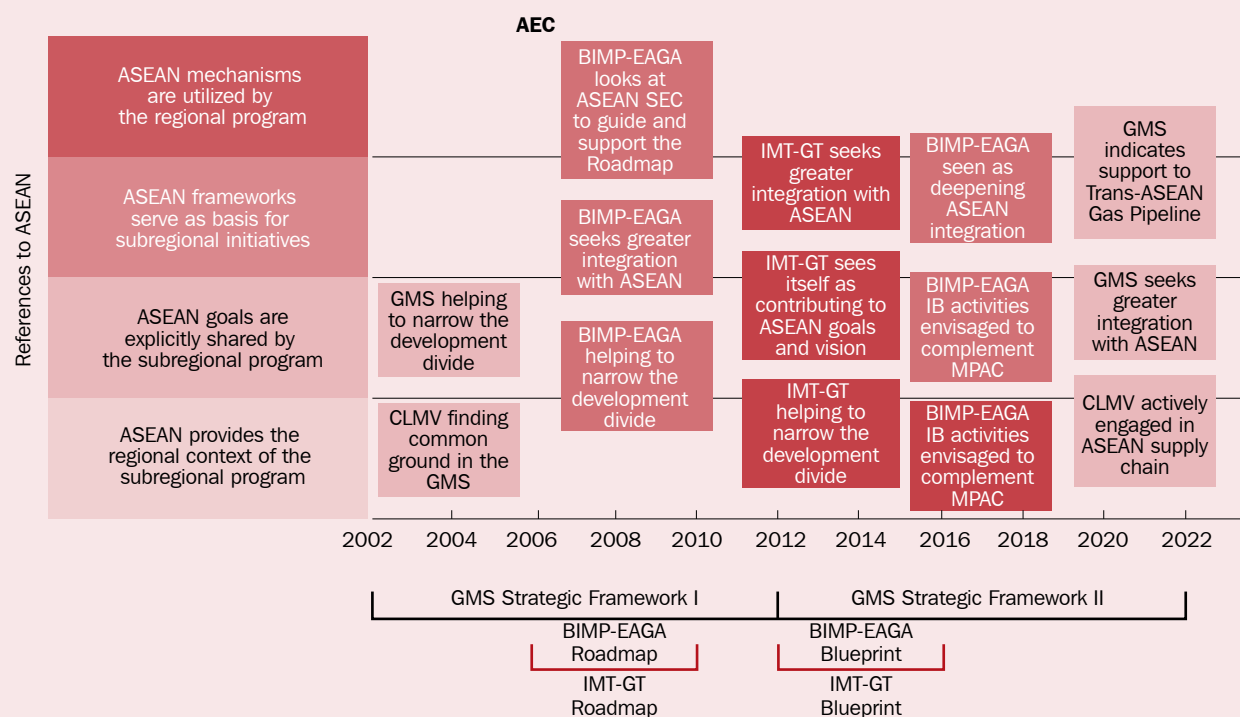
Source: Compiled from the *IMT-GT Roadmap for Development, 2007–2011* and the *IMT-GT Implementation Blueprint, 2012–2016*.

The second and third categories indicate a closer affinity with ASEAN goals: a specific role for the subregional program in attaining these goals, and the utilization of an ASEAN framework in a specific strategy or initiative of the subprogram. The fourth category involves use by the GMS, BIMP-EAGA, and IMT-GT subregional programs of an ASEAN mechanism to implement its strategy. The main ASEAN perspectives embodied in the strategy frameworks of these subregional programs were plotted in relation to these four categories as shown in Figure 2.

Based on discussions in the preceding sections, and as summarized in Figure 2, the following observations can be made:

- (i) All subregional programs recognize the importance of ASEAN. The “first generation” frameworks of the three subregional programs broadly saw ASEAN as providing both opportunities and challenges—opportunities from an expanded market, and challenges of reducing impediments to access these markets. The *GMS Strategic Framework, 2002–2012*

Figure 2: Subregional Program Strategies with Reference to ASEAN



AEC = ASEAN Economic Community; ASEAN = Association of Southeast Asian Nations; BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area; CLMV = Cambodia, the Lao People’s Democratic Republic, Myanmar, Viet Nam; GMS = Greater Mekong Subregion; IB = implementation blueprint; IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle; MPAC = Master Plan on ASEAN Community; SEC = secretariat; REG = regional; TA = technical assistance.
Source: ADB TA 7718-REG Study Team.

(SF-1), which preceded the launch of the AEC in 2007, saw ASEAN’s expanded membership as an opportunity and a challenge for Cambodia, the Lao PDR, Myanmar, and Viet Nam (CLMV), which had just joined ASEAN at that time. SF-1 defined the role that regional cooperation can play for CLMV to work together on common ground as transition economies on the path to market opening and expansion. *The BIMP-EAGA Roadmap to Development, 2006–2010* referred to the goal of developing the subregion’s competitive advantage for the wider regional and global market, and not only directed within the subregion. *The IMT-GT Roadmap for Development, 2007–2011* referred to the need to complement and work more closely with ASEAN.

- (ii) ASEAN’s goal of narrowing the development divide was recognized in the strategy frameworks of the three subregional programs. The BIMP-EAGA roadmap and, to a lesser extent, the IMT-GT roadmap were quite explicit in their goal of narrowing the

development gap—an aspiration also articulated in the objective of GMS SF-1 for CLMV to “catch-up” with the rest of ASEAN.

- (iii) The launch of the AEC in 2007 provided a definitive anchor around which the strategies of the subregional programs began to evolve. The BIMP-EAGA roadmap, which coincided with the year of the AEC launch in 2007, articulated the participating countries’ desire to integrate their economies more fully, consistent with AEC goals. The IMT-GT roadmap, which also began in 2007, reflected measures that were clearly supportive of AEC initiatives. Much later in 2011, when the *GMS Strategic Framework, 2012–2022* (SF-II) was endorsed, a clear reference was made to the need to link with the ASEAN integration agenda, and to seek a unique role for the GMS Program in contributing to this goal. SF-II now sees CLMV as active participants in the regional supply chain, having advanced well into the process of market transition.

- (iv) The link with the ASEAN economic integration agenda has become more pronounced in the “second generation” strategy frameworks.¹⁰ This was evident in concrete subregional sector initiatives that began to link more consciously with specific ASEAN agreements or frameworks. For instance, the GMS SF-II made specific reference to supporting the Trans-ASEAN Gas Pipeline. Planned improvements in the transport memorandums of understanding in the *BIMP-EAGA Implementation Blueprint, 2012–2016* are converging with the ASEAN’s trajectory for integrating the transport services sector. The *IMT-GT Implementation Blueprint, 2012–2016* guidelines stipulate that projects must be supportive of the MPAC. Across all the second generation frameworks, the proximity of the AEC in 2015 seems to have prodded a greater sense of urgency to accelerate the integration process, which was also evident in key sectors. (Details are discussed in the next section.)
- (v) Among the subregional programs, BIMP-EAGA has explicitly declared itself to be a subset of ASEAN, and has consistently brought this relationship to bear in the design of its various initiatives. This strong link was stated in the BIMP-EAGA roadmap, which also called for the involvement of the ASEAN Secretariat in refining the roadmap in the course of its implementation, and in guiding the various EAGA initiatives through linkages with the appropriate ASEAN bodies. As mentioned earlier, this role has not been fully performed by the ASEAN Secretariat. Therefore, the BIMP-EAGA implementation blueprint no longer mentions the role of the ASEAN Secretariat.

The above observations indicate the important role that the AEC has played as a galvanizing factor in bringing the subregional programs closer to the ASEAN framework. In particular, the AEC Blueprint provided a good indication of the key milestones to which the subregional programs could anchor. The rapid growth of individual ASEAN Member States and their integration into global markets are factors that also weighed on the need to align subregional processes with that of the AEC. However, it must be emphasized that even without specific references to ASEAN, the goals of the three subregional programs converge with those of ASEAN in many instances, as the goals of development and cooperation are generally universal in nature.

Operational Level Review of Selected Sector Initiatives

A review of selected connectivity areas was conducted to see how the links at the program-wide level translated into initiatives at the operation level. Physical connectivity in transport and energy, and institutional connectivity in transport and trade facilitation, were selected. These are high priority sectors in the subregional programs and comprise the bulk of their projects and activities. However, the review of these areas was not in the nature of a sector analysis, which means that the review did not make an assessment of the soundness of the strategies and programs. Instead, the review focused on where ASEAN and the subregional programs converge in coverage and approach, and the circumstances underpinning their convergence (or divergence).

As previously mentioned, ASEAN’s centrality warranted a greater focus on the vertical links (subregional programs with ASEAN) relative to the horizontal links (among the subregional programs). The latter has a narrower basis because the three subprograms differ fundamentally in the level and autonomy of the participating entities—in the case of national governments in the GMS, and local governments in BIMP-EAGA and IMT-GT. In addition, these three subprograms are each driven by unique economic, socio-cultural, and geopolitical circumstances. Notwithstanding this, the three subregional programs can learn valuable lessons from each other in the conduct of regional cooperation. These lessons are mentioned in this section.

Transport Connectivity

ASEAN Transport Connectivity Strategy. ASEAN transport cooperation is guided by the *ASEAN Strategic Transport Plan (ASTP)*, 2011–2015,¹¹ which covers land, maritime, and air transport; and transport facilitation and logistics services. Cooperation in these sectors is further defined by specific ASEAN agreements and ministerial understandings (e.g., ASEAN Highway Network) and roadmaps (for air, maritime, and logistics sectors). From

¹⁰ The “second generation” frameworks refer to the (i) *GMS Strategic Framework, 2012–2022*, (ii) *BIMP-EAGA Implementation Blueprint, 2012–2016*, and (iii) *IMT-GT Implementation Blueprint, 2012–2016*.

¹¹ This is also referred to as the Brunei Action Plan (BAP).

Table 2: ASEAN Strategic Transport Plan, 2011–2015: Goals, Strategic Thrusts, and Key Actions

Goals	Strategic Thrusts	Key Actions
Land Transport		
<ul style="list-style-type: none"> Establishing efficient, integrated, safe, and environmentally sustainable regional land transport (road and railway) corridors linking all members and neighboring trading partners 	<ul style="list-style-type: none"> Improving land transport infrastructure integration and intermodal interconnectivity with principal airports, ports, and inland waterways and ferry links Coordinating efforts at policy and operational levels for land transport trade corridors 	<ul style="list-style-type: none"> Complete missing links in the ASEAN Highway Network Implement the Singapore–Kunming Rail Link Establish efficient and integrated inland waterways network
Air Transport		
<ul style="list-style-type: none"> Establishing a regional open skies arrangement to support regional economic integration Achieving globally acceptable standards in aviation security and safe 	<ul style="list-style-type: none"> Implementing the regional plan on ASEAN Open Sky Policy, on a staged and progressive basis Promoting satellite-based air navigational and automatic sensing systems to control air traffic and improve safety in airspace 	<ul style="list-style-type: none"> Work on the formulation of an ASEAN Single Aviation Market Implement the Roadmap for the Integrated Air Travel Sector, and ratify the multilateral agreements on liberalization of air freight and passenger services
Maritime Transport		
<ul style="list-style-type: none"> Formulating and implementing a common regional shipping policy Improving maritime safety and security and protection of the marine environment by enhancing cooperation among the ASEAN Member States to facilitate the acceptance and implementation of the International Maritime Organization (IMO) conventions 	<ul style="list-style-type: none"> Formulating and implementing a common regional shipping policy Improving maritime safety and security and protection of the marine environment by facilitating the acceptance and implementation of IMO conventions 	<ul style="list-style-type: none"> Revitalize efforts for an ASEAN Single Shipping Market Enhance the capacity of 47 ASEAN designated ports Establish efficient and reliable shipping routes Establish connections between mainland and archipelagic Southeast Asia
Transport Facilitation		
<ul style="list-style-type: none"> Creating an integrated and efficient logistics and multimodal transportation system, for cargo movement between logistics bases and trade centers within and beyond ASEAN 	<ul style="list-style-type: none"> Operationalizing the ASEAN Framework Agreement on the Facilitation of Goods in Transit, Inter-State Transport and Multimodal Transport Enhancing capacity and skills development for transport facilitation Conceptual planning for an integrated intermodal transport network in ASEAN 	<ul style="list-style-type: none"> Establish a multimodal transport system to make ASEAN the transport hub Develop multimodal transport corridors for parts of ASEAN to function as bridges in the global supply chains Complete the East–West Economic Corridor Promote the Mekong–India Economic Corridor as a land bridge

ASEAN = Association of Southeast Asian Nations.

Source: ASEAN Secretariat. 2010. *ASEAN Strategic Transport Plan, 2011–2015*. Jakarta.

the ASTP, MPAC highlights a set of priority physical connectivity projects to be implemented by 2015.¹²

In supporting the goals of the AEC, the ASTP builds on previous plans of actions and existing sector frameworks by moving the strategic direction of transport connectivity. From establishing physical links, it liberalized transport services toward the goal of a seamless, safe, and integrated

regional transport system. Beyond improving the density and standards of ASEAN's internal transport network, the ASTP sets the goal of making ASEAN the transport hub of the region, taking advantage of its geographic location in relation to the burgeoning economies of South Asia and Northeast Asia. The key elements of the ASTP 2011–2015 are summarized in Table 2, and discussed in more detail in the sections on land, rail, maritime, and air connectivity.

Corridor Development in the Subregional Programs.

The subregional programs have developed sector strategies for various modes of transport, but the strategies have revolved around well-defined geographic spaces or corridors. The subregional strategies and priority actions for road, rail, maritime, and air transport converge in the subregional corridors. The subregional corridors have become the main

¹² The MPAC reflects a narrower but focused set of priorities relative to the ASTP, which is the broader framework for ASEAN cooperation in the transport sector. Although the strategic thrusts of transport cooperation reflected in the two documents are consistent, ASTP reflects a more comprehensive list of actions based on sector roadmaps. Meanwhile, the MPAC mainly highlights those projects that can be realistically achieved by 2015. In identifying the links, therefore, the ASTP and ASEAN action plans in the different sectors provide a better source of information than the MPAC.

platforms through which the subregional programs are able to translate the ASEAN goals into concrete results.

The development strategy for each corridor is shaped by various factors—geography, proximity to gateway ports, trade destinations, traded commodities, resource endowments, and complementarities, among others. Some transport routes are configured to specifically address trade goals, value-chain connectivity, or logistics services connectivity. Other routes are configured to address broader development objectives, such as the overall economic development of an area by stimulating investments and production capacity linked to trade with potential impact on increasing employment and incomes, and reducing poverty.

Corridor development in the GMS. The first decade of the GMS Program achieved substantial progress in establishing physical connectivity along three priority corridors: (i) East–West Economic Corridor (EWEC), (ii) North–South Economic Corridor (NSEC), and (iii) Southern Economic Corridor (SEC). Many of the critical road links in these corridors are now in place. Building upon physical connectivity that enabled increased cross-border traffic along these routes, the GMS strategy for its second decade focuses on (i) transforming these corridors into economic corridors by linking them with production and trade; (ii) expanding transport links to outside the subregion; and (iii) building an integrated multimodal transport system that includes rail, air, and inland waterways.

Internal connectivity can continue to be strengthened by opening more border crossings and increasing network density. At the same time, external links can be expanded through new transport corridors¹³ to enhance connectivity with India via Myanmar, and farther into the People's Republic of China (PRC) via route connections in the Lao PDR, Thailand, and Viet Nam. A regional investment framework is being prepared to succeed the GMS Vientiane Plan of Action, 2008–2012 (VPOA), which has so far guided investments in priority sectors that include transport.

Corridor development in BIMP-EAGA. Compared to the GMS, whose contiguous land mass makes it

relatively easier to connect, the countries comprising the BIMP-EAGA and IMT-GT are far more geographically dispersed across land masses and bodies of water. Because of its archipelagic geography, BIMP-EAGA has given priority to the development of maritime and air connectivity in two specific corridors: (i) West Borneo Economic Corridor (WBEC), and (ii) Greater Sulu Sulawesi Economic Corridor (GSSC). At the 4th BIMP-EAGA Summit in November 2007 when these corridors were endorsed, BIMP-EAGA was declared an economic corridor within ASEAN.

Economic corridor development in BIMP-EAGA is basically aimed at developing trade corridors and enhancing value-chain connectivity. WBEC is considered to be the oil and gas corridor of EAGA where areas traversed in Brunei Darussalam, Sabah, and West Kalimantan are major exporters of crude petroleum and natural gas. GSSC is a maritime corridor covering North Sulawesi in Indonesia, Sabah in Malaysia, and Mindanao and Palawan in the Philippines, where connectivity consists of port-to-port trade flows and shipping services across the Sulu Sulawesi Sea. Ten of the 12 priority infrastructure projects included in the *BIMP-EAGA Implementation Blueprint, 2012–2016* are located in these two corridors. The BIMP-EAGA blueprint would also take measures to strengthen land, air, and maritime transport services through improved and liberalized services.

Corridor development in IMT-GT. The connectivity strategy of IMT-GT, like BIMP-EAGA, also has a predominantly inward focus. To further enhance connectivity within the subregion, five priority economic corridors that combine land and maritime connectivity have been identified: (i) Extended Songkhla–Penang–Medan Corridor (EC1), linking the agriculture-rich provinces of southern Thailand with Malaysia, Sumatra, and Singapore; (ii) Straits of Malacca Corridor (EC2), covering the western coastal belt from Trang in southern Thailand to Melaka in Peninsular Malaysia; (iii) Banda Aceh–Medan–Pekanbaru–Palembang Economic Corridor (EC3), a road corridor running south to north through Sumatra; (iv) Melaka–Dumai Economic Corridor (EC4), linking Sumatra and Peninsular Malaysia; and (v) Ranong–Phuket–Aceh Economic Corridor (EC5), aiming to enhance connectivity between Sumatra and southern Thailand primarily through maritime mode.

Only modest progress has been achieved in developing the physical infrastructure in these corridors under the *IMT-GT Roadmap for Development, 2007–2011*. However, under the *IMT-GT Implementation Blueprint, 2012–2016*, 11 priority infrastructure projects with a total estimated cost of \$5.2 billion have been identified for implementation. Of the 11 projects, 10 are located in the five priority economic

¹³ The *GMS Transport Sector Strategy 2006–2015: Coast to Coast and Mountain to Sea: Toward Integrated Mekong Transport Systems* identified nine corridors, including the three that are in place. These nine corridors are: (i) North–South Corridor (Kunming–Bangkok), (ii) Eastern Corridor (Kunming–Ho Chi Minh City), (iii) EWEC (Mawlamyine–Danang), (iv) SEC (Dawei–Quy Nhon/Vung Tau), (v) Southern Coastal Corridor (Bangkok–Nam Can), (vi) Central Corridor (Kunming–Sihanoukville/Sattahip), (vii) Northern Corridor (Fangcheng–Tamu), (viii) Western Corridor (Tamu–Mawlamyine), and (ix) Northeastern Corridor (Nanning–Bangkok/Laem Chabang). The three corridors in place are EWEC, NSEC, and SEC.

corridors. These comprise roads; ports; distribution centers; customs, immigration, and quarantine facilities; and power projects.

Within the IMT-GT, connectivity between Malaysia and Thailand is well developed, while that within Sumatra is generally weak. Land transport development within Sumatra is also underdeveloped, and needs to be improved through a combination of road and railway investments. In Malaysia and Thailand where the condition of the roads are better, the priority is on road improvements to cope with increased traffic volume and economic activity from industrial development in order areas.

Development orientation of subregional corridors.

Table 3 highlights the development strategies that underpin the subregional priority corridors. The binding constraints that define the characteristics of a corridor, as well as their

potential for developing into a full-fledged economic corridor, have influenced the physical and institutional connectivity approaches taken by the subregional programs.

The GMS Program focused initially on physical connectivity and cross-border facilitation owing to its land-based geography. With most of the transport infrastructure requirements in place, the GMS Program is currently focused on developing transport corridors into full-fledged economic corridors. The strategy and action plans for the three corridors have been developed, and are being coordinated through the Economic Corridors Forum with the involvement of all concerned stakeholders. The number of priority corridors has also expanded from three to nine, with routes that would connect to South Asia, and within the GMS, in particular, more intensively with the PRC. Moreover, the GMS is also expanding land connectivity through rail links and other transport modes

Table 3: Development Strategies of Priority Subregional Corridors

Corridor or Route	Development Strategy
Greater Mekong Subregion (GMS)	
<i>East–West Economic Corridor (EWEC)</i>	EWEC has both a developmental and commercial objective. Its developmental objective is to link the main artery of the corridor on the horizontal axis with secondary road systems in rural communities and some of the poorer areas. The commercial objective is to expand production and cross-border trade. The main artery connects to gateway nodes at Danang Port (Viet Nam) to Mawlamyine (Myanmar) that connect to external markets. EWEC’s intersection with several north–south arterial routes expands trading routes and lowers risks and distribution costs.
(i) Mawlamyine–Myawaddy	
(ii) Mae Sot–Phitsanulok–Khon Kaen–Kalasin– Mukdahan	
(iii) Savannakhet–Dansavanh	
(iv) Lao Bao–Dong Ha–Hue–Danang	
<i>North–South Economic Corridor (NSEC)</i>	NSEC is a “natural economic corridor” in the GMS because the multimodal transport and infrastructure network in the subregion has a general north–south orientation. It is well positioned to serve as a gateway for ASEAN–People’s Republic of China (PRC) trade on account of its strategic location that links the PRC with Thailand and Viet Nam. It also intersects the EWEC in Thailand’s Tak and Phitsanulok provinces, thus providing access to the Andaman Sea.
(i) Kunming–Chiang Rai–Bangkok	
(ii) Kunming–Ha Noi–Hai Phong	
(iii) Nanning–Ha Noi via the Youyi Pass or Fangcheng–Dongxing–Mong Cai	
<i>Southern Economic Corridor (SEC)</i>	SEC links three major cities—Bangkok, Phnom Penh, and Siem Reap. SEC is economically diversified in terms of income and economic structure, natural resource endowments, and labor markets. SEC allows many complementarities that could be pursued to promote its development. These complementarities provide a good base for the development of production networks that could be plugged into global value chains. It has the necessary drivers of growth, including markets, agricultural and industrial base, and world class tourism assets.
(i) Bangkok–Phnom Penh–Ho Chi Minh City–Vung Tau	
(ii) Bangkok–Siem Riep–Stung Treng–Rathanakini–O Yadov–Pleiku–Quy Nhon	
(iii) Bangkok–Trat–Koh Kong–Kampot–Ha Tien–Ca Mau City–Nam Can	
Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA)	
<i>West Borneo Economic Corridor (WBEC)</i>	WBEC is considered as the oil and gas corridor of EAGA where three of four focal areas are major exporters of crude petroleum and natural gas. The corridor also hosts major exporters of forestry products. Imports of the focal areas include food, machinery and equipment, and manufactured goods. Light manufacturing, palm oil processing, wood-based processing, and tourism are common areas of opportunities. Brunei Darussalam and Labuan (Malaysia) both have the potential of becoming financial hubs for the subregion.
(i) Pontianak Port–Kuching Port	
(ii) Kuching–Bandar Seri Begawan	
(iii) Bandar Seri Begawan–Kota Kinabalu	

Continuation on next page

Table 3 continued

Corridor or Route	Development Strategy
<i>Greater Sulu Sulawesi Corridor (GSSC)</i> (i) Palawan–Sabah (ii) Zamboanga Peninsula–Sabah (iii) Zamboanga Peninsula–Sabah (through the island provinces of Basilan, Sulu, and Tawi-tawi in the Philippines) (iv) Davao area (Davao del Sur Province) (v) General Santos–North Sulawesi	GSSC is a maritime corridor covering North Sulawesi in Indonesia, Sabah in Malaysia, and Mindanao and Palawan in the Philippines. GSSC is mainly determined by the geography of the Sulu Sulawesi Sea. Very strong historical trade links characterize this corridor with trade concentrated between North Sulawesi and Mindanao, and between Sabah and Mindanao. GSSC is also the nerve center of barter trade in EAGA where agriculture and aquaculture trade is fairly advanced. Transport connectivity in GSSC consists of port-to-port trade flows and shipping services within the Sulu Sulawesi Sea.
Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT)	
Extended Songkhla–Penang–Medan Corridor (EC1)	EC1 hosts some of the most agriculture-rich provinces in southern Thailand that trade with Malaysia, Sumatra, and Singapore, and plays an important role in the supply chain of traded goods outside the subregion. EC1 covers several provinces in the border areas of these two countries. It can serve as the anchor for clustering major economic activities through the development of industrial hubs and special economic zones.
Straits of Malacca Corridor (Trang–Satun–Perlis–Penang–Port Klang–Malacca) (EC2)	Due to the proximity of this corridor to Sumatra, there is considerable potential for complementation in various stages of the production chain with this province, especially if a series of economic and industrial zones were established at strategic points along EC2. This corridor has the potential to serve as a food hub, especially for <i>halal</i> , since a number of food terminals and integrated food centers are being planned within the corridor.
Banda Aceh–Medan–Pekanbaru–Palembang Economic Corridor (EC3)	EC3, which is part of the Association of Southeast Asian Nations (ASEAN) Highway Network, is of critical importance for developing Sumatra. It is also an important building block for further enhancing connectivity within the IMT–GT subregion. Its development is closely linked with that of the other three corridors.
Melaka–Dumai Economic Corridor (EC4)	EC4, a maritime corridor, has a long tradition of freight and passenger traffic between Sumatra and Malaysia. Dumai is the gateway port of Riau Province, one of the richest provinces of Indonesia with abundant palm oil plantations and onshore oil and gas resources. Dumai is principally a palm-oil-related export port with general cargo, fertilizer, cement, and rice being the main import traffic.
Ranong–Phuket–Aceh Corridor (EC 5)	EC5 is envisaged to enhance the connectivity between Sumatra and southern Thailand, primarily through maritime mode. Connectivity will be established through the development of facilities in key ports in Sumatra.
Sources: Compiled from ADB. 2008. GMS Vientiane Plan of Action. Unpublished; ASEAN Secretariat. 2008. <i>Master Plan on ASEAN Connectivity</i> . Jakarta; ASEAN Secretariat. 2011. <i>ASEAN Strategic Transport Plan, 2011–2105</i> . Jakarta; Centre for IMT-GT Subregional Cooperation. 2012. <i>IMT-GT Implementation Blueprint 2011–2016</i> . Putrajaya; and (v) BIMP-EAGA Facilitation Centre. 2012. <i>BIMP-EAGA Implementation Blueprint 2012–2016</i> . Kota Kinabalu.	

toward an integrated multimodal transport system. The long-term challenge for GMS is to realize the economic corridor transformation process, and align with ASEAN in developing the regulatory framework and standards for an integrated multimodal transport system.

The BIMP-EAGA and IMT-GT corridors are basically transport and trade corridors. Initiatives of the two subregional programs put emphasis on the liberalization of land, maritime (including for RoRo ferry), and air transport services, which coincide more closely with the ASEAN initiatives toward transport services liberalization, market access, and integration. In developing the trade

and value-chain corridors in BIMP-EAGA and IMT-GT, the private sector has played an active role in undertaking complementary investments in cross-border facilities, logistics, and other related business services. The private sector has, in fact, performed a dominant role in the two subprograms, as it was envisaged when these programs were established.

Role of subregional corridors in ASEAN connectivity. Corridor development under the subregional programs plays an important role in ASEAN transport connectivity. By defining corridors based on area-specific features and circumstances and focusing on their development

through cooperation, the subregional programs are able to translate the goal of ASEAN connectivity into specific area contexts, and direct it to achieve specific development objectives. Economic corridor development under the subregional programs has contributed to accelerating the pace of ASEAN connectivity, and has laid the important foundation for ASEAN to begin expanding its links outside the region.

The GMS, in particular, has made an important contribution by building the infrastructure needed to connect ASEAN with the PRC, and farther to the west, to South Asia via Myanmar. Economic corridor development in BIMP-EAGA and IMT-GT, although challenged by the archipelagic geography of the subregion, has greatly improved the environment for trade and investment and contributed to ASEAN's goal of narrowing the development divide. Through their participation in subregional programs, the ASEAN Member States are accorded the flexibility to proceed multitrack and multispeed through smaller and more flexible arrangements.

Despite differences in the orientation of corridors, all three subregional programs are presently moving toward an integrated transport system consistent with ASEAN's trajectory. This suggests the benefits of coordinating and unifying efforts at the subregional level with those of ASEAN, particularly with respect to the setting of technical, safety, security, and environmental standards. Individual member countries will also need to accelerate the ratification and implementation of various protocols pertaining to the liberalization of transport services. ASEAN, for its part, will have to determine the operational support that it can extend to the subregional programs (e.g., technical and financial assistance, or mobilization) to help accelerate project implementation and, ultimately, integration with ASEAN goals.

ASEAN Highway Network. ASEAN's program for land-based connectivity is centered on the completion of the ASEAN Highway Network (AHN), which has been a flagship project since 1999 when the Ministerial Understanding on the AHN was signed. The AHN is essentially an expansion within ASEAN of the Trans-Asian Highway Network, spanning a total length of 38,400 kilometers (km) and covering 23 designated routes. As embodied in the Ministerial Understanding, the AHN will be developed in three stages:

Stage 1: Network configuration and designation of national routes to be completed by 2000

Stage 2: Installation of road signs at all designated routes, upgrading of all designated routes to at least Class III

standards,¹⁴ construction of all missing links, and operationalization of all cross-border points by 2004

Stage 3: Upgrading of all designated routes to at least Class I standards and upgrading of low traffic volume non-arterial routes to Class II standards by 2020

Although considerable progress has been made by the ASEAN Member States in expanding the length and upgrading the road quality of their highways, there are still several missing links and sections that are below Class III standards. Based on a study by the Economic Research Institute for ASEAN and East Asia (ERIA), the AHN's length had expanded to about 97.4% of the desired AHN by 2008, but half of the network still consists of Class III and below road standards. Most of the missing links are located in Myanmar (201 km), while the road segments below Class III standards (5,300 km) on transit transport routes (TTRs)¹⁵ are located in Indonesia, the Lao People's Democratic Republic (Lao PDR), Malaysia, Myanmar, and Viet Nam.¹⁶ Thirty-five TTRs have been identified under the AHN to indicate the sections deemed important in facilitating goods in transit and accorded priority for upgrading or construction. Roads below Class III standards on these TTRs are mostly located in Indonesia, the Lao PDR, and Myanmar.

The extent to which the AHN physically links the ASEAN Member States is indicated by the number of cross-border links in the AHN routes (Table 4). This in turn depends on the number of borders that a country has with its neighboring countries. Thailand has the most number of linkages—13 in all—with four neighboring countries (Cambodia, the Lao PDR, Malaysia, and Myanmar). The Lao PDR follows with 11, Malaysia with seven, and Cambodia with four. It is noted that despite sharing its borders, the Lao PDR and Myanmar do not have any highway linkages between them. The two countries are connected by AH2 and AH3 passing through Thailand (footnote 15).

Apart from road links, the AHN also comprises ferry links for connectivity across seas or rivers. In total, there are seven ferry links in three ASEAN countries that are part of the AHN (Table 5). These ferry links are important for connectivity with the AHN in the archipelagic subregions.

¹⁴ AHN follows the Asian Highway Standards, which include Primary: access-controlled highways, asphalt or cement concrete; Class I: 4 or more lanes, asphalt or cement concrete; Class II: 2 lanes, asphalt or cement concrete; Class III: 2 lanes, double bituminous treatment. <http://www.unescap.org/ttdw>.

¹⁵ The AHN has identified 35 TTRs where road upgrading is considered essential for the facilitation of transport of goods in transit and the broader goal of ASEAN integration.

¹⁶ Economic Research Institute for ASEAN and East Asia (ERIA). 2010. *Final Report: The ASEAN Strategic Transport Plan, 2011–2015*. Jakarta.

Table 4: Number of ASEAN Highway Cross-Border Links between Member States

Member States	Brunei Darussalam	Cambodia	Indonesia	Lao PDR	Malaysia	Myanmar	Philippines	Singapore	Thailand	Viet Nam
Brunei Darussalam					√(2)					
Cambodia				√(1)					√(2)	√(1)
Indonesia					√(2)					
Lao PDR		√(1)							√(5)	√(5)
Malaysia	√(2)		√(2)					√(1)	√(2)	
Myanmar									√(4)	
Philippines										
Singapore					√(1)					
Thailand		√(2)		√(5)	√(2)	√(4)				
Viet Nam		√(1)		√(5)						
Total No. of Linkages	2	4	2	11	7	4	0	1	13	6
Total Country Linkages	1	3	1	3	4	1	0	1	4	2

ASEAN = Association of Southeast Asian Nations, Lao PDR = Lao People's Democratic Republic.

Notes:

(1) √ means that there is a physical highway link between the two countries.

(2) The number in parenthesis indicates the number of physical highway links between the two countries.

Source: Economic Research Institute for ASEAN and East Asia. 2010. *Final Report: ASEAN Strategic Transport Plan, 2011–2015*. Jakarta.

Table 5: Ferry Links in ASEAN Member States in the ASEAN Highway Network

Member States	Route No.	Origin–Destination	Length of Ferry Links (kilometer)
Cambodia	AH1	Mekong River Ferry Crossing–Neak Loeung	1.5
	AH11	Rapeangkreal (border of the Lao PDR)–Stung Treng	0.7
Indonesia	AH2	Gilimanuk Terminal–Banyuwangi Terminal	8.0
	AH25	Bakauheni Ferry Terminal–Merak Ferry Terminal	26.0
Philippines	AH26	Matnog Terminal–Allen Terminal	25.0
		Ormoc Terminal–Cebu Terminal	65.0
		Liloan Ferry Terminal–San Francisco Madilao Port	60.0

AH = ASEAN Highway, ASEAN = Association of Southeast Asian Nations, Lao PDR = Lao People's Democratic Republic.

Source: Economic and Social Commission for Asia and the Pacific website as cited in Economic Research Institute for ASEAN and East Asia. 2010. *Final Report: ASEAN Strategic Transport Plan, 2011–2015*. Jakarta.

The Mekong River Ferry Crossing at Neak Leoung, a GMS project, is constructing the remaining sections of the Phnom Penh to Neak Leoung Road, and it includes a component for the construction of a Mekong bridge at Neak Leoung.

There are plans to further develop connectivity of intra-ASEAN ferry links with ASEAN highways. The ASTP, 2011–2015 indicates plans to conduct studies on the following priority routes:

- (i) Cambodia: Stung Treng–Thalaboriwat (2 km) on AH11;

- (ii) Indonesia: Gilimanuk Terminal–Banyuwangi Terminal (8 km) on AH2; Bakauheni Ferry Terminal–Merak Ferry Terminal (26 km) on AH25; and
- (iii) Philippines: Matnog Terminal–Allen Terminal (25 km) on AH26, Ormoc Terminal–Cebu Terminal (65 km) on AH26, and Liloan Ferry Terminal–San Francisco Madilao Port (60 km) on AH26.

ASEAN Highway Network in the subregional programs. As indicated in the Master Plan on ASEAN Connectivity (MPAC), the strategy for completing the AHN is to (i) construct the missing links in Myanmar, and (ii) upgrade the sections below Class III standards

Table 6: ASEAN Highway Network Routes in the MPAC and ASTP, 2011–2015 for Construction and Upgrading, and their Inclusion in the GMS, BIMP-EAGA, and IMT-GT Programs

AHN Routes in MPAC and ASTP	Inclusion in GMS, BIMP-EAGA, and IMT-GT
Completion of missing links in Myanmar <ul style="list-style-type: none"> • AH112: Thaton–Mawlamyine–Lehnya–Khong Loy (60 km) • AH123: Dawei–Maesameepass (141 km) 	Most sections for construction in Myanmar are not included in the GMS VPOA, 2008–2012.
Upgrading of routes below Class III in transit transport routes	
Lao PDR <ul style="list-style-type: none"> • AH12: Nateuy–Oudomxai–Luang Prabang (393 km) • AH 15: Ban Lao–Namphao (98 km) 	Most sections for upgrading in Myanmar (AH1, AH2, and AH3), and in the Lao PDR (AH12 and AH15) are not included in the GMS VPOA, 2008–2012. Although AH12, Vientiane–Luang Prabang, is not included in the VPOA, this route is part of the Central Corridor in the GMS expanded nine-corridor network.
Myanmar <ul style="list-style-type: none"> • AH1: Tamu–Mandalay–Bago–Myawaddy (781 km) • AH2: Meiktila–Loilem–Kyaington–Tachilek (593 km) • AH3: Mongla–Kyaing Tong (93 km) 	
Indonesia <ul style="list-style-type: none"> • AH25: Banda Aceh–Medan–Pekanbaru–Jambi–Palembang–Lampung Bakauheni–Merak (141.55 km)^a 	The sections for upgrading in Indonesia (AH25) are included in the <i>IMT-GT Implementation Blueprint, 2012–2016</i> .
Upgrading of other routes below Class III^a <ul style="list-style-type: none"> • Indonesia: AH150 (1,762.3 km) and AH151 (611.9 km) • Lao PDR: AH131 (96 km) and AH132 (126 km) • Malaysia: AH150 (40 km) • Myanmar: AH111 (239 km) and AH112 (1,085 km) • Viet Nam: AH13 (215.5 km) by 2011 and AH132 (160 km) by 2012 	<p>Most sections in Indonesia (AH150 and AH151) are in the <i>IMT-GT Implementation Blueprint, 2012–2016</i>.</p> <p>Most sections in the Lao PDR (AH131 and AH132), Myanmar (AH111 and AH112), and Viet Nam (AH13 and AH132) are not included in the VPOA, 2008–2012.</p> <p>The sections in Malaysia (AH150) are not included in the <i>BIMP-EAGA Implementation Blueprint, 2012–2016</i>.</p>

AH = ASEAN Highway, AHN = ASEAN Highway Network, ASEAN = Association of Southeast Asian Nations, ASTP = ASEAN Strategic Transport Plan, BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area, GMS = Greater Mekong Subregion, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, km = kilometer, Lao PDR = Lao People's Democratic Republic, MPAC = Master Plan on ASEAN Connectivity, VPOA = Vientiane Plan of Action.

^a AHN routes listed in the MPAC are those for upgrading in Myanmar and routes below Class III standards in transit transport routes. These are also listed in the ASTP, 2011–2015, with an added set of routes below Class III.

Sources: ASEAN Secretariat. 2010. *Master Plan on ASEAN Connectivity*. Jakarta; ASEAN Secretariat. 2011. *ASEAN Strategic Transport Plan, 2011–2105*. Jakarta.

on TTRs located in the Lao PDR and Myanmar. In the ASTP another category was included: upgrading of other Class III roads in Indonesia (AH25, AH150, and AH151), Malaysia (AH150), and Viet Nam (AH13 and AH132). Table 6 shows the AHN routes identified for construction or upgrading in the MPAC and ASTP, and the status of their inclusion in the GMS, BIMP-EAGA, and IMT-GT action plans. With the exception of the Asian Highway sections in Sumatra, Indonesia that are included in the IMT-GT implementation blueprint, most sections for construction and upgrading in the Lao PDR, Myanmar, and Viet Nam are not in the GMS VPOA, and those in Malaysia are also not in the BIMP-EAGA implementation blueprint. Some of the countries may not have included the upgrading of their respective AHN components in the subregional programs because these are considered national projects and are being funded by their national budgets.

Although most of the AHN sections identified in the MPAC and ASTP are not specifically reflected in the

action plans of the subregional programs, there are other projects in these action plans that form part of the AHN. In the GMS, these include the (i) Mae Sot–Mukdahan Upgrading, and (ii) North–South Economic Corridor International Mekong River Bridge (Chiang Khong–Houyay bridge). Similarly, there are projects in the IMT-GT implementation blueprint that relate to some parts of the AHN, such as Bukit Kayu Hitam and Rantau Panjang in Malaysia that are part of the economic corridor (EC1). The BIMP-EAGA implementation blueprint includes routes along Sungai Tuju (Brunei Darussalam) and Kuching–Tebedu (Malaysia) that are part of West Borneo Economic Corridor (WBEC); and routes in General Santos and Zamboanga City (the Philippines) that are part of Greater Sulu Sulawesi Corridor (GSSC).

Looking into the AHN system as a whole, it is observed that around half of the AHN routes for upgrading under ASTP contain sections that are either part of or link to areas that are part of the priority subregional corridors (Appendix A).

Of these routes, two-thirds are located in the GMS, owing to the predominance of the road transport mode in the subregion. Further upgrading of the AHN sections (including those belonging to Class II and III standards) will help accelerate corridor development and contribute to transport and trade facilitation in the affected areas.

ASEAN Highway Network and the subregional corridors. Considerable potential synergy can be generated through a more purposive linkage between ASEAN's program for completing the AHN and the development of subregional corridors. The current AHN priorities reflect the need to meet the minimum requirements of connectivity and road standards in ASEAN (i.e., completing the missing links and upgrading to the minimum Class III standards), and many of the AHN routes are being implemented as national projects. For this reason, it is not surprising that the AHN routes were not included in the action plans of the subregional programs.

There is scope, however, for expanding the AHN priorities to focus on upgrading routes to Class II or I standards where applicable and, in particular, on those sections that are essential to accelerating corridor development in the subregions. Moreover, the upgrading of TTRs along the corridors should be considered in determining priorities for upgrades. Cross-border highway links are also essential to establishing basic connectivity among the ASEAN Member States and should be an important consideration in the future expansion of the AHN routes. The absence

of a cross-border highway link between the Lao PDR and Myanmar, despite shared borders, should be given particular attention. BIMP-EAGA and IMT-GT can also play an important role in further developing connectivity of intra-ASEAN ferry links with the ASEAN highways.

Singapore–Kunming Rail Link. The Singapore–Kunming Rail Link (SKRL) has been a flagship project of the ASEAN–Mekong Basin Development Cooperation since 1995; it is currently reflected in the MPAC and the ASTP. The project was conceived to expand rail links in the ASEAN Member States—from the present three (Singapore, Malaysia, and Thailand) to seven (Cambodia, Lao PDR, Myanmar, and Viet Nam) (Table 7). Once completed, cross-border rail links would have been established between seven cross-border points in the following:

- (i) Cambodia and Thailand,
- (ii) Cambodia and Viet Nam,
- (iii) Lao PDR and Thailand,
- (iv) Lao PDR and Viet Nam,
- (v) Malaysia and Singapore,
- (vi) Malaysia and Thailand, and
- (vii) Myanmar and Thailand.

The main route of SKRL passes through Singapore–Malaysia–Thailand–Cambodia–Viet Nam–the PRC (Kunming) with spur lines in Thailand–Myanmar and Thailand–Lao PDR. It utilizes existing railway networks in relevant ASEAN member countries for interconnection and

Table 7: Cross-Border Rail Links Before and After the Singapore–Kunming Rail Link

	Brunei									
Country	Darussalam	Cambodia	Indonesia	Lao PDR	Malaysia	Myanmar	Philippines	Singapore	Thailand	Viet Nam
Brunei Darussalam										
Cambodia									√(1)*	√(1)*
Indonesia										
Lao PDR									√(1)*	√(1)*
Malaysia								√(1)	√(2)	
Myanmar									√(1)*	
Philippines										
Singapore					√(1)					
Thailand		√(1)*		√(1)*	√(2)	√(1)*				
Viet Nam		√(1)*		√(1)*						

Lao PDR = Lao People's Democratic Republic.

Notes:

(1) √ means that there is a physical rail link between the two countries.

(2) *means that the link between the two countries would have been established after the completion of the Singapore–Kunming Rail Link.

(3) A blank cell means that physical rail links are either non-existent or not applicable.

(4) The number in parenthesis indicates the number of physical railway links between two countries.

Source: Economic Research Institute for ASEAN and East Asia. 2010. *Final Report: ASEAN Strategic Transport Plan, 2011–2015*. Jakarta.

Table 8: Missing Links in the Singapore–Kunming Rail Link

Country	Missing Links	Length (kilometer)	Target
Cambodia	Poipet–Sisophon	48	2013
	Phnom–Loc Ninh	255	2015
Lao PDR	Vientiane–Thakek–Mu Gia	466	2020
Myanmar	Thanbyuzayat–Three Pagoda Pass	111	2020
Thailand	Aranyaprathet–Kiongkuk	6	2014
	Three Pagoda Pass–Noam Tok	153	2020
Viet Nam	Loc Ninh–Ho Chi Minh	129	2020
	Mu Gia–Tan Ap–Vung Ang	119	2020

Lao PDR = Lao People's Democratic Republic.

Source: ASEAN Secretariat. 2010. *ASEAN Strategic Transport Plan, 2011–2015*. Jakarta.

aims to construct missing sections and links to complete the network. A number of feasibility studies have been completed and some routes that build up the rail network, including certain sections, are undergoing construction and rehabilitation. The missing SKRL links are found in the connections between Thailand and Cambodia, Thailand and Myanmar, and Cambodia and Viet Nam (Table 8).

Rail connectivity in the GMS. Among the missing links listed in the MPAC, the Poipet-to-Sisophon section in Cambodia is included in the GMS VPOA as a part of the full project on the Rehabilitation of the Railway in Cambodia. This project will rehabilitate 594 kilometers (km) of railway track and associated structures; reconstruct 48 km of the destroyed railway line to Thailand; construct direct railway access to the container terminal in the port of Sihanoukville; and restructure the railway sector in Cambodia, by transferring the operation and maintenance of the rehabilitated railway to a private commercial railway operating company. By reconstructing the destroyed railway to the Thailand border from Poipet, the project will provide one of the important missing links of the SKRL.

Apart from the construction of the SKRL missing segment from Poiphet to Sisophon, which is funded by a loan provided by ADB as part of the Railway Rehabilitation Project in Cambodia, the GMS VPOA includes a number of important sections for upgrading and expansion in the national railway systems. These include the (i) Nanning–Kunming section, (ii) Thanaleng–Nong Khai railway to Vientiane, and (iii) Dali–Ruili railway line running from central to southwestern Yunnan Province. Another GMS railway project is the Yen Vien–Lao Cai Railway Project, along the Ha Noi–Haiphong Corridor in the eastern corridor. This project will rehabilitate 285 km of railway

line from Yen Vien station in the northern suburbs of Ha Noi to Lao Cai on the Vietnamese border with the PRC.

Railway development in the GMS is only at the early stages. The GMS Transport Sector Strategy Study (TSSS) in 2005 recommended the inclusion of railway and other modes of transport as part of the GMS connectivity strategy. The TSSS noted that the SKRL has been the only regional railway plan thus far, although the study also noted that the GMS countries—in particular, the PRC, Myanmar, Thailand, and Viet Nam—have been actively investing in the modernization of their respective national railway systems. For instance, the PRC is investing in high speed rail, while Thailand and Viet Nam are also considering such investments.

The 3rd GMS Summit in 2008 agreed to look into the possibility of expanding transport connectivity in the GMS through other modes, which eventually paved the way for the conduct of the Connecting GMS Railways Study that was completed in 2010. Among others, the railway study identified four alternative railway routes, beyond the SKRL, that would connect ASEAN (Box 5). The technical and feasibility studies for these alternative routes would need to be conducted before investment decisions could be made.

The GMS railway strategy, entitled *Connecting Greater Mekong Subregion Railways: A Strategic Framework* and issued in August 2010 highlighted the need to address the software components apart from constructing the routes. Among others, these include (i) agreeing on common technical standards of interoperability; (ii) developing the rolling stock; (iii) signaling, telecommunications, and train control systems; (iv) rules and procedures for safety; (v) addressing operational, organizational, and institutional issues; and (vi) ensuring connection to other modes of transport. Streamlining and harmonizing procedures for the movement of goods and peoples will also be needed. Developing the institutional structure and mechanism to support the network will be crucial. The GMS has taken the initial steps to establish a GMS Railway Association that would be modeled after the International Railway Union.

GMS railways strategy and ASEAN rail connectivity.

The GMS railways strategy will support rail connectivity in ASEAN in two ways: first, by expanding the railway network beyond SKRL; and second, by taking measures to address the software components that are essential for interoperability in cross-border rail links, safety, and connectivity with other modes. The technical assistance requirements of these software components have been identified and the institutional mechanism to coordinate these is under consideration. Considering capacity and

Box 5: Alternative Railway Routes in the Greater Mekong Subregion

The strategic framework for the Greater Mekong Subregion (GMS) railways, which was conducted in 2010, specified the elements for railway development in the subregion, including the identification of possible railway routes. The framework went beyond the Singapore–Kunming Rail Link (SKRL), the only railway plan that seeks to connect ASEAN, to consider four alternative routes in the GMS:

Route 1: Bangkok–Phnom Penh–Ho Chi Minh City–Ha Noi–Kunming and Nanning

Route 2: Bangkok–Vientiane–Kunming (via Boten–Mohan)–Nanning and Ha Noi–Ho Chi Minh City

Route 3: Bangkok–Vientiane–Ha Noi and Ho Chi Minh City (via Thakhek–Mu Gia–Vung Ang)–Kunming and Nanning (via Ha Noi)

Route 4: Bangkok–Kunming (via Chiang Rai–Boten–Mohan)–Nanning and Ha Noi–Ho Chi Minh City

Routes 1 and 3 were identified because the routes were defined in the Vientiane Plan of Action, 2004–2010 as priority routes in the SKRL. Routes 2 and 4 were also identified because these routes have often been considered as other potential SKRL routes. Detailed studies will have to be further conducted to determine the operating parameters and the financial and economic viability of these routes.

Source: ADB. 2010. *Connecting Greater Mekong Subregion Railways: A Strategic Framework*. Manila.

resource constraints, especially in Cambodia, the Lao PDR, Myanmar, and Viet Nam, special effort and assistance will be required from ASEAN, its dialogue partners, and other international organizations to complete the SKRL. The Lao PDR, which has the maximum length of new construction, will especially need resources to accomplish its spur line.

Rail connectivity in IMT-GT. It is difficult to ascertain what has been achieved and what remains to be undertaken in IMT-GT because of the lack of detailed information. Clearly, some improvements are taking place on the southern Thailand–northern Malaysia Railway link, as well as in Sumatra, and these should be continued. The *IMT-GT Implementation Blueprint, 2012–2016* railway projects include (i) double tracking and electrification on the rail link between Chumphon in Thailand and Ipoh in Malaysia; and (ii) completion of planning studies and design of rail links in Sumatra, followed by implementation of construction programs.

Maritime Transport

ASEAN cooperation in maritime transport. Maritime transport plays an important role in ASEAN connectivity because of the geographically dispersed locations of member countries. The sector consists of port infrastructure and shipping services. ASEAN cooperation in maritime transport is guided by the *Roadmap Towards an Integrated and Competitive Maritime Transport in ASEAN*, which was adopted at the 13th ASEAN Transport Ministers Meeting in 2008. The roadmap focuses on (i) strengthening shipping markets and services, and (ii) ensuring that all ASEAN network ports meet acceptable performance and capacity levels.

The goal set by the *ASEAN Strategic Transport Plan (ASTP), 2011–2015* for maritime transport is the establishment of an integrated, competitive, and seamless maritime transport network, while addressing concerns on maritime safety and security and environment- and user-friendly ports. Table 9 lists the basic goals and strategies for the ASEAN maritime transport sector in 2011–2015. On shipping services, the key initiatives include (i) promotion of market integration and liberalization through the principle of open access of the ASEAN Member States to international maritime trade, (ii) development of a strategy for the ASEAN Single Shipping Market, (iii) harmonization of ship registration practice, and (iv) development of guidelines for the structure of port tariffs in the ASEAN network ports. As regards port infrastructure, ongoing initiatives include (i) expansion of port capacities and services, (ii) development of guidelines for assessing port operations and performance, and (iii) ensuring that all ports meet performance standards.

ASEAN Port System. Initially reflected in the ASEAN Transport Cooperation Framework Plan in 1999, the ASEAN-wide Port System currently consists of 47 designated ports (Table 10). Among these 47 designated ports, Singapore Port is the largest, handling about 500 million tons; followed by Port Klang (Malaysia), with 152 million tons; and Tanjung Priok (Indonesia), with 69 million tons (footnote 15). As observed in the study conducted by the Economic Research Institute for ASEAN and East Asia on the ASTP, some of the designated ports are performing an interregional role, as in the case of Singapore, Port Klang, Laem Chabang, and Tanjung Pelepas. Coming closely to such role are the ports of Manila and Tanjung

Table 9: ASEAN Maritime Transport Cooperation Goals and Strategies for 2011–2015

Goals	Strategies
Accomplish an integrated, efficient, and competitive maritime transport system	<ul style="list-style-type: none"> • Formulation of the basic strategy and implementing guidelines for the ASEAN Single Shipping Market • Enhancement of the capacity of 47 designated ports included in the ASEAN Port Network • Development of a master plan and feasibility studies for ASEAN Roll-on/Roll-off network as a vital step to enhance the connectivity of archipelagic ASEAN
Develop safety navigation system and establish advanced maritime security system in line with international standards	<ul style="list-style-type: none"> • Review ASEAN Near Coastal Voyage limits as required by the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers • Enhance Search and Rescue (SAR) capacity and capability through combined air and maritime SAR Exercises • Develop human resources to strengthen port and shipping operations, including the introduction of advanced technologies for navigation safety, maritime security, and environment preservation
Accomplish eco-port and environmental-friendly shipping	<ul style="list-style-type: none"> • Enhance compliance with international standards by promoting implementation of relevant International Maritime Organization conventions

ASEAN = Association of Southeast Asian Nations.

Source: ASEAN Secretariat. 2010. *ASEAN Strategic Transport Plan, 2011–2015*. Jakarta.

Table 10: Designated Ports in the ASEAN Transport Network

Member States	No.	Name of Port
Brunei Darussalam	1	Muara
Cambodia	2	Phnom Penh, Sihanoukville
Indonesia	14	Balikpapan, Banjarmasin, Belawan, Bitung, Dumai, Jayapura, Makassar, Palembang, Panjang, Pontianak, Sorong, Tanjung Emas, Tanjung Perak, Tanjung Priok
Malaysia	10	Bintulu, Johore, Kemaman, Kota Kinabalu, Kuantan, Kuching, Port Klang, Penang, Sandakan, Tanjung Pelepas
Myanmar	3	Kyaukphyu, Thilawa, Yangon
Philippines	9	Batangas, Cagayan de Oro, Cebu, Davao, General Santos, Iloilo, Manila, Subic Bay, Zamboanga
Singapore	1	Singapore
Thailand	3	Bangkok, Laem Chabang, Songkhla
Viet Nam	4	Cai Lan, Da Nang, Hai Phong, Ho Chi Minh

ASEAN = Association of Southeast Asian Nations.

Source: Economic Research Institute for ASEAN and East Asia. 2010. *Final Report: ASEAN Strategic Transport Plan, 2011–2015*. Jakarta.

Priok, while there are other major ports actively handling intra-ASEAN traffic. These roles can shift depending on the growth of trade carried in containers, shipping patterns, the bargaining power of the major port users and port service providers, as well as competition in the region. With the exception of ports in Malaysia and Singapore, most other ports in the network are relatively poorly developed and need to be upgraded. On the other hand, most of the gateway ports in the network are relatively full and require expansion to accommodate increased trade.¹⁷

Out of the 47 designated ports, 28 are located in the subregions—16 in BIMP-EAGA, 7 in IMT-GT, and 5 in the GMS (Table 11). Many of these ports are located in the subregional corridors and are included in the implementation blueprints of the two subprograms, indicating their priority status for development. Although many of these ports are small and have low volumes of cargo throughput, enhancement of their capacities would help increase trade and further develop the economic potential of the subregions. The BIMP-EAGA and IMT-GT subregional programs therefore play an important role in contributing to the overall ASEAN maritime connectivity and the efficient functioning of the ASEAN Port System.

¹⁷ ASEAN Secretariat. 2010. *Master Plan on ASEAN Connectivity*. Jakarta.

Table 11: ASEAN-Designated Ports Located in the BIMP-EAGA, IMT-GT, and GMS Subregional Programs

Member Country	Name of Port/Province	Program
Brunei Darussalam	Muara	BIMP-EAGA
Cambodia	Phnom Penh	GMS
Indonesia	Belawan/Medan, North Sumatra	IMT-GT
	Dumai/Riau, Sumatra	IMT-GT
	Palembang/South Sumatra	IMT-GT
	Panjang/West Sumatra	IMT-GT
	Pontianak/West Kalimantan	BIMP-EAGA
	Makassar/South Sulawesi	BIMP-EAGA
	Balikpapan/East Kalimantan	BIMP-EAGA
	Banjarmasin/South Kalimantan	BIMP-EAGA
	Bitung/North Sulawesi	BIMP-EAGA
	Jayapura/Papua Province	BIMP-EAGA
Malaysia	Sorong/West Papua	BIMP-EAGA
	Port Klang/Selangor	IMT-GT
	Penang/Penang	IMT-GT
	Bintulu/Sarawak	BIMP-EAGA
	Kuching/Sarawak	BIMP-EAGA
	Sandakan/Sabah	BIMP-EAGA
Philippines	Kota Kinabalu/Sabah	BIMP-EAGA
	Cagayan de Oro/Cagayan de Oro	BIMP-EAGA
	Davao/Davao	BIMP-EAGA
	General Santos/South Cotabato	BIMP-EAGA
Thailand	Zamboanga/Zamboanga	BIMP-EAGA
	Songkhla/Songkhla	IMT-GT
Viet Nam	Bangkok	GMS
	Da Nang	GMS
	Ho Chi Minh	GMS
	Hai Phong	GMS

ASEAN = Association of Southeast Asian Nations, BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area, CIMT = Centre for IMT-GT Subregional Cooperation, FC = Facilitation Centre, GMS = Greater Mekong Subregion, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle.

Sources: Compiled from BIMP-FC. 2012. *BIMP-EAGA Implementation Blueprint 2012–2106*. Kota kinabalu; CIMP. 2012. *IMT-GT Implementation Blueprint 2012–2016*. Putrajaya; and Economic Research Institute for ASEAN and East Asia. 2010. *Final Report: ASEAN Strategic Transport Plan, 2011–2015*. Jakarta.

In the case of the GMS, a few ASEAN-designated ports are important gateway ports in the EWEC, NSEC, and SEC.

Maritime connectivity in BIMP-EAGA corridors. In BIMP-EAGA, maritime connectivity in the Greater Sulu Sulawesi Corridor (GSSC), which covers North Sulawesi (Indonesia), Sabah (Malaysia), and Mindanao and Palawan (the Philippines), remains weak, and port development has proceeded at a slow pace due to limited volumes of trade. Transport connectivity in GSSC consists of port-to-port trade flows and shipping services within the Sulu Sulawesi Sea. Although the corridor has strong historical trade links generally concentrated between North Sulawesi and Mindanao, and between Sabah and Mindanao, trade remains limited, and there are few shipping services in the subcorridors. The imbalance between exports and imports also suggests relatively high freight rates. The GSSC designated ports have very small cargo throughput and shipping services are presently very limited.

Connectivity along the West Borneo Economic Corridor (WBEC), which is predominantly a land-based corridor, is less sensitive to the development of port infrastructure. WBEC is considered the oil and gas corridor of EAGA with a fairly established transport infrastructure. RoRo ferry services between Brunei Darussalam and Sabah also allow container trucks and buses to travel smoothly from Pontianak to Kota Kinabalu, or anywhere else in Sabah passing through a limited number of border-crossing controls. The two major ports—Pontianak in Indonesia and Kota Kinabalu in Malaysia—are the gateway ports to regional and international markets.

Memorandum of Understanding on Sea Linkages. In 2007, the BIMP-EAGA member countries signed the Memorandum of Understanding (MOU) on Establishing and Promoting Efficient and Integrated Sea Linkages (also referred to as the MOU on Sea Linkages) that allowed better integration of sea linkages within the subregion. Under the MOU, the member countries are committed to facilitate and promote efficient sea linkages; continuously upgrade port facilities and services, especially in cargo handling capability; and undertake joint measures to promote the sustainability of shipping services for designated priority and pioneer routes. There are 19 gateway ports and 8 priority and pioneer routes designated for expansion. Notwithstanding progress in the expansion of sea linkages made possible through the MOU, a number of important routes remain weak and require further strengthening of connectivity measures. Some routes remain unviable due to low load factors and need additional support from the government (e.g., port tariffs incentives). The private sector has also raised the need to relax the cabotage policy, which requires cargo to go through the capitals before they are

shipped to foreign destinations, and thus raising shipping costs. The BIMP-EAGA member countries have agreed to conduct an assessment of the MOU in 2013 to identify possible improvements in its implementation.

Memorandum of Understanding on the Utilization of Nonconventional Sized Ships. Within the BIMP-EAGA area, a significant amount of informal trade is conducted through small traditional, wooden-hulled vessels called *kumpits* that are classified as nonconventional sized ships (NCSSs).¹⁸ These vessels, below 500 gross tonnage, are largely unregulated and are not governed by any arrangements with respect to safety and environmental standards. Under the MOU on Sea Linkages, there is a provision for countries to exchange information on the principles and best practices in the operation of these vessels. The purpose is to develop and formalize a mechanism that would enable mutual recognition and monitoring of safety standards, security arrangements, and ship manning. An MOU on the Utilization of NCSS would provide maritime agencies with guidelines governing the operation and safety standards of these vessels. The MOU has been drafted and is currently under consideration by the BIMP-EAGA countries. These mechanisms, once formalized and established, would enhance value chain facilitation in hub and feeder port systems in the subregion.

Roll-on/roll-off ferry services. The development of RoRo shipping and port services in selected EAGA ports has been recognized as an important component in promoting maritime connectivity. The conduct of a study of the RoRo network in BIMP-EAGA, with the potential for forming part of an ASEAN RoRo network, has been identified as one of the 12 priority projects in the Master Plan on ASEAN Connectivity. This is linked to BIMP-EAGA's larger plans to develop a regional nautical highway via the expansion of ferry networks at priority ports (Glan–Tahuna, Zamboanga–Bongao, Bongao–Sandakan). RoRo ferry services are also being expanded between Brunei Darussalam and Sabah. With this new “sea bridge,” container trucks and buses would be able to travel smoothly from Pontianak to Kota Kinabalu or anywhere else in Sabah passing through a limited number of border-crossing controls.

Maritime connectivity in the IMT-GT economic corridors. Cooperation in maritime transport in IMT-GT is focused primarily on the development of port infrastructure. However, the IMT-GT Maritime Sector Study conducted in 2008 observed that there is no explicit

port development strategy in the subregion.¹⁹ Under the *IMT-GT Implementation Blueprint, 2012–2016*, a number of important port infrastructure improvements have been lined up to promote more efficient handling of traded goods. Attention is also given to RoRo services, especially across the Straits of Malacca and in ports in Sumatra and southern Thailand. The study further observed, however, that the potential for passenger RoRo services across the Straits of Malacca will remain limited unless changes in passenger car access arrangements between Malaysia and Sumatra are made. This challenge will have to be addressed to better realize maritime connectivity with Sumatra. Moreover, much of the bilateral maritime trade in IMT-GT is being handled by NCSSs, and often integrated within localized cross-border trading arrangements. Since maritime in IMT-GT is rather small, it has been suggested that the focus should be on external connectivity (i.e., focusing on markets outside the subregion).

The routes covered by the five IMT-GT priority economic corridors combine connectivity by land and sea, taking into account geographic and economic factors. The land corridors are basically intended to improve cross-border infrastructure and transport services connections between northern Malaysia and southern Thailand. The land corridors also aim at connectivity from south to north across Sumatra, while the maritime corridors are intended to enhance Sumatra's links with Malaysia and Thailand. The land and maritime links are supplemented by air services, as well as cross-border transport facilitation measures, to facilitate the movement of goods and people across the subregion. This complex combination of land, sea, and air connectivity requires well-functioning multimodal logistics services, which have yet to be implemented.

The IMT-GT Logistics Development Study conducted in 2008 identified a wide scope for cooperation in logistics.²⁰ The study highlighted the need to address the logistics integration of Sumatra with the relatively well-developed logistics system of southern Thailand and northern Malaysia.²¹ Connectivity within Sumatra will be an important component of the logistics system, as well as further expansion and liberalization of transport rules (e.g., bilateral exchange of traffic rights) between Malaysia and Thailand. Moreover, improvements in

¹⁸ NCSSs are defined as ships less than 500 gross tonnage and 24 meters in length.

¹⁹ ADB. 2008. *IMT-GT Maritime Sector Study*. Unpublished.

²⁰ ADB. 2008. Logistics Development Study of IMT-GT. Unpublished.

²¹ The study indicated, however, that transport rules and regulations between Malaysia and Thailand should be relaxed to promote efficient cross-border logistics and transportation. This can be carried out by abolishing transportation quotas between Malaysia and Thailand, particularly on perishable goods, and eliminating required upload and download practices at the cross-border areas, through mutual recognition of road vehicle registration, transport operating license, vehicle inspection certificates, and vehicle insurance across the border.

cross-border procedures through the simplification and harmonization of customs, immigration, and quarantine (CIQ) regulations and procedures are being addressed by the recently established Task Force on CIQ.²²

Port infrastructure in the GMS. The importance of maritime transport in the GMS is linked primarily with the development of gateway ports as part of the economic corridors, such as the upgrading of Danang Port along the coast of Viet Nam at the eastern tip of the EWEC. More recently, with rapid economic growth and transformation underway in South Asia,²³ Dawei in Myanmar was formally included as part of the SEC, and the development of the deep sea port at Dawei has been initiated. Projects involving water transport in the GMS focus mainly on inland waterways.

Role of the subregional programs in ASEAN maritime connectivity. As cargo throughput in ASEAN ports increases, more efficient shipping and cargo handling services, and transport and logistics capacities are required. With most of the 47 ASEAN-designated ports located in the subregions, current initiatives in ports infrastructure and maritime services development constitute essential building blocks. The initiatives seek to achieve ASEAN's long-term goal of establishing an efficiently functioning port system and an ASEAN Single Shipping Market. The BIMP-EAGA's MOU on Sea Linkages is helping to further strengthen the port networks within the subregion, through the designation of additional gateway ports and priority and pioneer routes that would be eligible for port tariff incentives.

BIMP-EAGA's plans to have an MOU to regulate the operation and safety of NCSSs represent an important initiative in addressing unique problems in the subregion's trading environment. BIMP-EAGA's supply chain in the maritime sector is still predominantly informal and utilizes traditional vessels (*kumpits*) to a large extent. This unique profile of BIMP-EAGA's trading environment has made it necessary to put in place equivalent supply chain security and facilitation measures to mainstream BIMP-EAGA's informal trade sector. Given that such vessels also operate in the IMT-GT subregion, and in the absence of a similar initiative in the IMT-GT Program, the possibility of expanding the coverage of the BIMP-EAGA MOU to IMT-GT's maritime corridors (basically in the Straits of Malacca) could be explored as a possible joint initiative of the two subprograms.

BIMP-EAGA's plans to develop a RoRo network within the subregion will complement plans for an ASEAN RoRo network. This is linked to BIMP-EAGA's larger plans to develop a regional nautical highway via the expansion of ferry networks at priority ports. The possibility of coordinating these efforts with IMT-GT should likewise be considered, taking into account the benefits that could possibly accrue to IMT-GT maritime corridors from these connectivity measures.

There are important constraints to maritime connectivity that are best addressed at the level of subregional programs. For instance, many maritime routes in the subregion remain unviable because of low load factors, although the routes are important for connecting to underserved areas. Measures to sustain these important but unviable routes would be needed. An important step would be the issuance of implementation guidelines for the MOU on Sea Linkages.²⁴ The private sector's concerns on the cabotage policy would also need to be addressed.

Air Transport

ASEAN cooperation in air transport. Air connectivity in ASEAN has increasingly grown in importance as ASEAN moved toward integrating its economies within the region and with the rest of the world. Air transport has two key elements: airport infrastructure and air transport services. Airports in most ASEAN capitals are considered to have adequate capacities in terms of runway lengths to accommodate existing aircraft operations; however, some still need improvement in airport facilities and services. Some capital airports have expanded their facilities recently to accommodate low cost carriers (LCCs), which have emerged as an important player in the aviation industry. On air transport services, ASEAN continues to make progress in the liberalization of the sector with the view to encouraging growth in airline capacity and expansion in connectivity.

The ASEAN Roadmap for Integration of Air Travel Sector (RIATS) signed in 2004 provides the strategy and approach for the liberalization of air services for passengers and freight. The roadmap includes measures specific to the liberalization of air freight services and scheduled passenger services in a staged and progressive basis. Implementation of the roadmap can proceed on a bilateral, plurilateral, multilateral, or subregional basis in line with the ASEAN-X Formula.

²² Approved by the 16th IMT-GT Senior Officials Meeting/Ministerial Meeting held in Melaka on 13–15 October 2009.

²³ The decision to include Dawei as part of the SEC was made at the 17th GMS Ministerial Conference in August 2011.

²⁴ These initiatives are included in the *BIMP-EAGA Implementation Blueprint, 2012–2016*.

Significant progress has been achieved under the RIATS:

- (i) For air freight services, the ASEAN Member States have committed to full liberalization of, and accord 3rd, 4th, and 5th freedom rights to, international freight services among any point with international airports within ASEAN. The ASEAN Multilateral Agreement on the Full Liberalization of Air Freight Services (MAFLAFS) and its two protocols were concluded in May 2009. Among the ASEAN Member States, seven had ratified the agreement as of 2010.²⁵ Liberalization of other air transport ancillary services is also being progressively pursued through consecutive rounds of negotiations, under the 6th package of commitments concluded in 2009 within the ASEAN Framework Agreement on Services (AFAS).
- (ii) For air passenger services, the ASEAN Multilateral Agreement on Air Services (MAAS) with its six protocols, signed in May 2009, provided for unlimited 3rd, 4th, and 5th freedom traffic rights for scheduled passenger services. The flight routes are from and to any points with international airports within and between the subregions of ASEAN, and between the capital cities of the ASEAN Member States. The agreement has entered into force among the seven ASEAN Member States that had ratified the agreement as of 2010 (footnote 25). Expansion of similar traffic rights for services between other ASEAN cities are covered under the ASEAN Multilateral Agreement on the Full Liberalization of Passenger Air Services (MAFLPAS) signed in 2010. The implications of these agreements in relation to the three subregional programs are discussed further below.

Under the *ASEAN Strategic Transport Plan (ASTP)*, 2011–2015, the liberalization of air transport services has moved to the next level with the articulation of the long-term goal to develop an ASEAN Single Aviation Market (ASAM) by 2015. The ASAM would include a comprehensive set of measures for air transport liberalization, including privatization. The measures will also address growing global concerns about aviation safety and security and environmental safeguards consistent with internationally accepted standards. Work is in progress for the development of a roadmap for the establishment of ASAM that would contain a comprehensive set of measures encompassing all issues relevant to the effective operation of a regional civil aviation market, including appropriate institutional arrangements (Box 6). The AEC Blueprint's timeline for the establishment and implementation of the ASAM is as early as January 2012 for the ASEAN Member States ready to

conclude the ASAM, with ASEAN-wide implementation occurring during a 2-year period between January 2014 and December 2015.

An important step in achieving the ASAM is for all ASEAN Member States to complete the ratification process and implement the already-concluded agreements to implement the ASEAN Open Sky Policy through the MAAS, MAFLAFS, and MAFLPAS, and their respective protocols.²⁶ Individual member states would also need to put their aviation policies and infrastructure in place so that these can be developed to create opportunities for growth. For one, the relaxation of restrictions on ownership, and the gradual breakdown of protective practices surrounding state-owned or flagship airlines, would be needed to generate opportunities for fair competition, efficiency, and innovation in the airline industry.

Air transport liberalization in BIMP-EAGA. In 2007, BIMP-EAGA signed an MOU on the Expansion of Air Linkages—2 years ahead of the MAAS which was signed in 2009. The MOU lifted the limitations on 3rd, 4th, and 5th freedom traffic rights in designated points in the subregion.²⁷ The MOU called for a pragmatic approach for the accelerated development of air linkages between and among the designated points. Cooperation in the development of these designated points would be in the form of harmonization of rules and regulations to facilitate the movement of passengers, mail, and cargo; exchange of information to strengthen the aviation database; and implementation of collaborative programs and projects. This initiative was a significant building block toward the ASEAN-wide goal of air services liberalization.

To encourage smaller airlines and LCCs to ply the designated points, the BIMP-EAGA governments provided incentives in the form of landing fee waivers, free or discounted parking, and reduction of passenger service charges. The airlines' response to these reforms has been encouraging. Air links expanded significantly, and a number of point-to-point connections within the subregion are actively being considered. Most recent flights have added links but only from the capitals to specific points in BIMP-EAGA (e.g., Jakarta–Kota Kinabalu, Manila–Kota Kinabalu), and not between points within the subregion. These developments created new opportunities and contributed significantly to the strong growth of the region's air transport industry in

²⁵ The ASEAN Member States that have ratified the agreement are Brunei Darussalam, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam.

²⁶ The target year for the ratification of some protocols to these agreements is 2008, some are in 2010. In a number of cases, the deadlines have not been met.

²⁷ The airports are (i) Brunei Darussalam: Bandar Seri Begawan; (ii) Indonesia: Balikpapan, Manado, Pontianak, and Tarakan; (iii) Malaysia: Kota Kinabalu, Kuching, Labuan, and Miri; and (iv) the Philippines: Davao, General Santos, Puerto Princesa, and Zamboanga.

Box 6: ASEAN Single Aviation Market

The *Final Report on Developing ASEAN's Single Aviation Market and Regional Air Services Arrangements with Dialogue Partners* was commissioned in 2008 under the Association of Southeast Asian Nations (ASEAN)–Australia Development Cooperation Program. The report proposed key elements of the ASEAN Single Aviation Market (ASAM), including a phased implementation plan, policy implications, and assessment of impact. The report defined ASAM as having the following features:

- All restrictions are removed for designated ASEAN carriers on the operation of passenger and freight transport and associated commercial activities within the Member States of the ASEAN region.
- A common policy is adopted for user charges, tariffs, competitive behavior, and other forms of regulation.
- Majority ownership and effective control of designated carriers are vested in the ASEAN Member States and/or nationals in aggregate.

The key elements of ASAM include (i) airline ownership and control; (ii) market access; (iii) commercial opportunities, tariffs, and user charges; (iv) market regulation; (v) environmental and social safeguards; and (vi) harmonization of safety and technical regulations. As part of ASAM, the report introduced the concept of an ASEAN Community Carrier that would make it possible for carriers to be majority-owned and effectively controlled by ASEAN nationals in aggregate. It also advocated for greater market access by going beyond the 5th Freedom of Air, which is already widely used.

Source: ASEAN-Australia Development Cooperation Program. 2008. *Final Report on Developing ASEAN's Single Aviation Market and Regional Air Services Arrangements with Dialogue Partners*. Jakarta (REPSF II, Project No. 07/003).

recent years, especially through the rapid growth of LCCs. Under the *BIMP-EAGA Implementation Blueprint, 2012–2016*, plans to further improve the MOU on the Expansion in Air Services links will benefit from an assessment study to be conducted in 2013.²⁸ A protocol to amend the MOU on air linkages is also being considered to include additional points outside BIMP-EAGA under the original co-terminalization scheme, and allow airlines to embark on more flexible routing and scheduling. Another project included in the implementation blueprint is the study on the rationalization and design of airport incentives applied to BIMP-EAGA designated points. The study will assess whether existing linkages can be sustained with the entry of LCCs, such as Cebu Pacific, Air Asia, MAS Wings, and Wings Air. These LCCs operate at an advantage over larger national carriers on account of their smaller passenger load requirements and lower costs per passenger.

Air transport liberalization in IMT-GT. The development of air services in IMT-GT has been largely due to private sector's response to more liberal policies on charter services; and reduced entry point charges, especially in underserved areas. Many cities in Malaysia and Thailand are currently interconnected by air through the services of new LCCs that have been given incentives by the two governments. For instance, Thailand has waived 50% of the airport charges for airlines flying within the IMT-GT subregion,

to reduce entry point charges (i.e., landing and take-off fees). Malaysia has also agreed to waive landing and parking charges for existing and new airlines operating within the IMT-GT subregion, although the waiver or reduction of charges for airline flying new routes is on a reciprocal basis. The impressive growth in LCC activities greatly improved accessibility and coverage in much of the subregion. In addition, cooperation with other ASEAN airlines on the 3rd, 4th, and 5th freedom rights and among IMT-GT airlines, through co-terminalization and other cooperative commercial arrangements, are being promoted.

A number of air links have been identified for further improvement, notably in southern Thailand where there are high-volume tourism routes. These include connectivity in and out of Hat Yai and Phuket, as well as between Hat Yai and Penang, and Hat Yai and Kuala Lumpur. The LCC Firefly has been operating in the Kuala Lumpur–Hat Yai route, and will also open an additional route flying directly from Medan (Sumatra) to Ipoh (Perak).²⁹ The Ipoh–Medan direct flight is in response to the IMT-GT leaders' directive to further enhance air connectivity with Sumatra.

Air transport liberalization in CLMV and the GMS. Air transport cooperation among Cambodia, the Lao PDR, Myanmar, and Viet Nam (CLMV) started much earlier than in BIMP-EAGA and IMT-GT. The Agreement on

²⁸ The study will also cover the MOUs on land transport (buses and coaches) and sea linkages.

²⁹ The Ipoh–Medan direct flight is included in the *IMT-GT Implementation Blueprint, 2012–2016*.

Subregional Cooperation in Air Transport among CLMV was signed by the heads of aviation authorities in 1998 to provide for the lifting of restrictions on 3rd, 4th, and 5th freedom traffic rights to airlines operating at designated international airports. The agreement is part of the wider ASEAN policy on competitive air transport services. The objective is to expand the subregional route networks in CLMV to promote traffic to and from the subregion, thus further enhancing trade, investment, and tourism. The agreement also stipulates that there will be no limitation on the number of designated airlines, non-scheduled air services, route structures, and computer reservation systems. The agreement also covered cooperation in harmonizing rules and regulations, exchange of information, and collaborative projects. The Multilateral Agreement on Air Transport of the Subregion was subsequently signed on 20 May 2009, providing a comprehensive framework of cooperation among the civil aviation authorities of the four countries, including air transport liberalization.

Under the present GMS Program, the development of the air transport sector is being pursued in the context of developing multimodal transport systems, which will include the requisite liberalization of transport services sector. Presently, air transport projects listed in the Vientiane Plan of Action (VPOA) consist mainly of airport improvements and upgrading.³⁰ The liberalization of air transport in the individual GMS countries is happening as part of the RIATS. An ASEAN–PRC Air Transport Agreement has also been signed, providing for the removal of restrictions on air services toward achieving full liberalization between and beyond ASEAN and the PRC.

Links of ASEAN air agreements with BIMP-EAGA, IMT-GT, and CLMV. The MAAS signed in 2009 essentially provides for the lifting of restrictions of up to the 5th freedom rights between ASEAN cities and between ASEAN subregions. In Protocol 1 of the agreement, the ASEAN subregions refer to the BIMP-EAGA, IMT-GT, Subregional Cooperation in Air Transport, among CLMV, and the Indonesia–Malaysia–Singapore–Growth Triangle. Protocols 1–6 of the MAAS specify the designated routes to be granted 3rd, 4th, and 5th freedom rights in BIMP-EAGA, IMT-GT, and CLMV (Table 12). The MAAS, therefore, provides a direct link to the air transport initiatives of the subregional groupings, and can be viewed as a means to consolidate earlier efforts to liberalize air transportation.

The MAAS is much more extensive in coverage—containing provisions on customs duties, tariffs, user charges, and fair competition that are not covered in the BIMP-EAGA MOU on Expansion of Air Linkages and the Agreement on Subregional Cooperation in Air Transport among CLMV. These include the (i) setting of tariffs at reasonable levels, which will not require approval by the contracting party; (ii) exemption of designated airline’s fuels, equipment, spare parts and supplies from customs duties, inspection fees, and other national taxes, on a reciprocal basis; (iii) imposition of user charges based on the principle of national treatment; and (iv) elimination of all forms of discrimination that could inhibit fair competition. The MAAS in effect expands the liberalization measures applicable to the designated points in the subregional MOUs or agreements.³¹

The limited “open skies” policies of BIMP-EAGA, IMT-GT (particularly between Malaysia and Thailand), and CLMV have helped lay the foundation for the ASAM. The subregional agreements and MOUs that preceded the MAAS made possible the introduction of new and pioneering routes, and promoted competition to city pair services. Start up carriers, mostly LCCs, were encouraged through airport incentives that increased airline capacity, opened opportunities for airline growth, allowed new market entrants, and encouraged existing operators to be more innovative. Airport connectivity was also enhanced by differentiated airport routes; expansion of services from airport hubs, as well as the emergence of secondary hubs; and the establishment of many small and medium-sized airports to accommodate the increasing number of LCCs.

The important role of subregional groups in promoting air connectivity was explicitly recognized in the MAAS, which served to consolidate subregional efforts at air transport liberalization. The MAAS provided the grant of 3rd, 4th, and 5th freedom traffic rights not only within subregions but also between subregions, thus deepening air connectivity within ASEAN. The MAAS expanded the liberalization measures applicable to the designated points in the subregional MOUs and agreements through additional provisions on tariffs, customs duties, user charges, and fair competition.

BIMP-EAGA is systematically pursuing further expansion of the MOU on Expansion of Air Linkages to outside the subregion. It will also conduct an assessment of the MOU, as well as a study on the rationalization of airport incentives being extended to designated points. Although it does not

³⁰ These projects include, among others, the Savannakhet Airport Improvement, Nanning International Airport Improvement, and Guilin International Airport Improvement.

³¹ The MAAS contains a provision that in the event of any inconsistency between a provision of the MAAS and any existing bilateral or multilateral air services agreement(s), the less restrictive or more liberal provision shall prevail.

Table 12: ASEAN Multilateral Agreement in Air Services: Designated Points in BIMP-EAGA, IMT-GT, and CLMV under Protocols 1–6 on the 3rd, 4th, and 5th Freedoms of the Air

Subregions	Protocol 1	Protocol 2	Protocol 3	Protocol 4	Protocol 5	Protocol 6
	Unlimited 3rd and 4th Freedom Traffic Rights Within the ASEAN Subregion	Unlimited 5th Freedom Traffic Rights Within the ASEAN Subregion	Unlimited 3rd and 4th Freedom Traffic Rights Between the ASEAN Subregions	Unlimited 5th Freedom Traffic Rights Between the ASEAN Subregions	Unlimited 3rd and 4th Freedom Traffic Rights Between the ASEAN Capital Cities	Unlimited 5th Freedom Traffic Rights Between the ASEAN Capital Cities
Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA)						
Brunei Darussalam	Bandar Seri Begawan	Bandar Seri Begawan	Bandar Seri Begawan	Bandar Seri Begawan	Bandar Seri Begawan	Bandar Seri Begawan
Indonesia	Balikpapan, Manado, Pontianak, and Tarakan	Balikpapan, Manado, Pontianak, and Tarakan	Balikpapan and Manado	Balikpapan and Manado	Jakarta	Jakarta
Malaysia	Kota Kinabalu, Labuan, Kuching, and Miri	Kota Kinabalu, Labuan, Kuching, and Miri	Labuan and Miri	Labuan and Miri	Kuala Lumpur	Kuala Lumpur
Philippines	Davao, General Santos, Puerto Princesa, and Zamboanga	Davao, General Santos, Puerto Princesa, and Zamboanga	Davao, General Santos, Puerto Princesa, and Zamboanga	Davao and Zamboanga	Manila	Manila
Cambodia, the Lao People's Democratic Republic (Lao PDR), Myanmar, Viet Nam (CLMV)						
Cambodia	Phnom Penh	Phnom Penh	Phnom Penh	Phnom Penh	Phnom Penh	Phnom Penh
Lao PDR	Luang Phabang, Pakse, and Vientiane	Luang Phabang, Pakse, and Vientiane	Luang Phabang, Pakse, and Vientiane	Luang Phabang, Pakse, and Vientiane	Vientiane	Vientiane
Myanmar	Mandalay and Yangon	Mandalay and Yangon	Mandalay and Yangon	Mandalay and Yangon	Yangon	Yangon
Viet Nam	Cat Bi, Chi Minh City, Da Nang, Dien Bien Phu, Ha Noi, Ho Chi Minh City, Lien Khuon, and Phu Bai	Cat Bi, Da Nang, Dien Bien Phu, Ha Noi, Ho Chi Minh City, Lien Khuon, and Phu Bai	Cat Bi, Da Nang, Dien Bien Phu, Ha Noi, Ho Chi Minh City, Lien Khuon, and Phu Bai	Cat Bi, Da Nang, Dien Bien Phu, Ha Noi, Lien Khuon, and Phu Bai	Ha Noi	Ha Noi
Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT)						
Indonesia	Banda Aceh, Medan, Nias, and Padang and	Banda Aceh, Medan, Nias, and Padang	Medan and Padang	Medan and Padang	Jakarta	Jakarta
Malaysia	Alor Star, Ipoh, Kota Bharu, Langkawi, and Penang	Alor Setar and Ipoh, Kota Bharu, Langkawi, and Penang	Alor Setar and Ipoh	Alor Setar and Ipoh	Kuala Lumpur	Kuala Lumpur
Thailand	Hat Yai, Nakon Si Thammarat, Narathiwat, Pattani, and Trang	Hat Yai, Nakon Si Thammarat, Narathiwat, Pattani, and Trang	Hat Yai, Nakon Si Thammarat, Narathiwat, Pattani, and Trang	Hat Yai, Nakon Si Thammarat, Narathiwat, Pattani, and Trang	Bangkok	Bangkok

ASEAN = Association of Southeast Asian Nations.

Sources: Compiled from Protocols 1–6 of the ASEAN Multilateral Agreement on Air Services.

have a framework agreement on air transport, IMT-GT may also conduct an assessment of its bilateral air linkages and the impact of airport incentives on the sustainability of LCCs.

As ASEAN moves toward the ASAM, further liberalization of air transport will require going beyond 5th freedom traffic rights. The subregional groups can start working in this direction by expanding to 6th freedom rights, which are operational for some regional carriers. Moving to 7th, 8th, and 9th freedom rights would be more difficult given the diverse views of the ASEAN Member States.³²

Energy Connectivity

Energy security has emerged as a priority concern for ASEAN as a result of the unprecedented increase in energy demand brought about by rapid economic growth in ASEAN economies. To address this concern, ASEAN has taken measures to diversify its energy mix to lessen dependence on fossil fuels. It has also recognized the need to address the emerging competition among member states for sources of energy supply. Cooperation in the energy sector is expected to play a significant role in addressing the goal of energy security in the region.

ASEAN Cooperation in Energy. ASEAN cooperation in energy is guided by the ASEAN Plan of Action on Energy Cooperation (APAEC), 2010–2015, which articulates the plans, strategies, and actions toward the goal of having a reliable and secure supply of energy. Continuing from two previous plans for 1999–2004 and 2004–2009, the overarching goal of APAEC is to establish efficient, transparent, reliable, and flexible energy markets in the ASEAN region; and improve access to affordable energy. ASEAN's strategy in achieving these objectives is through grid connectivity for electricity and gas via its two flagship programs: the ASEAN Power Grid (APG) and Trans-ASEAN Gas Pipeline (TAGP). Other key components of the APAEC are coal and clean technology, renewable energy, and energy efficiency.

Energy Cooperation in the GMS. As part of ASEAN, rapid economic growth in the GMS has also mirrored the overall increase in energy demand. Most GMS countries forecast growth in energy demand to increase by 7%–16%

annually, which far exceeds the rate of economic growth.³³ Consistent with ASEAN's objectives, the GMS Energy Sector Roadmap adopted in 2009 seeks to address the issue of ensuring a reliable supply of energy so as not to constrain future economic growth. The long-term goal is to work toward an integrated regional energy market aimed at optimizing the subregion's energy resource base, exploiting economies of scale, collectively addressing social and environmental concerns that spill beyond national boundaries, and removing policy and institutional constraints in the energy trade.

The GMS Energy Sector Roadmap indicates the strategic actions that would be required to achieve the goal of energy reliability and security. These include (i) expanding cross-border trade and energy integration beyond the power sector into natural gas and refining; (ii) investing in high-technology solutions by leapfrogging to greater energy efficiency and energy productivity levels, especially for the large number of energy-producing assets to be constructed; (iii) pursuing policy regimes and energy reforms essential to move energy systems from state-controlled monopolies to more market-based energy entities; (iv) considering the energy implications of the rapid expansion in the transport sector; (v) reducing dependence on imported petroleum to reduce the subregion's vulnerability to supply shocks and price fluctuations; (vi) promoting access to modern energy sources in the rural areas, which are predominantly dependent on traditional energy sources like fuel wood and charcoal; and (vii) pursuing improvements in policy regimes and institutional reforms toward a shift to more market-based entities, sector liberalization, modernization of monopolistic utilities, and harmonization of technical standards and operating procedures.

Energy Cooperation in BIMP-EAGA. The BIMP-EAGA Roadmap and Action Plan for the Development of the Energy Sector in BIMP-EAGA, 2007–2010 (henceforth, the BIMP-EAGA Energy Sector Roadmap) was prepared as part of the exercise to operationalize the *BIMP-EAGA Roadmap to Development, 2006–2010*.³⁴ The roadmap had the objective of making electricity available to all sectors and communities, especially to the rural areas, and optimizing the use of domestic energy resources, such as biomass, biofuels, solar, wind, and geothermal. As envisaged in the roadmap, the promotion of innovative, cost-effective rural electrification schemes for poverty reduction would take advantage of regional grid infrastructure development being pursued under the ASEAN framework. Power

³² ASEAN–Australia Development Cooperation Program. 2008. *Final Report on Developing ASEAN's Single Aviation Market and Regional Air Services Arrangements with Dialogue Partners*. Jakarta (REPSF II, Project No. 07/003).

³³ ADB. 2009. *Building a Sustainable Energy Future: The Greater Mekong Subregion*. Manila.

³⁴ ADB. 2007. *The Roadmap and Action Plan for the Development of the Energy Sector in BIMP-EAGA, 2007–2010*. Unpublished.

interconnections through a regional grid would be essential in improving power reliability and supply, given that the development of the energy sector in BIMP-EAGA territories is generally uneven. Some areas rely on costly imported fossil fuels and require additional generation capacity, while other EAGA territories have power surpluses of renewable energy that could be traded across borders. There were explicit references in the roadmap to the need to ensure consistency with broader ASEAN initiatives and coordinate actions with the relevant ASEAN bodies for this purpose.

However, the official status of the BIMP-EAGA Energy Roadmap is not clear. While the roadmap provided a comprehensive analysis of the energy situation in the subregion, and a well-articulated strategy and derived list of potential projects, the components of the BIMP-EAGA Roadmap Action Plan on Energy had a much narrower scope. It focused primarily on the (i) transmission lines between Sarawak and West Kalimantan, and between Sarawak and Brunei Darussalam;³⁵ and (ii) development of a common approach to renewable energy and energy efficiency. It is significant to note that the roadmap made little reference to the energy sector, and only in the context of calling for private sector engagement in economic development projects. The Midterm Review and Final Assessment of the Energy Roadmap reported that, except for the Sarawak–West Kalimantan Transmission Line with funding assistance provided by ADB, most other initiatives are only at the preparatory or conceptual stage. The focus on the Sarawak–West Kalimantan Transmission Line is, in fact, the only project for the energy sector reflected in the *BIMP-EAGA Implementation Blueprint, 2012–2016*.

Energy Cooperation in IMT-GT. Cooperation in the energy sector is not reflected as a priority in IMT-GT, but it is included in the *IMT-GT Roadmap for Development, 2007–2011* and action plan. The roadmap included cooperation in energy as a component of the strategy to strengthen infrastructure linkages. Meanwhile, the action plan indicated the formulation, by 2008, of a program for energy cooperation within the framework of the APG and TAPG; however, the program did not materialize. Other components of the IMT-GT roadmap action plan involving alternative and clean sources of energy, and the promotion of independent power producers in mini-hydro plants, were dropped by the time of the midterm review for lack of progress. Part of the reason was the absence of a working group on energy to drive the activities in

the action plan. A proposal by the Centre for IMT-GT Subregional Cooperation (CIMT)³⁶ to create a working group was not acted upon favorably by the Senior Officials Meeting, and a subsequent directive by the 3rd Summit indicated that energy and environment should be treated as cross-cutting concerns across the existing working groups. This notwithstanding, the 12 “rationalized” flagship projects³⁷ that resulted from the midterm review continued to refer to the transport and energy sectors; in the *IMT-GT Implementation Blueprint, 2012–2016*, the Melaka–Pekanbaru was included as a priority project.

The energy sector strategies of ASEAN, GMS, and BIMP-EAGA are shown in Table 13.

ASEAN Power Grid. The APG is a flagship program mandated in 1997 by the ASEAN Heads of States under ASEAN Vision 2020 toward ensuring regional energy security and promoting the efficient utilization and sharing of resources. ASEAN electricity networks have been grouped into two systems—the East and West systems—for implementing interconnection projects. The East System consists of Sarawak, Sabah (in Malaysia); Brunei Darussalam; West Kalimantan, Indonesia; and the Philippines. The West System comprises Cambodia; Batam and Sumatra in Indonesia; the Lao People’s Democratic Republic (Lao PDR); Peninsular Malaysia; Myanmar; Singapore; Thailand; and Viet Nam. The Heads of ASEAN Power Utilities/Authorities (HAPUA), which has been tasked to implement the APG program, completed the ASEAN Interconnection Master Plan Study (AIMS) in March 2003; and later updated in 2010. AIMS II serves as the reference guide in the implementation of ASEAN interconnection projects.

Currently, the APG consists of 15 identified interconnections (Table 14). The strategy is to pursue the interconnections: first, on cross-border bilateral terms, then gradually expand to subregional basis; and, finally, to a totally integrated Southeast Asian power grid system. The investment requirement of the APG is estimated at \$5.9 billion.³⁸ Of the 15 interconnection projects,³⁹ nine projects are to be commissioned by 2015, four projects after 2015, and two projects have just been newly proposed. Six interconnection links are already in operation. Two projects are included in the GMS investment pipeline, and one project in the

³⁵ The Energy Working Group noted that the Sarawak–West Kalimantan Transmission Line Project is being implemented with ADB assistance, while the Sarawak–Brunei Darussalam project would be implemented bilaterally by Malaysia and Brunei Darussalam.

³⁶ CIMT is the regional secretariat of the IMT-GT.

³⁷ The IMT-GT midterm review rationalized the 37 flagship programs in the roadmap and reduced it to 12.

³⁸ ASEAN Secretariat. 2010. *ASEAN Plan of Action on Energy, 2010–2015*. Jakarta.

³⁹ There were originally 16 projects but one of them, the Sabah–Brunei Darussalam project, has not been selected to be part of the APG. The East Sabah–East Kalimantan project is newly proposed.

Table 13: Energy Sector Strategies of ASEAN, GMS, and BIMP-EAGA

Goals or Subsector	Strategies ^a		
	ASEAN	GMS	BIMP-EAGA
Ensure energy supply security	<ul style="list-style-type: none"> • Develop grid connectivity through the ASEAN Power Grid (APG) and Trans-ASEAN Gas Pipeline (TAGP) to optimize the region's energy resources 	<ul style="list-style-type: none"> • Develop grid connectivity beyond the power sector into natural gas • Integrate the energy market by reducing barriers to cross-border trade in electricity 	<ul style="list-style-type: none"> • Reduce reserve margins in the power sector to optimize investments and increase the financial efficiency of new power projects
Improvement of policy regimes and harmonization of regulatory frameworks	<ul style="list-style-type: none"> • Harmonize all aspects of technical standards and operating procedures, as well as regulatory frameworks among member states 	<ul style="list-style-type: none"> • Establish the policy and regulatory framework for power trade in the GMS • Prepare a time-bound plan to introduce competition to the power sector 	<ul style="list-style-type: none"> • Support power sector restructuring, reform, and operational efficiency improvement options
Power subsector	<ul style="list-style-type: none"> • Accelerate the development of APG interconnection projects • Optimize the generation sector with available indigenous energy resources • Encourage and optimize the utilization of ASEAN resources (funding, expertise, and products) to develop the generation, transmission, and distribution sectors 	<ul style="list-style-type: none"> • Develop grid interconnection infrastructure for cross-border trade in electricity • Optimize use of available subregional energy resources 	<ul style="list-style-type: none"> • Implement the ASEAN Interconnection Master Plan, and establish the policy framework for the electricity networks comprising the APG sources
Oil and gas subsector	<ul style="list-style-type: none"> • Implement TAGP based on the approved pipeline projects • Implement the Memorandum of Understanding on the TAGP, involving interconnection issues, gas transit principles, tax, and tariff issues • Explore additional gas supply from both conventional and non-conventional sources 	<ul style="list-style-type: none"> • Promote the development of identified GMS segments of the TAGP • Develop other potential segments of the oil and gas sector (e.g., production distribution, logistics, facilitation of contractual arrangements for exploration, and interconnection policy) • Formulate a GMS master plan for natural gas, and other related studies 	<ul style="list-style-type: none"> • Increase access to energy to all sectors and communities, even the poorest, in the subregion through interconnecting arrangements utilizing APG and TAGP
Coal subsector	<ul style="list-style-type: none"> • Strengthen institutional and policy framework toward the promotion of a regional policy on coal trade • Promote coal and clean coal technologies • Promote intra-ASEAN coal trade and investment 	<ul style="list-style-type: none"> • Promote energy efficiency and clean coal technologies, and reduce carbon emissions from coal plants • Strengthen policy and institutional framework to enhance GMS trade and private investments in the coal subsector 	<ul style="list-style-type: none"> • Develop cleaner fossil fuel options, including oil, gas, and coal • Develop environmentally sound fossil fuels, including oil, gas, and coal in close association with clean production and consumption technologies that can reduce greenhouse gas emissions

Continuation on next page

Table 13 continued

Goals or Subsector	Strategies ^a		
	ASEAN	GMS	BIMP-EAGA
Sustainable energy development, including the development of renewable energy	<ul style="list-style-type: none"> • Increase the development and utilization of renewable energy sources to achieve the 15% target share of renewable energy in the ASEAN power generation mix • Strengthen renewable energy development, such as biofuels • Promote open trade, facilitation, and cooperation on renewable energy and related industries 	<ul style="list-style-type: none"> • Develop the utilization of indigenous low carbon and renewable resources • Promote the use of renewable energy resources, including biomass, biofuel, solar (photovoltaic), wind, micro-hydro, and other locally available energy sources by upscaling best practices in the GMS • Promote subregional engineering and manufacturing capacity for renewable energy 	<ul style="list-style-type: none"> • Increase utilization of renewable energy, including biomasses, biofuels, solar, wind, and other available resources
Access to energy, especially in remote and rural areas	<ul style="list-style-type: none"> • Promote access to energy among the “energy poor,” especially in the rural areas where traditional sources of energy (fuelwood and charcoal) still dominate 	<ul style="list-style-type: none"> • Promote innovative, cost-effective rural electrification schemes for poverty reduction, utilizing regional grids • Promote best regional practices of off-grid and decentralized energy systems for accelerated development of isolated areas 	<ul style="list-style-type: none"> • Develop off-grid decentralized and/or distributed energy systems for the integration of isolated areas, particularly for renewable energy • Develop effective rural electrification schemes
Energy efficiency and conservation	<ul style="list-style-type: none"> • Promote good energy management practices, especially for industrial and commercial sectors • Develop energy efficiency and conservation tools (e.g., database, technical directory, handbook, benchmarks, etc.) 	<ul style="list-style-type: none"> • Improve energy efficiency through demand side management and energy conservation, with a view to reducing energy consumption per unit of gross domestic product generated 	<ul style="list-style-type: none"> • Increase energy efficiency and conservation at both the demand and supply sides
Energy planning, implementation, and monitoring	<ul style="list-style-type: none"> • Enhance energy policy and supply security information sharing network • Conduct capacity building in energy and environmental planning and supply security assessment 	<ul style="list-style-type: none"> • Adopt performance targets to properly monitor and reflect the successes in realizing goals, in the countries and in the subregion, in various areas of the GMS Energy Roadmap 	<ul style="list-style-type: none"> • Strengthen collaboration and cooperation among national and regional institutions in energy policy and planning, and supply security information sharing network • Enhance information sharing and networking, as well as capacity building activities
Private sector participation	<ul style="list-style-type: none"> • Provide opportunities for private sector involvement in terms of investment, including financing and technology transfer in the various subsectors and program components 	<ul style="list-style-type: none"> • Promote public-private partnership and private sector participation, particularly through small and medium-sized enterprises • Enhance institutional and regulatory environment conducive to private sector • Prepare a strategy to market the GMS as an attractive market for energy investments 	<ul style="list-style-type: none"> • Promote private sector participation in sector restructuring and investment

ASEAN = Association of Southeast Asian Nations, BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area, GMS = Greater Mekong Subregion.

^a The IMT-GT program does not have an energy strategy.

Sources: ADB. 2007. Roadmap for the Development of the Energy Sector in the BIMP-EAGA Region, 2007–2010. Unpublished; ADB. 2009. *Building a Sustainable Energy Future: The Greater Mekong Subregion*. Manila; ADB. 2010. *Roadmap for Expanded Energy Cooperation in the GMS and Roadmap, 2010–2011*. Manila; and ASEAN Secretariat. 2010. *ASEAN Plan of Action on Energy Cooperation, 2010–2015*. Jakarta.

Table 14: Status of ASEAN Power Grid

No.	Interconnection Systems	Earliest Commissioning Date
1	Peninsular Malaysia–Singapore (new)	2018
2	Thailand–Peninsular Malaysia	
	• Sadao–Bukit Keteri	Existing
	• Khlong Ngae–Gurun	Existing
	• Sungai Kolok–Rantau Panjang (new)	Proposed
	• Khlong Ngae–Gurun (additional)	2016
3	Sarawak–Peninsular Malaysia	2015–2021
4	Peninsular Malaysia–Sumatra	2017
5	Batam–Singapore	2015–2017
6	Sarawak–West Kalimantan	2015
7	Philippines–Sabah	2020
8	Sarawak–Sabah–Brunei Darussalam	
	• Sarawak–Sabah	2020
	• Sabah–Brunei Darussalam	Not selected
	• Sarawak–Brunei Darussalam	2012–2016
9	Thailand–Lao PDR	
	• Roi Et 2–Nam Theun 2	Existing
	• Sakon Nakhon 2–Takhek–Theun Hinboun	2012
	• Mae Moh 3–Nan–Hong Sa	2015
	• Udon Thani 3–Navong (converted to 500 kilovolt)	2017
	• Ubon Ratchatani 3–Pakse–Xe Pian–Xe Namnoy	2018
	• Khon Kaen 4–Loei 2–Xayaburi	2019
	• Thailand–Lao PDR (new)	2015–2023
10	Lao PDR–Viet Nam (new)	2011–2016
11	Thailand–Myanmar	2016–2025
12	Viet Nam–Cambodia (new)	2016
13	Lao PDR–Cambodia	2011
14	Thailand–Cambodia (new)	2015–2017
15	East Sabah–East Kalimantan	Proposed
16	Singapore–Sumatra	2020

ASEAN = Association of Southeast Asian Nations, Lao PDR = Lao People's Democratic Republic.

Source: Heads of ASEAN Power Utilities/Authorities. 2010. Report to the 28th Senior Officials Meeting on Energy (as cited in the *Master Plan on ASEAN Connectivity*).

BIMP-EAGA pipeline. The realization of the APG faces significant challenges as many of the interconnections will require submarine cables or inland connections, especially within CLMV consisting of Cambodia, the Lao PDR, Myanmar, and Viet Nam. The economic viability of a number of interconnections would still have to be established and the required regulatory framework set in place.

ASEAN Power Grid and the GMS. The APG interconnections between the Lao PDR and Thailand (Project No. 9) at Mae Moh 3–Nan–Hong Sa and Udon Thani 3–Navong are included in the GMS pipeline of investment projects. Other planned GMS interconnection projects include Ban Sok (the Lao PDR)–Pleiku (Viet Nam), Stung Treng (Cambodia)–Thay Ning (Viet Nam), and Ban Sok (the Lao PDR)–Stung Treng (Cambodia). Most of the existing and planned interconnections in the GMS, however, are primarily associated with specific hydro schemes, taking the form of connections into the neighboring power network to deliver power exports from these power plants.⁴⁰ Other than these, the interconnection capacity between the GMS countries is currently relatively little.⁴¹ Many of the investment projects in the GMS Program are export-oriented power generation projects.

The current GMS strategy in the power subsector continues the development of a regional power market but, over the long-term, also takes the trajectory of developing an integrated and competitive energy market in the GMS. The first phase of the development of a GMS regional power market was through the Intergovernmental Agreement on Power Trade signed in 1992, which formally introduced the concept of an electricity transmission grid to interconnect the GMS countries. Subsequently, interconnection transmission projects were identified and the Regional Power Trade Coordinating Committee (RPTCC) was established to oversee the development of the GMS regional power market. The RPTCC identified four stages in developing electricity trade: (i) bilateral cross-border connections through power purchase agreements,

⁴⁰ Among the priority interconnections identified are those (i) from Myanmar to the PRC because of the hydro potential in Myanmar and the huge needs of imports for the PRC, (ii) from Myanmar to Thailand because of the price gap between the two countries and the important hydro potential in Myanmar, (iii) between the Lao PDR and Thailand because of the huge hydro potential in the Lao PDR and the large price gap between the two countries, (iv) from the Lao PDR to Viet Nam because of the hydro potential in the Lao PDR south (3.5 gigawatt in the south) and the large price gap between the two countries, (v) from the Lao PDR north to Viet Nam north because of the hydro potential in the Lao PDR and the price gap between the two countries, and (vi) from Cambodia to Viet Nam south for the export of Lower Sesan II Hydro Power Project.

⁴¹ ADB. 2010. *Final Report: Facilitating Regional Power Trading and Environmentally Sustainable Development of Electricity Infrastructure in the GMS*. Manila. (TA 6440-REG).

(ii) grid-to-grid power trading between any pair of countries using the facilities of a third country, (iii) development of transmission links dedicated to cross-border trading, and (iv) development of multiple buyer–seller regulatory frameworks to develop a competitive market for electricity to be developed.

The regional master plan study for the GMS has recommended a review of national and bilateral priority interconnection projects in the context of expanded energy connectivity beyond the power sector over the long-term (footnote 41). It was envisaged that interconnection projects identified in the master plan study would be paced with the development of the associated export-oriented generation projects. GMS energy studies (footnote 41) forecast that the priority for the next 10 years would still be the interconnection projects, allowing large-scale power exchanges between hydro-rich countries and thermal-dominated importing countries in the subregion.

ASEAN Power Grid and BIMP-EAGA. The development of the energy sector in BIMP-EAGA territories is generally uneven—some areas still rely on costly imported fossil fuel and require additional generation capacity. On the other hand, other EAGA territories have power surpluses of renewable energy that could be traded across borders if the transmission infrastructure were available. Interconnected power transmission systems within EAGA are, therefore, necessary not only to improve power reliability but to enhance overall economic efficiency throughout the subregion in an environmentally sustainable way. The BIMP-EAGA Energy Working Group has identified cross-border interconnection projects for cooperation between Sarawak and West Kalimantan, and between Sarawak and Brunei Darussalam. They have also identified projects for cooperation in new and renewable energy resources, and energy efficiency and conservation initiatives.

The Sarawak to West Kalimantan Interconnection (Project No. 6 in the APG) is a high priority energy project in the *BIMP-EAGA Implementation Blueprint, 2012–20126*. It is one of the 12 priority investment projects under BIMP-EAGA's fast track process, and among the high priority projects in the MPAC. The project would contribute to the optimum use of regional energy resources: on the Sarawak side, surplus energy will be exported to West Kalimantan to generate additional income, and on the West Kalimantan side, the power system will improve the quality and reliability and lower the cost of power supply, and help diversify energy generation portfolio by retiring old inefficient oil-based power plants. The interconnection is a part of the Trans-Borneo Power Grid (TBPG) stretching from West Kalimantan, Indonesia, across Sarawak, Malaysia, and Brunei Darussalam, to Sabah, Malaysia. The

Sabah–Sarawak–West Kalimantan interconnection was also designed specifically for Perusahaan Listrik Negara (PLN) in Indonesia to import small amounts of power from Sarawak Electricity Supply Corporation (SESCO) to supply villages at the border in West Kalimantan. Additionally, the interconnection project was designed for PLN and SESCO to share peak power and reserve margin. The TBPG Interconnection Coordination Committee was created to oversee the implementation of Borneo Island's power grid interconnection.

ASEAN Power Grid in IMT-GT. Although energy is not a priority sector of cooperation in the subregion, the Melaka–Pekanbaru Power Interconnection Project has been accorded high priority by Indonesia and Malaysia, and is in an advanced stage of processing. The project will involve the construction of a 500-kilovolt high voltage direct current power transmission line between Melaka and Pekanbaru.⁴² The rationale for the project is to exchange expensive peak load against cheaper base load in the other country by making use of the (i) one-hour time difference between the two countries, and (ii) difference in peak hours and load curve pattern where Malaysia has a day peak while Sumatra has a night peak.

Trans-ASEAN Gas Pipeline. The TAGP aims to interconnect the gas pipeline infrastructure of the ASEAN Member States to enable gas to be transported across their borders. Under the TAGP Master Plan,⁴³ a total of about 4,500 kilometers (km) of pipeline—mostly under the sea—would be constructed to link with existing gas pipelines at an estimated cost of about \$7 billion. The concept involves linking the major load centers and sources of natural gas through a gas pipeline from Thailand along Peninsular Malaysia, Sumatra, and Java, with supporting links to large fields in Sarawak, Brunei Darussalam, Sabah, and East Kalimantan.

TAGP includes 11 pipelines that have been agreed upon. As indicated in the MPAC, eight bilateral gas pipelines are currently operating with a total length of 2,300 km—or half of the total planned length of 4,500 km. The projects developed link pipelines between Thailand and Myanmar, West Natuna and Duyong, West Natuna and Singapore, South Sumatra and Singapore, Malaysia and Thailand, and Singapore and Malaysia (footnote 16).

⁴² The proposed project foresees the construction of a 600-megawatt ±250-kilovolt high voltage direct current transmission line from Sumatra to Peninsular Malaysia plus converter stations and other transmission facilities. The PLN of Indonesia share of the project cost is \$300 million, while the Tenaga Nasional Berhad (TNB of Malaysia) share of the project cost is \$200 million.

⁴³ The Trans-ASEAN Gas Pipeline Master Plan was completed by the ASEAN Council of Petroleum in October 2000.

The ASEAN Council on Petroleum (ASCOPE) is the body responsible for implementing the TAGP. At the 20th ASEAN Ministers of Energy Meeting in Bali in July 2002, the Memorandum of Understanding (MOU) on the TAGP was signed to serve as the cooperation framework among ASEAN public and private sectors for the expeditious realization of the TAGP project. Under the MOU, an ASEAN Gas Consultative Council (AGCC) was established to facilitate and assist the ASCOPE in the implementation of the MOU. The ASCOPE Gas Centre was established in Malaysia to serve as the strategic technical and information resource, and capacity building center in the facilitation and implementation of the TAGP and gas development programs in ASEAN.

In the updated TAGP Master Plan, four other pipelines were considered involving connections between East Natuna and Java, both in Indonesia, with Malaysia, Thailand, and Viet Nam; and Brunei Darussalam–Sabah, Malaysia–Palawan, the Philippines. The updated master plan has indicated that the demand for natural gas is likely to outpace supply. The ASCOPE has been tasked to look for new sources of gas supply, including liquefied natural gas (LNG) and coal bed methane. East Natuna remains the main source of supply, and its commercialization is a key to addressing the supply gap.

Natural gas in the GMS. In the GMS, piped natural gas is used mainly to generate electricity. Historically, the natural gas subsector in the GMS has been addressed through participation of GMS countries in ASEAN primarily because the largest gas reserves are outside the GMS. The only gas trade in the region at present is the export of gas from Myanmar to Thailand. The GMS presently does not have a coordinated policy framework for the production and distribution of natural gas, although Thailand has a well-developed framework to support its imports of natural gas from Myanmar. Trade in natural gas occurs mainly within the subregion through long-term contracts, with Myanmar as the only exporter (given the uncertainty over Cambodia gas). Thailand is the main importer, followed by the Lao PDR, which imports in small quantities. However, a number of individual projects and the required infrastructure have been identified involving the People's Republic of China (PRC) and Myanmar. For instance, the China National Petroleum Corporation has signed a number of production contracts with Myanmar to allow crude oil and natural gas exploration on the western Myanmar coast.

The gas pipeline projects being discussed in ASEAN have mainly focused on links outside the GMS, and recent discussions on the TAGP exclude new links within the GMS. However, the GMS Energy Sector Roadmap has

begun to focus on the gas subsector due to its growing importance as a source of energy in the subregion. It is forecast that natural gas will be an important source of electricity generation in the GMS, accounting for 15% of total energy production by 2025 (footnote 33). Given that large reserves of LNG are found on the island of Borneo, GMS is likely to be importing in increasing amounts. The GMS could use the TAGP to exploit economies of scale to enhance security of supply by sharing outputs of gas through the pipeline. As the use of natural gas in the GMS increases over the long term, a more coordinated approach with ASEAN on policy and interconnection may be warranted. A GMS regional master plan for LNG is being planned in 2012–2015, which will cover, among other areas, developing the gas market and gas logistics network, and ensuring the safety and security of gas pipelines.

Convergence of Energy Sector Strategies. The goals and strategies of energy cooperation in ASEAN, GMS, and BIMP-EAGA are complementary, and converge in several dimensions. Grid connectivity for electricity and gas is considered essential by ASEAN and the three subprograms in securing energy supply within the region, and would require the extensive interconnection of networks. Grid connectivity is a regional public good and, therefore, it is predominantly in the public sector domain. Thus, improvements in policy regimes, harmonization of operational standards and system codes, and coordination of institutional mechanisms are recognized as important and are being addressed by the relevant ASEAN and GMS bodies.

The subregions' objective of providing electricity to rural and isolated areas would utilize the interconnection arrangements under ASEAN, although off-grid and decentralized energy systems are also being planned. In the field of renewable energy, ASEAN has set the goal of achieving a 15% target share of renewable energy in the ASEAN power generation mix. The GMS and BIMP-EAGA initiatives in promoting the development of renewable energy—including biomass, biofuel, solar, wind, and geothermal—would contribute to attaining this target. ASEAN, GMS, and BIMP-EAGA have ongoing and planned initiatives for the development of clean coal technology, and the reduction of carbon and greenhouse gas emissions from coal plants. Both the ASEAN and GMS programs have articulated plans to promote trade and investment in the coal subsector.

Transport and Trade Facilitation

ASEAN Cooperation in Transport Facilitation.

Transport and trade facilitation is vital to the realization of economic integration under the ASEAN Economic Community (AEC). While investments in transport infrastructure have led to increased physical connectivity in ASEAN, the ease of moving goods and people across borders remains a challenge on account of the many policy, regulatory, and procedural impediments that still exist. Many of these impediments require changes in existing national laws and regulations to conform with regional or international norms. These changes could involve harmonization of standards, building of comprehensive databases, and application of advanced technology—all of which could be constrained by limitations in national resources, institutions, and capacities. ASEAN commitments have helped to influence the pace and direction of national efforts at reducing nonphysical barriers to trade.

Since 1992, the goal of integrating the transport sector has been a key element of ASEAN economic cooperation, and was operationalized and guided by a series of consecutive plans of action and roadmaps.⁴⁴ The ASEAN Strategic Transport Plan (ASTP), 2011–2015 reflects four specific goals on transport facilitation to (i) establish an integrated and seamless multimodal transport system, (ii) enhance the competitiveness of ASEAN's logistics industry, (iii) establish a safe and secure inter-state transport system, and (iv) develop environment-friendly logistics.

There are three important ASEAN agreements on trade facilitation:

- (i) ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT) (1998),
- (ii) ASEAN Framework Agreement on Multimodal Transport (AFAMT) (2005), and
- (iii) ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST) (2009).

The AFAFGIT specifies transit rights while AFAFIST specifies inter-state transit rights; and both contain provisions governing conditions for road transport, including harmonization of road traffic regulations, registration of transit transport services, designation of transit transport routes, provision of facilities and services, mutual recognition of inspection certificates,

mutual recognition of driver's licenses, and compliance with compulsory insurance, among others. The AFAMT specifies the rules governing multimodal transport operators, contracts, and documents; and the liabilities of the multimodal operator, as well as the consignor.

Although these three agreements on transport facilitation have been signed, the ratification of the protocols remains to be completed, and domestic regulations in some ASEAN countries would need to be aligned to fully operationalize them. There was a noticeably long hiatus—from the signing of the AFAFGIT in 1998 to the signing of AFAMT in 2005 and AFAFIST in 2009—before the momentum for ASEAN transport facilitation took off again, possibly coinciding with the promulgation of the AEC in 2006. Table 15 shows the status of ratification of the three ASEAN agreements.

ASEAN has also adopted the Roadmap for the Integration of Logistics Services in 2007, which contemplates measures to liberalize logistics services and expand the capability and enhance the competitiveness of logistics services providers, among others. The roadmap identifies 11 logistics services sectors for substantial liberalization.⁴⁵ Moreover, the AEC Blueprint has also set targets to remove substantially all restrictions on logistics services by 2013, and allow for a phased increase in foreign (intra-ASEAN) equity participation up to 2013 in logistics services. Not all ASEAN Member States had achieved these commitments as of 2010; that is, some of them are still in the process of addressing the required domestic legislation to allow for market access liberalization.

Transport Facilitation in the GMS. The Cross-Border Transport Agreement (CBTA) is a pioneering landmark accord in the GMS, which consolidates, in a single legal instrument, all of the key nonphysical measures for efficient cross-border land transport. The CBTA, with its annexes and protocols, embodies most of the provisions covered in the AFAFGIT signed in 1998. As discussed in the preceding section, not much impetus was given to the AFAFGIT until 2007 (shortly after the AEC was launched), after which the implementation of AFAFGIT (and, subsequently, the ASEAN Customs Transit System [CTS]) was given priority focus. Work in these two areas has since moved quickly ahead, overtaking efforts by the GMS to implement similar provisions under the CBTA.

⁴⁴ These include the ASEAN Plan of Action in Transport and Communications, 1994–1996; Transport Action Agenda and Successor Plans of Action, 1996–1998 and 1999–2004; ASEAN Transport Action Plans, 2005–2010 and 2011–2015; and, most recently, the MPAC.

⁴⁵ These 11 sectors are (i) maritime cargo handling services, (ii) storage and warehousing services, (iii) freight transport agency services, (iv) courier services, (v) packaging services, (vi) customs clearance services, (vii) maritime transport services, (viii) air freight services, (ix) rail freight transport services, (x) road freight transport services, and (xi) other auxiliary services.

Table 15: Status of Ratification for ASEAN Transport Facilitation Agreement (as of 12 April 2013)

Agreement/Protocol	Date of Signing	Dates of Ratification by Member States										Date of Entry into Force
		Brunei Darussalam	Cambodia	Indonesia	Lao PDR	Malaysia	Myanmar	Philippines	Singapore	Thailand	Viet Nam	
ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAGIT)	16/12/98	15/8/00	30/4/99	13/1/00	21/12/99	2/3/99	16/12/98	20/5/99	2/10/00	17/2/99	24/6/99	2/10/00
Protocol 1 – Designation of Transport Transit Routes	8/02/07	19/10/09	27/10/09	24/11/11				13/11/07		22/6/11	10/10/07	Entry into force among those countries that have ratified
Protocol 2 – Designation of Frontier Posts												
Protocol 3 – Types and Quantity of Road Vehicles												
Protocol 4 – Technical Requirement of Vehicles	15/9/99	8/9/04	9/5/07	23/6/00	19/1/00	24/7/09	21/8/00	25/11/99	2/5/06	19/4/10	15/11/99	19/4/10
Protocol 5 – ASEAN Scheme of Motor Vehicle Compulsory Insurance	15/9/99	8/9/04	9/5/07	23/6/00	19/1/00	24/7/09	21/8/00	26/11/09	2/5/06	19/4/10	15/11/99	19/4/10
Protocol 6 – Railways Border and Interchange Stations	8/4/01	8/4/02	30/1/02	30/7/02	6/11/02	26/3/02	16/10/03	22/9/03	29/8/02	8/1/03	2/7/01	16/10/03
Protocol 7 – Customs Transit System	16/12/11									3/9/12	26/11/12	
Protocol 8 – Sanitary and Phytosanitary Measures	27/10/00	7/8/10	23/5/03	31/12/02	9/5/01	10/8/10	10/10/02	26/11/09	30/3/06	23/8/03	29/3/01	10/8/10
Protocol 9 – Dangerous Goods	20/9/02	30/3/04	9/5/07	24/8/03	19/5/03		25/4/03	5/5/03	12/9/07		15/11/02	
ASEAN Framework on Multimodal Transport (AFAMT) ^a	17/11/05		27/10/09					30/6/08		11/7/08	1/11/11	
ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST)	10/12/09				20/6/11			28/11/12		30/11/11	3/4/12	
ASEAN = Association of Southeast Asian Nations, Lao PDR = Lao People's Democratic Republic. Note: Date format is day/month/year. ^a AFAMT's entry into force is on the 30th day after the deposit of the second instrument of ratification or acceptance, and is effective only among the ASEAN Member States that have ratified it or accepted it. Source: ASEAN Secretariat.												

All of the GMS countries have signed all the CBTA annexes and protocols, and most countries have ratified all of the annexes and protocols. To date, only two have not yet completed ratification: Thailand has ratified 14 and Myanmar 15 out of the 20 annexes and protocols, and both countries are committed to completing the ratification of the remaining annexes and protocols as soon as possible.

Initial implementation of the CBTA at pilot border-crossing points⁴⁶ has commenced, although focusing only on single-window and single-stop modalities. Progress has also been made on various aspects of the CBTA: (i) additional border crossings for CBTA implementation have been agreed to between the People's Republic of China (PRC) and the Lao People's Democratic Republic (Lao PDR) along the North-South Economic Corridor, and between Cambodia and Viet Nam along the Southern Economic Corridor; (ii) a public-private partnership for implementing the CTS has been established through the designation of private entities as guaranteeing organizations and agreement on a guarantee network; and (iii) the Lao PDR, Thailand, and Viet Nam have agreed on a GMS road transport permit along the East-West Economic Corridor, as well as the establishment of a CBTA fast track at the border checkpoints.

Notwithstanding these developments, CBTA implementation faces a number of serious problems. Traffic volumes in designated pilot sites are low by international standards. Procedures for border clearance do not follow best practice—control over cargo is weak and susceptible to fraud. Interagency coordination is limited, some processes executed by relevant agencies are redundant, and exchange of information among them is either lacking or unsystematic. The required border infrastructure to facilitate efficient inspection and clearance, especially for single window processing, is also either inadequate (e.g., lack of off-lane processing facilities) or poorly constructed. Infrastructure constraints will become more binding when electronic processing and automated procedures are eventually adopted and applied.

Two major issues in the implementation of the CBTA are (i) transport facilitation: the slow progress in the exchange of traffic rights; and (ii) trade facilitation: the alignment

of the CTS with that of ASEAN. Traffic rights under the CBTA relate only to the designated corridors and are limited in number. This limitation increases the delivery cost of goods to their final inland destination. Bilateral exchange of traffic rights has been adopted by the Lao PDR and Viet Nam, Cambodia and Thailand, and Cambodia and Viet Nam; however, on the whole, implementation of the exchange of traffic rights remains slow. Expansion of bilateral and trilateral exchange of traffic rights and their implementation are needed to generate the appropriate network externality for GMS corridors.⁴⁷

The second problem pertains to the CTS, which is a core element of any trade facilitation arrangement. An analysis of the CBTA CTS conducted in 2011⁴⁸ observed that the CTS provisions of the CBTA formulated in 1999 is largely outdated and cumbersome, and has been largely unutilized. The design of the CBTA CTS was based on the provisions of the Transit International Routier (TIR). However, several deviations from TIR were incorporated into the CTS, with the effect of creating a substantial divergence from the World Customs Organization standards (Box 7). The analysis concludes that the concepts and principles applied to the design of the CBTA in 1999 have changed and would need to be adjusted to take into account more recent developments. The study recommended that the CBTA be aligned with the New CTS (NCTS) recently approved by the ASEAN directors-general of customs, with a rejoinder that the PRC could eventually be brought into the system. The NCTS, patterned after a European Union model, is the basis for the design of AFAFGIT Protocol 7, which was recently completed and signed in March 2012.

The NCTS was designed in the context of a regional economic community and is currently used in the European Union. It is a fully-computerized system that conforms to all of the standards and principles of the World Trade Organization and World Customs Organization. Key features of the NCTS include a single-page document for goods and a single guarantee to cover potential customs debt; no separate approvals and documents are required for trucks and containers. The development of the ASEAN NCTS takes into account the need for technical modernization to accompany the design of efficient processes to secure benefits for both the public and private sectors.

The alignment of the GMS CBTA CTS with the ASEAN's NCTS would need to be addressed given that the GMS members of ASEAN have signed the agreement to

⁴⁶ Six border crossing points (three pairs) have started implementing the CBTA: Lao Bao (Viet Nam)–Donsavanh (the Lao PDR) in 2005 under Single Stop Inspection modality; and Mukdahan (Thailand)–Savannakhet (the Lao PDR) in 2006, and Hekou (the PRC)–Lao Cai (Viet Nam) in 2007 under the Single Window Inspection modality. A CBTA operations manual for each border was prepared for border officials and relevant provincial and central government agencies. An MOU was also negotiated for Bavet (Cambodia)–Moc Bai (Viet Nam) in March 2006, but less progress has been achieved at this border crossing pair. At the Poipet (Cambodia)–Aranyaprathet (Thailand) border crossing, constraints, including bilateral political issues and a longstanding border demarcation question, have substantially delayed progress.

⁴⁷ ADB. 2010. Transport and Trade Facilitation in the GMS: Issues and Proposed Program of Actions. Manila. Unpublished.

⁴⁸ ADB. 2011. *Implementation of the CBTA Customs Transit System: A Review and Analysis of the Current State of Play*. Unpublished.

Box 7: Limitations of the GMS Cross-Border Transport Agreement Customs Transit System

- The design of the Cross-Border Transport Agreement (CBTA) Customs Transit System (CTS) was based on the provisions of the Transit International Routier (TIR). However, several deviations from TIR were, in fact, incorporated into the CTS with the effect of creating a substantial divergence from the World Customs Organization standards.
- There is no computerization of operations proposed at any level and controls are, or would be, entirely manual.
- Under the CBTA, the CTS is optional for the transport operators.
- The CTS uses a multipart customs clearance document in a format similar to the regional ASEAN Customs Clearance Document, which also records the guarantee. This document is quite cumbersome, consisting of about 30 pages for a single journey to three countries.
- There is no regional guaranteeing organization; a freight transport association is approved in each country to issue the customs clearance document exclusively to its members.
- There is no simplified procedure granted as an incentive to traders with a good record of revenues.

GMS = Greater Mekong Subregion.

Source: ADB. 2011. Implementation of the CBTA Customs Transit System. A Review and Analysis of the Current State of Play. Unpublished.

implement the ASEAN CTS (Protocol 7). Meanwhile, the PRC is planning to join the Convention on the International Transport of Goods Under Cover of TIR Carnets (TIR Convention). In view of these developments, close coordination and consultation between relevant ASEAN and GMS bodies would be needed to align their CTS.

Transport Facilitation in BIMP-EAGA. The key initiatives of the subprogram in transport facilitation are embodied in three MOUs on land (movement of commercial buses and coaches), sea, and air linkages signed in 2007. The provisions covered by the MOUs include the (i) specification of traffic rights and market access; (ii) designation of covered routes and determination of capacity and frequency; (iii) exchange of information, database development, and joint studies; (iv) adherence to safety, security, and environmental provisions based on international standards; and (v) institutional arrangements (Table 16). The MOUs on sea and air linkages have been discussed in detail in the previous sections on maritime and air transport, with the observation that the (i) provisions of the MOUs are consistent with, or draw from, the relevant ASEAN agreements; and (ii) designated routes in the three transport modes are located in priority economic corridors of BIMP-EAGA. Thus, these MOUs reflect BIMP-EAGA's shared goal with ASEAN of facilitating the transport of goods and people as means toward achieving the goal of economic integration. Efforts are ongoing to improve the implementation of the three MOUs, as well as to identify measures for further accelerating the liberalization of transport services in the subregion (Box 8).

In 2009, the BIMP-EAGA countries signed another milestone agreement—the MOU on Transit and Interstate

Transport of Goods—to facilitate the efficient movement of goods across EAGA borders and promote the establishment of an EAGA multimodal transport system, including RoRo facilities. The MOU responds to the decision of the 4th BIMP-EAGA Summit in 2007 to undertake specific measures to pilot test the AFAFGIT. The ASTP, 2011–2015 makes reference to the need to expedite the implementation of existing bilateral, as well as subregional arrangements applicable to BIMP-EAGA, on the facilitation of inter-state passenger land transportation. Based on the assessment of the results of these arrangements, a regional ASEAN arrangement can be developed. The BIMP-EAGA MOU on Transit and Interstate Transport of Goods seems to be the only arrangement that explicitly presents itself as a pilot case for an ASEAN framework.

The traffic rights and market access provisions of the MOU on Transit and Interstate Transport of Goods are basically governed by the provisions of AFAFGIT and AFAFIST. The designated transit transport routes have been negotiated based on Protocol 1 of AFAFGIT, and finalized in January 2011. The MOU also encourages all countries to ratify the AFAMT. Consistent with ASEAN agreements, the MOU also provides for the facilitation of interstate traffic through the simplification; streamlining; and harmonization of customs import, export, transit procedures, and sanitary and phytosanitary measures.

Trade Facilitation in BIMP-EAGA. BIMP-EAGA has recently embarked on a customs, immigration, quarantine, and security (CIQS) initiative to be implemented at the specific entry points in the subregion. The first set of pilot ports are (i) Muara Port (Brunei Darussalam), (ii) Sandakan Port (Malaysia), (iii) Labuan Port (Malaysia), (iv) Bitung Port (Indonesia), (v) General Santos Port (the Philippines),

Table 16: Main Features of the BIMP-EAGA Memorandums of Understanding on Air and Sea Linkages, and Commercial Buses and Coaches

Air Linkages	Sea Linkages	Commercial Buses and Coaches
Traffic Rights <ul style="list-style-type: none"> Cover scheduled and chartered international air services for the carriage of passengers, baggage, cargo, and mail Designated points where 3rd, 4th, and 5th freedom rights will apply Airline Designation <ul style="list-style-type: none"> As many airlines as contracting parties to operate the agreed services on the specified routes Capacity and Frequency <ul style="list-style-type: none"> No restrictions on designated airlines as to capacity, frequency, and aircraft type Allows co-terminalization and linkages among airlines to serve routes not served by national carriers No carriage of cabotage traffic 	Priority and Pioneering Shipping Services <ul style="list-style-type: none"> Granting of port tariff incentives for pioneering shipping services Joint measures to promote the commercial viability and sustainability of shipping services to priority and pioneering routes, such as (i) facilitation of entry; (ii) temporary exclusive rights; (iii) market-based freight rates; and (iv) compliance with minimum safety, security, and environment standards of International Maritime Organization Designated Ports <ul style="list-style-type: none"> Designation of gateway and domestic ports for promoting maritime transport Capacity and Frequency <ul style="list-style-type: none"> Determined in the process of granting temporary exclusive rights for priority and pioneering routes either on a bilateral or multilateral basis 	Traffic Rights and Market Access <ul style="list-style-type: none"> Transport operators inbound and outbound within territory, local agents in host countries to be assigned In transit, prohibited to board passenger; drop offs allowed only at designated disembarkation points Chartered buses allowed based on application Transport operators obliged to adhere to safety standards and provide route information Market-based pricing Designated Routes <ul style="list-style-type: none"> Designated routes and points of entry and exit: based on Protocol 1 of the ASEAN Framework Agreement for the Facilitation of Goods in Transit Capacity and Frequency <ul style="list-style-type: none"> Mutually agreed based on reciprocal arrangement either on bilateral or multilateral basis

BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area.

Sources: Compiled from the BIMP-EAGA memorandums of understanding on air linkages, sea linkages, and commercial buses and coaches.

and (vi) Zamboanga Port (the Philippines). The two priority border crossings are Entikong and Tebedu. These pilot ports and paired border crossing were selected based on port traffic and analysis and a mapping exercise that determined readiness to implement improvements in port operations and standards. In implementing the areas of reform in the pilot sites, the following facilitation measures would be given high priority: (i) integrated and one-stop CIQS services, (ii) advance provision of information, (iii) risk management, (iv) harmonization of documentation of procedures, and (v) adoption of port security measures.

The BIMP-EAGA CIQS Task Force was established as the coordinating body to oversee the implementation of the CIQS initiative. It has finalized the draft MOU on CIQS Harmonization,⁴⁹ which will be ready for signing upon completion of the necessary domestic consultations. The MOU seeks to promote compliance with applicable national and international CIQS standards and best

practices.⁵⁰ Based on the identified gaps between existing practice and international standards, specific actions and reforms will be implemented at pilot ports and priority entry points in BIMP-EAGA. Actions to close the gaps could be in the form of capacity building measures or technical improvements that are within existing national policies. It is intended that the eventual outcome of the BIMP-EAGA CIQS initiatives would be the alignment of CIQS rules, regulations, and procedures at EAGA ports and land border crossings.

⁴⁹ Endorsed at the 18th Senior Officials Meeting and 14th Ministers Meeting in August 2009.

⁵⁰ There is consensus among experts and customs, immigration, quarantine, and security (CIQS) officials in BIMP-EAGA that these should be the standards enshrined in the following: (i) ASEAN Single Window Agreement; (ii) APEC Single Window Strategic Plan; (iii) World Customs Organization Framework of Standards to Secure and Facilitate Global Trade ('SAFE' Framework); (iv) Revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures; (v) World Trade Organization Agreement and the subsidiary Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement); (vi) International Standards of the World Health Organization for Animal Health; and (vii) International Standards for Phytosanitary Measures developed by the International Plant Protection Convention, ASEAN Framework Agreement on Mutual Recognition Agreements, ASEAN Framework Agreement on the Facilitation of Goods in Transit, and the International Ship and Port Facility Security Code and relevant International Convention for the Safety of Life at Sea regulations.

Box 8: Measures for the Enhancement of the BIMP-EAGA Memorandums of Understanding on Air Linkages, Sea Linkages, and Commercial Buses and Coaches

The Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA) countries have identified several initiatives to improve the three memorandums of understanding (MOUs) on air linkages, sea linkages, and commercial buses and coaches. These initiatives, which are reflected in the *BIMP-EAGA Implementation Blueprint, 2012–2016*, include the following:

For the three MOUs

- Conduct of a study in 2013 to assess bottlenecks in the implementation of the MOUs with the view to enhance its implementation

For the MOU on Air Linkages

- Expansion of the designated points or routes to include additional points outside BIMP-EAGA under the original co-terminalization scheme,
- Allowing airlines to embark on more flexible routing and scheduling, and
- Conduct of a study on the rationalization and design of airport incentives, and the role of these incentives in the sustainability of routes with the entry of low cost carriers.

For the MOU on Sea Linkages

- Drafting of an MOU to provide guidelines for the regulation and safety standards of nonconventional sized ships, and
- Consideration of measures to expand the designated routes.

For the MOU on Commercial Buses and Coaches

- Review of the designated entry and exit points for consistency with Protocol 1 of the ASEAN Framework Agreement for the Facilitation of Goods in Transit, and
- Construction of more rest areas in the designated routes.

Source: Compiled from the MOUs on sea linkages, air linkages, and commercial buses and coaches.

Transport and Trade Facilitation in IMT-GT. At the 16th Senior Officials Meeting/Ministerial Meeting in October 2009, the IMT-GT Task Force on CIQ was established under the Working Group on Trade and Investment to oversee the IMT-GT initiative on trade facilitation. The mandates of the task force include (i) strengthening of CIQ initiatives to simplify cross-border procedures; (ii) promoting the transparency of rules, regulations, and procedures at the borders; and (iii) developing a simplified, improved, and time-bound system for processing documents at identified entry points. The task force activities were rolled out in 2011 and would follow essentially the same approach as that taken for the BIMP-EAGA CIQS initiative. But a difference in the scope of the improvements is envisaged to conform to international standards “plus ASEAN.” As the IMT-GT CIQ initiative is still in the very early stages, it is not possible to offer any observation at this point.

Subregional Links with the ASEAN Transport and Trade Facilitation Agreements. Although the subregional

objectives in trade and transport facilitation are broadly aligned with that of ASEAN, the subregional groups have taken different approaches in pursuing this objective. This could be accounted for partly by the timing of the initiatives. The GMS CBTA, which was launched in 1999, had a far more comprehensive coverage than the existing ASEAN frameworks at that time. But with ASEAN integration momentum picking up after the launching of the AEC, the NCTS—embodied in Protocol 7 of the AFAFGIT—was eventually put in place, thus requiring a realignment of the GMS CBTA.

In the case of BIMP-EAGA, the MOU on Transit and Inter-state Transport of Goods (signed in 2009) presented an opportunity to pilot test some of the provisions of AFAFGIT (signed in 2007). The BIMP-EAGA and AFAFGIT are completely aligned with respect to the provisions on traffic rights and market access. In addition, the designated routes under the MOU were negotiated based on Protocol 1 (Designation of Transport Transit Routes) of the AFAFGIT. It is significant to note that

there are explicit references to the BIMP-EAGA MOU on Transit and Inter-state Transport of Goods as a test bed of the AFAFGIT.

Specific countries' readiness to implement specific measures under a framework agreement is another factor that could influence the approach to a subregional initiative in transport and trade facilitation. When the CBTA was formulated, only two of the GMS countries (the PRC and Thailand) could have managed an implementation of any computerized CTS component across their territories. Thus, across the region, it was not feasible to implement anything for the CBTA other than a manual CTS. Other prerequisites for infrastructure (roads, bridges, and telecommunications) and common transport rules were also relatively undeveloped at that time. These circumstances have now changed significantly: GMS customs authorities now possess the experience and skills that place them in a relatively better position to implement a computerized CTS across the region.

The BIMP-EAGA CIQS initiative is envisaged to link with the National Single Window and ASEAN Single Window initiatives in terms of data sharing, communicability, and comparability. The gap analysis, which became the basis for action plans, was benchmarked against the ASEAN Single Window, as well as international standards and conventions in the various subsectors (customs, immigration, quarantine, sanitary, and phytosanitary measures). The action plans may have to take into account more recent developments in Protocol 7 under AFAFGIT to ensure that they align with ASEAN-wide frameworks, as well as with the BIMP-EAGA MOU on the Transit and Inter-state Transport of Goods.

The GMS and BIMP-EAGA experiences in transport and trade facilitation initiatives offer useful insights on the top-down and bottom-up approaches to the implementation of a regional program. The GMS CBTA essentially followed a top-down approach that started with a comprehensive agreement. However, this became too cumbersome to implement, resulting in delays that caused some of the schemes to be outdated. Moreover, the pilot sites were not carefully selected in terms of sufficiency in traffic volume, infrastructure preparedness (hardware), software preparedness (legal mandates, rules, regulations and procedures, and institutional capacities), and technology readiness.

On the other hand, the BIMP-EAGA's approach was incremental, bottom-up, and pragmatic. The MOUs on transport linkages were largely driven by the need to address specific constraints in EAGA's unique archipelagic state by focusing on transport facilitation and liberalization

in the maritime and air sectors. This enabled BIMP-EAGA to be more responsive to problems unique to the subregion (e.g., the problems of nonconventional sized ships and enhancement of RoRo services), without losing sight of the need to be consistent with the wider ASEAN agreements and international conventions. The BIMP-EAGA MOU on Transit and Inter-State Transport is perfectly aligned with AFAFGIT; it provides an ideal test bed for ASEAN initiatives. The important task ahead is to determine how the pilot testing will be implemented.

Findings and Observations: Operational Level Review

There are a number of insights that emerged from the foregoing review. First, across all connectivity areas covered in the review, there is evidence of links in various forms. The links can be purposive and intended, such as the BIMP-EAGA MOU on Transit and Interstate Transport of Goods as a test bed for AFAFGIT, or they can be random and unintentional, such as segments of the ASEAN Highway Network (AHN) coinciding with those of the subregional corridors. Links can also take the form of connectivity expansion, such as the GMS plan for railway expansion beyond the Singapore–Kunming Rail Link. Generally, the review shows that the links between ASEAN and the subregional programs have tended to be more purposive following the AEC launch in 2007, along the same pattern observed for the strategy level review. This was evident especially in the area of transport and trade facilitation, with many ASEAN and subregional agreements and protocols being forged and aligned starting in 2007.

Second, both ASEAN and the subregional programs have unique roles to play while pursuing shared goals. The subregional programs have played a critical role in translating the goal of ASEAN physical connectivity into specific area contexts, taking into account their unique geography, in pursuit of specific development strategies. For instance, subregional corridor development has provided depth to the minimum standards of connectivity implied by the AHN, and has allowed the ASEAN Member States to address specific physical constraints impeding economic integration. Subregional corridor development became the means by which ASEAN could link more intensively with the PRC, and farther west to India and the rest of South Asia.

The contribution of subregional corridors to the promotion of trade and economic growth has helped narrow the development divide, which is crucial for distributing the benefits of integration. Meanwhile,

ASEAN has played an effective leading role in region-wide harmonization of operational standards and system codes, coordination of institutional mechanisms, and synchronization of improvements in policy regimes under a common framework. For instance, it is inevitable that the ASEAN CTS (Protocol 7 of the AFAFGIT) will become the standard for the GMS members of ASEAN, with alignment with the CBTA to address the circumstances of the PRC.

Third, the flexibility accorded by subregional programs can help promote linkages between subregional programs and ASEAN. Through their participation in subregional programs, the ASEAN Member States are given the flexibility to pursue strategies that are more adaptable to their needs and unique circumstances. It affords them the opportunity to “test the waters,” participate incrementally in activities where capacity may still be lacking, and allocate resources where national and regional priorities align. ASEAN may designate priority ports across the region, while the subregional programs, through an MOU, can further designate ports in priority and pioneer routes in the subregion. The subregional programs can also provide incentives to weak and unviable ports, and take joint measures to promote efficiency in port operations.

Fourth, the timing of the initiatives could influence the links between ASEAN and the subregional programs. With most of the AFAFGIT protocols coming into effect starting in 2007, BIMP-EAGA saw an opportunity to pilot test its provisions through the MOU on Transit and Interstate Transport of Goods (signed in 2007). The MOU seems to be the only subregional agreement so far that explicitly articulates the objective of pilot testing the AFAFGIT. The CLMV Agreement on the Subregional Cooperation in Air Transport (1998) and the BIMP-EAGA MOU on Air Linkages (2007) both preceded the ASEAN MAAS (2009). The MAAS, thus, consolidated the features of these earlier subregional agreements by explicitly reflecting the designated points in the ASEAN subregions that were part of the earlier agreements. In addition, the MAAS provided more extensive coverage pertaining to customs duties and tariffs and user charges, as well as fair competition, not covered in the BIMP-EAGA MOU and CLMV agreement. The timing of the initiatives allowed both ASEAN and the subregions to build their efforts toward accelerating the pace of cooperation.

Fifth, links develop from a top-down approach, as well as from a bottom-up approach. The ASEAN Power Grid and Trans-ASEAN Gas Pipeline (TAGP) are examples of top-down initiatives where ASEAN defined grid interconnections envisaged to show progress initially through bilateral arrangements, gradually expanding to a subregional basis, and finally moving to an integrated regional power system. In the case of the TAGP, however, the interconnections are mostly outside the GMS. Given that the use of natural gas in the GMS will increase over the long-term, the GMS plans of tapping the TAGP for its source of gas supply through the pipeline will require a coordinated approach with ASEAN.

Finally, the scale of a subregional initiative could affect the pace of its implementation. The GMS CBTA, launched in 1998, had comprehensive coverage relative to the AFAFGIT signed in the same year. The comprehensive nature of CBTA, however, made it difficult to implement, causing significant delays and leading to more recent developments overtaking some of its provisions as in the case of the CTS. Moreover, only the PRC and Thailand had the capacity to implement a digitized system during the CBTA's initial years, making a manual system the only feasible alternative at that time. In contrast, the BIMP-EAGA CIQS initiative has taken a more pragmatic approach by pursuing incremental improvements in the operational efficiency gaps of selected ports to conform with international standards and conventions. A component of these improvements is to develop the technical capacity to provide data inputs to the digitized systems of the National Single Window and ASEAN Single Window.

Table 17 summarizes the links that have been observed between ASEAN and the subregional programs, as well as among the subregional programs, in selected connectivity areas. It also indicates the broad measures that can be taken to further promote or expand these links. The institutional implications of promoting the links are tackled in Section IV of this report.

Table 17: Operational Level Links between ASEAN, GMS, BIMP-EAGA, and IMT-GT in Selected Connectivity Areas

Connectivity Area	Existing Links	Measures to Promote or Expand Links
Corridor Development	<p>Subregional programs provide the geographic focus for physical connectivity in ASEAN.</p> <p>All subregions recognize the need to move toward an integrated multimodal transport system along ASEAN's trajectory.</p>	<p>ASEAN to take into account subregional corridors in prioritizing segments or components of various transport plans, e.g., the ASEAN Highway Network (AHN)</p> <p>Subregional programs to align the corridor development with the ASEAN efforts to develop multimodal transport systems; coordinate with ASEAN efforts on the setting of technical, safety, and security standards for multimodal transport</p>
ASEAN Highway Network	<p>About half of AHN routes are part of, or linked to, segments of subregional corridors; two-thirds of these routes are in the GMS.</p> <p>Cross-border links in the AHN are mostly found in Thailand (13) and the Lao People's Democratic Republic (11).</p> <p>Ferry links as part of the AHN are found in Cambodia, Indonesia, and the Philippines.</p>	<p>ASEAN to take into account the connectivity needs of subregional corridors in determining AHN priorities for construction and upgrading</p> <p>ASEAN to give priority to cross-border highway links in expanding and upgrading AHN routes</p> <p>BIMP-EAGA and IMT-GT to further develop and expand ferry links as part of the AHN</p>
Singapore–Kunming Rail Link	<p>The missing link in the Singapore–Kunming Rail Link (SKRL) from Poipet to Sisophon in Cambodia is included in the GMS Vientiane Plan of Action.</p> <p>The inclusion of the railway subsector in the GMS transport strategy holds prospects for expanding the railway network beyond the SKRL.</p> <p>IMT-GT is pursuing a number of railway projects between southern Thailand and northern Malaysia, and within Sumatra independently of SKRL.</p>	<p>GMS to implement this project successfully and link with ASEAN for interoperability with the rest of SKRL</p> <p>GMS to pursue further expansion of the railway routes and address the software components that are essential for interoperability, which must be coordinated with the ASEAN initiatives in this area</p> <p>Software components for interoperability of subregional rail routes to be aligned with region-wide efforts</p>
Maritime Transport	<p>More than half of the 47-ASEAN designated ports are in the subregions, and mostly in the priority corridors.</p> <p>BIMP-EAGA hosts 16 of the ASEAN-designated ports. The Memorandum of Understanding (MOU) on Sea Linkages is helping to improve the efficiency of the ASEAN Port system.</p> <p>The BIMP-EAGA initiative on nonconventional sized ships (NCSS) broadly supports the ASEAN maritime safety goals, and addresses the unique features of the subregion's trading environment.</p> <p>Development of roll-on/roll-off (RoRo) services in selected BIMP-EAGA and IMT-GT ports supports the goal of ASEAN RoRo Network in the Master Plan for ASEAN Connectivity.</p>	<p>BIMP-EAGA and IMT-GT to continue with port improvements, such as those prioritized under their implementation blueprints</p> <p>BIMP-EAGA to implement effectively the MOU on Sea Linkages; provide incentives to weak and unviable routes, and expand designated ports as appropriate; and further liberalize shipping services as building blocks to the ASEAN Single Shipping Market</p> <p>BIMP-EAGA NCSS initiative to consider possible extension to IMT-GT where the use of NCSS also dominates informal trade</p> <p>ASEAN to consider using BIMP-EAGA and IMT-GT as the hub of its RoRo network, building from pilot initiatives in the subregions</p>

Continuation on next page

Table 17 continued

Connectivity Area	Existing Links	Measures to Promote or Expand Links
Air Transport	<p>The BIMP-EAGA MOU on Air Linkages (2007) paved the way for the Multilateral Agreement on Air Services (MAAS) (2009); it serves as a building block to ASEAN goal of air services liberalization.</p> <p>The MAAS specifically provides the lifting of restrictions of up to 5th freedom rights between ASEAN cities and ASEAN subregions, specifically referring to BIMP-EAGA and IMT-GT; and Cambodia, the Lao PDR, Myanmar, and Viet Nam (CLMV). It also provides a direct link to air transport initiatives of subregional programs. It consolidated earlier initiatives and broadened the scope of air services liberalization.</p>	<p>BIMP-EAGA to pursue further expansion in coverage of the MOU on Air Linkages, conduct assessment study, and rationalize airport incentives; ASEAN to encourage full ratification of the MAAS</p> <p>ASEAN to fully implement the MAAS toward the ASEAN Single Aviation Market, and move beyond 5th freedom rights</p> <p>BIMP-EAGA, IMT-GT, and CLMV to start moving to 6th freedom rights and beyond, but an ASEAN-wide agreement would be difficult on account of diverse views of the ASEAN Member States</p>
Energy	<p>There is broad convergence among ASEAN and the subregional programs in terms of the (i) development of grid connectivity for power and gas; (ii) harmonization of regulatory frameworks; (iii) promotion of clean coal technology; and (iv) sustainable energy development through renewable energy, among others.</p> <p>The BIMP-EAGA Sarawak–Kalimantan Interconnection and IMT-GT Melaka–Pekanbaru Interconnection are priority projects in the Master Plan for ASEAN Connectivity. Sarawak–West Kalimantan is also part of the ASEAN Power Grid (APG).</p> <p>The GMS projects in Mae–Moh 3–Nan Hong Sa and Udon Thani 3–Navong are part of the APG. Other projects are being planned; however, most power projects in the GMS are export-oriented power generation projects with little interconnection between the GMS countries. This is consistent with the GMS strategy focusing on the development of a regional power market.</p> <p>The GMS regional master plan for natural gas (2012–2015) is envisaged to address the likely increase in natural gas imports, which may have to be sourced from large reserves in Borneo, East Natuna, and Java.</p>	<p>ASEAN and subregional programs to coordinate efforts on various initiatives in these areas</p> <p>BIMP-EAGA and IMT-GT to ensure successful implementation of these projects</p> <p>GMS to ensure successful implementation of these projects, but at the same time to take steps to develop a regional proven market</p> <p>GMS to use the Trans-ASEAN Gas Pipeline to exploit economies of scale, enhance security of supply by sharing outputs of gas through the pipeline, and develop a more coordinated approach with ASEAN on policy and interconnection due to an increase in the use of natural gas in the GMS</p>

Continuation on next page

Table 17 continued

Connectivity Area	Existing Links	Measures to Promote or Expand Links
Transport and Trade Facilitation	The GMS Cross-Border Transport Agreement (CBTA) (1998) broadly supported the ASEAN goals on trade facilitation and contained specific provisions on goods in transit along the lines embodied in the ASEAN Framework Agreement for the Facilitation of Goods in Transit (AFAFGIT) (1998), but CBTA was more comprehensive.	GMS to address CBTA implementation bottlenecks and the need for alignment with ASEAN frameworks, including elements of National Single Window (NSW) and ASEAN Single Window (ASW)
	The ASEAN Customs Transit System (CTS) under Protocol 7 of AFAFGIT (March 2012) consolidated transit procedures.	GMS to align CBTA CTS with that of ASEAN and address the CTS of the People's Republic of China in relation to its plans to join the Transit International Routier Convention
	The BIMP-EAGA MOUs on commercial buses and coaches, sea linkages, and air linkages are contributing to overall ASEAN transport facilitation objectives; these draw significantly from the ASEAN framework agreements.	BIMP-EAGA to continue planned expansion and improved implementation of the MOUs, and conduct assessment study to guide expansion and improvements
	The BIMP-EAGA MOU on Transit and Interstate Transport of Goods (2009) will, among others, pilot test the AFAFGIT as the basis for formulating a region-wide agreement. The MOU is completely aligned with AFAFGIT provisions.	BIMP-EAGA to set clear parameters in pilot testing AFAFGIT toward region-wide implementation
	The BIMP-EAGA customs, immigration, quarantine, and security (CIQS) initiative links with the NSW and ASW in terms of information sharing, and builds on technical and human resource capacity for compliance with international standards.	BIMP-EAGA to use experience in informing inputs to ASEAN-wide initiatives, such as the NSW and ASW
	The IMT-GT CIQS initiative is starting along the same lines as that of BIMP-EAGA based on international standards plus ASEAN.	IMT-GT to use experience in informing inputs to ASEAN-wide initiatives, such as the NSW and ASW

ASEAN = Association of Southeast Asian Nations, AHN = ASEAN Highway Network, BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area, CBTA = Cross-Border Transport Agreement, GMS = Greater Mekong Subregion, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, MAAS = Multilateral Agreement on Air Services, REG = regional, TA = technical assistance.
Source: ADB TA 7718-REG Study Team.

IV. INSTITUTIONAL COORDINATION AND LINKS

Strengthening strategy and program links to promote complementarity and synergy between the Association of Southeast Asian Nations (ASEAN) and the Greater Mekong Subregion (GMS), Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA), and Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) requires effective mechanisms and arrangements for coordination. This section deals with institutional coordination and links between each of the three subregional programs and ASEAN. Specifically, the section (i) reviews the existing institutional mechanisms and arrangements for coordination between the subregional programs and ASEAN, (ii) conducts a comparative assessment of these institutional arrangements and mechanisms, (iii) describes in-country arrangements for coordinating and managing these subregional programs and ASEAN activities, (iv) discusses coordination issues and constraints, and (v) identifies possible approaches for enhancing institutional coordination and links between the subregional programs and ASEAN.

Review of Institutional Arrangements and Mechanisms

GMS

Existing Institutional Arrangements. The GMS Program has been pursued through an institutional arrangement consisting of the (i) GMS Leaders Summit at the political level, (ii) ministerial conference supported by the Senior Officials' Meeting (SOM) at the policy level, and (iii) sector forums and working groups at the project and operational levels. The national inter-ministerial committee, assisted by the national secretariat, coordinates GMS Program activities

Figure 3: Basic GMS Organizational Structure



in each member country. A unit at the Asian Development Bank (ADB) headquarters in Manila provides overall secretariat support to the GMS Program in coordination with the national secretariats, and ADB's resident missions in the GMS member countries. The basic organizational structure of the GMS Program is shown in Figure 3.

The Leaders' Summit sets the vision and principal directions of economic cooperation in the GMS. The Ministerial Conference reviews and approves strategies and action plans in the sectors and areas of GMS cooperation, receives and deliberates on progress reports on the implementation of these strategies and action plans, and considers policy and implementation issues requiring high-level resolution and related matters brought to its attention. The SOM, which reports to the Ministerial Conference, provides overall coordination to the GMS forums and working

groups, reviews and endorses the recommendations of these forums and working groups to the Ministerial Conference, and brings policy and related implementation issues to the attention of the Ministerial Conference. The GMS forums and working groups act as the coordinator and facilitator of subregional initiatives in their respective sectors and areas of cooperation. More specifically, they coordinate the formulation of sector strategies and action plans, identify priority subregional initiatives, prepare and submit progress reports, and facilitate the resolution of issues in the implementation of these initiatives.

All GMS organizational bodies are responsible to the GMS leaders. GMS summits are held every 3 years, with the first in 2002; ministerial conferences are held yearly and the SOMs are held twice a year. Hosting and chairing of the summit and other meetings is by alphabetical rotation of the GMS member countries. The sector forums and working groups, which meet at least once a year, include the Subregional Transport Forum, Subregional Telecommunications Forum, Subregional Energy Forum, Subregional Trade Facilitation Working Group, Tourism Working Group, Working Group on Environment, Working Group on Human Resource Development, and Subregional Investment Working Group. The Working Group on Agriculture was established in 2003 in recognition of the need to include agriculture as one of the areas of cooperation in the GMS Program.

At the national level, a minister and senior official or national coordinator have the primary responsibility of coordinating GMS activities in each GMS member country. These officials do not necessarily come from the same ministry, although this has generally been the case in the People's Republic of China (PRC), Myanmar, and Viet Nam. Table 18 shows the designated GMS minister and national coordinator in each GMS member country.

To promote and integrate the role of the private sector in the development of the subregion, the GMS Business Forum (GMS-BF) was established in 2000, with a secretariat based in Vientiane, the Lao People's Democratic Republic (Lao PDR). The GMS-BF is an independent, multi-country nongovernment organization and a joint initiative of the chambers of commerce of the GMS member countries. It is an important element in integrating the role of the private sector into the GMS Program, and in promoting, facilitating, and catalyzing cross-border investment, as well as investment from nonmember countries in the GMS. Its tasks include (i) fostering closer relations and cooperation among private sector organizations in the GMS member countries; (ii) representing the private sector in GMS meetings and conferences; (iii) promoting domestic and foreign direct investments in the GMS member countries; (iv) advocating policies, regulations, and systems and procedures conducive to private sector investments; and (v) identifying and compiling business opportunities and information in the GMS member countries and disseminating to private sector organizations and entities.

The GMS-BF has organized fee-based conferences and high level public-private sector consultation meetings. It has set up a GMS website and compiled a business handbook and directory of small and medium-sized enterprises (SMEs) in the GMS. In 2006, the board of the GMS-BF was expanded to include corporate members representing multinational companies operating in the GMS. The GMS-BF has also established working groups to promote and facilitate trade and investment in the GMS member countries, especially along the GMS economic corridors. The most active is the GMS Trade and Transport Facilitation Working Group (GMS-BF TTF), which reviews the business environment and tracks progress in implementing the customs transit system in all GMS economic corridors. The GMS-BF TTF also prepared the ground for the organization of the GMS

Table 18: GMS Ministers and National Coordinators

Country	GMS Minister	National Coordinator
Cambodia	Minister of Commerce	Council for Development of Cambodia
China, People's Republic of	Minister of Finance	International Department, Ministry of Finance
Lao People's Democratic Republic	Minister in Government Office	Prime Minister's Office
Myanmar	Minister of National Planning and Economic Development	Foreign Economic Relations Department, Ministry of National Planning and Economic Development
Thailand	Minister to the Prime Minister's Office	National Economic and Social Development Board
Viet Nam	Minister of Planning and Investment	Foreign Economic Relations Department, Ministry of Planning and Investment

GMS = Greater Mekong Subregion.
Source: GMS Secretariat.

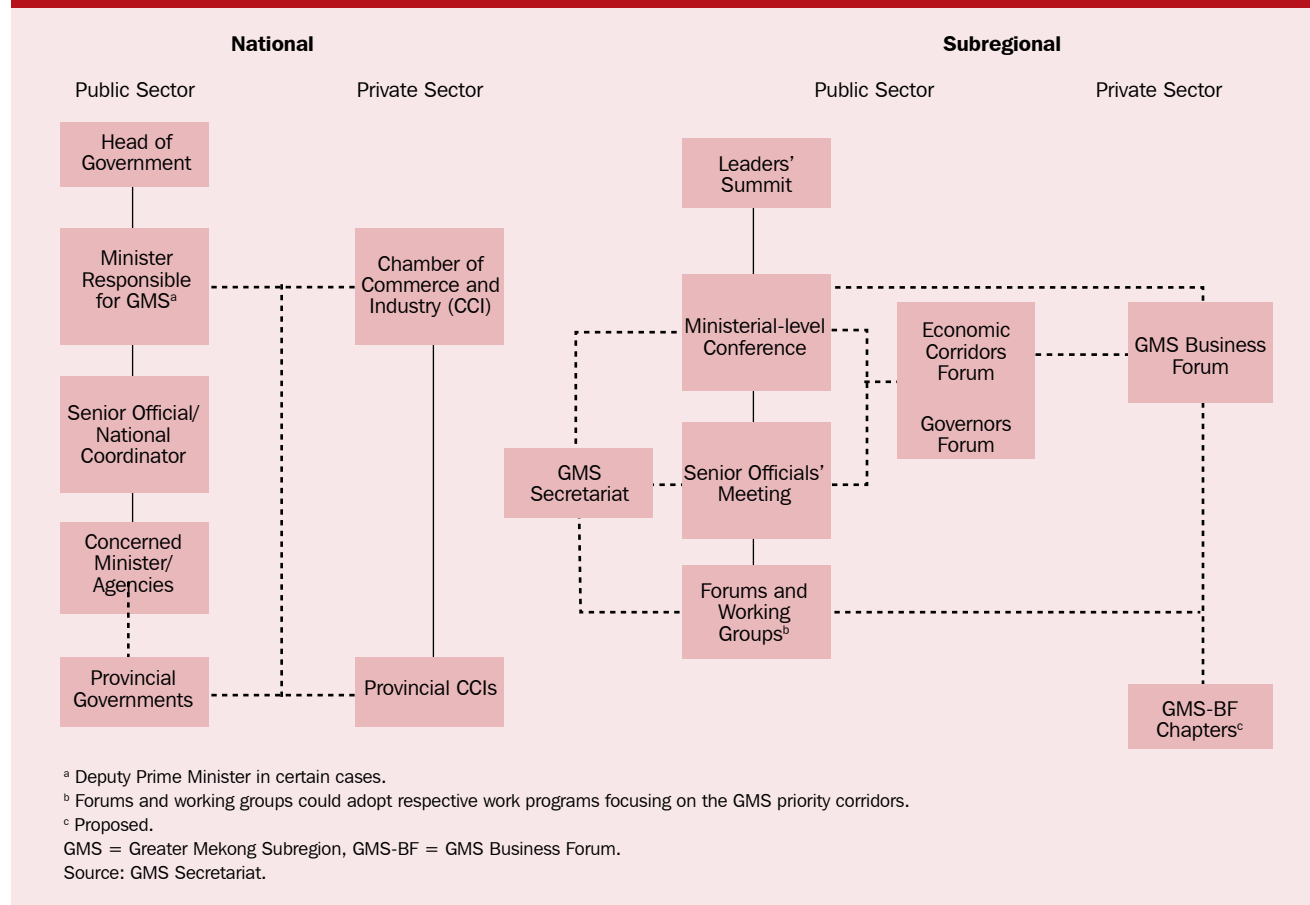
Freight and Transport Association, which is in the process of being formally established. The other GMS-BF working group, which covers investment and finance, is supporting the revitalization of the GMS Subregional Investment Working Group and promoting SMEs finance.

To strengthen efforts to develop GMS economic corridors, the Economic Corridors Forum (ECF) was organized in 2008 to serve as the main advocate and promoter of GMS economic corridor development. Among its key tasks are to (i) provide a platform for strengthening cooperation among areas in the GMS East–West Economic Corridor (EWEC), North–South Economic Corridor (NSEC), and Southern Economic Corridor (SEC); and among the GMS forums and working groups; (ii) serve as a venue for networking and sharing of information and views among central and local officials, businesspersons, and international agencies on strategies, approaches, programs, and projects to accelerate economic corridor development; (iii) discuss the implementation of strategies and action plans for economic corridor development,

identify gaps in implementing strategies and action plans, and propose actions to resolve implementation issues; and (iv) help increase the involvement of local authorities and communities, and expand the participation of the private sector in economic corridor development. Figure 4 shows more comprehensively the GMS institutional framework at the national and subregional levels for the public and private sectors.

Other bodies have also been constituted to support the GMS Program. The Mekong Tourism Coordination Office was established in 2005 to coordinate sustainable pro-poor tourism development projects in the GMS, and promote the GMS as a single travel and tourism destination. Based in Bangkok, Thailand, it serves as the secretariat of the GMS Tourism Working Group, taking over the functions of the previously constituted Agency for Coordinating Mekong Tourism Activities. The Environment Operations Center (EOC) was established in early 2006 to serve as the information and knowledge clearing house for environmental management in the GMS, and is responsible

Figure 4: GMS Organizational Framework



for the timely and effective implementation of the GMS Core Environment Program (CEP). EOC also serves as the secretariat of the GMS Working Group on Environment (WGE); its tasks include organizing WGE meetings, coordinating WGE activities, and reporting to the WGE on the progress of various CEP activities.

Other supporting mechanisms include the National Transport Facilitation Committee, which coordinates, monitors, and evaluates the implementation of the Cross-Border Transport Agreement (CBTA) for the incorporation of its provisions into the national legal and regulatory framework of each country. Further, the committee promotes the integration of CBTA provisions into the logistics operations of the private sector. Another mechanism is the GMS Development Partners Meeting, which brings together about 60 participating development partners covering bilateral and multilateral organizations and the private sector. It provides a venue for dialogue with the GMS member countries and ADB on the GMS Program. Since the inception of the GMS Program, ADB has been the designated GMS Secretariat providing full secretariat services in close collaboration with the GMS national coordinators of the member countries.

The GMS follows an informal, pragmatic, and results-oriented approach in its operations and activities. It builds on earlier gains and growing confidence among its members to bring subregional economic cooperation to a higher level. Decisions are made by consensus, but initiatives that involve only two or more GMS member countries can be implemented following the “6-x” principle—if two or more GMS member countries agree to undertake a project, then such project could proceed as a GMS initiative. Over time, GMS officials have developed a network of personal relationships that cut across countries and sectors, thus facilitating decision-making even in the case of difficult issues.

Issues and Constraints. The 2007 Midterm Review of the GMS Strategic Framework (GMS-SF),⁵¹ in its assessment of the GMS institutional arrangements and mechanisms, concluded that the existing “arrangements have provided an adequate administrative framework for implementing the GMS-SF. They are flexible, simple, and generally effective in supporting the pragmatic, activity-driven, and results-oriented approach of the GMS Program. While no major changes are necessary in the short term, certain adjustments in the GMS institutional framework need to consider the changing context of the GMS Program, increase the role of GMS countries in implementing

the program, and strengthen the effectiveness of the existing mechanisms and arrangements.”⁵²

It recommended the following:

- (i) further strengthen the capacity of national focal points for coordinating subregional cooperation activities;
- (ii) maintain the existing institutional arrangements, while strengthening the GMS Secretariat and enhancing ADB’s coordinating and advisory role, and having GMS countries assume more responsibility for coordinating the work of GMS forums and working groups where there is willingness and capacity, as well as consensus among the GMS countries;
- (iii) where feasible, establish separate secretariats for forums and working groups in GMS countries similar to the arrangements in the WGE and Tourism Working Group, with the GMS countries assuming responsibility and support to forums and working groups on a phased-basis;
- (iv) continue the practice of holding meetings of the forums and working groups at the ministerial level when the agenda warrants, so that the direction and mandate for action at the sector level can emanate directly from a high political level in the GMS countries;
- (v) improve coordination and interaction among GMS forums and working groups to promote cross-sector linkages and achieve synergies through (a) cross-attendance in closely related meetings of forums and working groups, (b) presentation of an overall progress report on GMS activities during the meetings of the forums and working groups, (c) preparation and circulation of annual reports by the forums and working groups, and (d) improvement of the flow of information and increase in communication among the forums and working groups; and
- (vi) examine how GMS institutional arrangements should evolve in the next 10 years, taking into account the experience of other subregional and regional cooperation initiatives, e.g., Should the flexible, informal arrangements in the GMS be continued, or should the program or parts of it move progressively toward a more structured framework? How should the GMS Secretariat be eventually constituted and where should it be located? What should be the GMS Program’s interface with ASEAN?

⁵¹ ADB. 2007. *Midterm Review of the Greater Mekong Subregion Strategic Framework* (2002–2012). Manila.

⁵² The latter point was reiterated in the GMS Strategic Framework for 2012–2022.

As regards the GMS-BF, the midterm review of the GMS Strategic Framework recommended the following:

- (i) further strengthen the GMS-BF's advocacy role for policy and regulatory reforms;
- (ii) look into the possibility of regularizing the membership of GMS-BF in the Trade Facilitation Working Group and the Subregional Investment Working Group to institutionalize public-private cooperation in trade and investment promotion, provide a venue for following up on actions needed, and help in identifying practical and realistic approaches; and
- (iii) continue to mobilize funds from the private sector and establish mechanisms to make the operations of the GMS-BF self-sustaining over the longer-term, being supported by ADB and the Economic and Social Commission for Asia and the Pacific and supplemented by income from the organization of fee-based conferences.

Actions have been taken on some of these recommendations, but a few others remain to be acted upon.⁵³ For instance, to strengthen national coordinators' offices, the GMS Secretariat met with the national focal points in the GMS countries in 2008 and 2009 to improve coordination and working arrangements, and identify training needs. The GMS countries expressed a desire to hold these consultations annually to follow up on previous agreements, and discuss current and emerging issues involving the coordination and administration of the GMS Program.

Moreover, all GMS forums and working groups, except the ones on trade and investment, have taken steps to sharpen the focus of their work and make their activities more effective, including further prioritization of planned projects and preparation of strategies and work plans to guide their activities. The Working Group on Human Resource Development was restructured in line with the new GMS Human Resource Development Strategy and Action Plan it prepared. Separate secretariats for the GMS forums and working groups similar to the Tourism Working Group and the WGE have not yet been established. The GMS Program's interface with ASEAN is being addressed by this study.

With the operationalization of the new *Greater Mekong Subregion Economic Cooperation Program Strategic Framework (2012–2022)*, which is centered on a multisector approach to further pursue corridor development, implications to the GMS institutional structure and its stakeholders need to be considered. The ongoing preparation of the Regional

Multisector Investment Framework to carry forward the new GMS strategic framework calls for a greater role for the ECF, being the only multisector platform in the GMS Program.⁵⁴

IMT-GT

Existing Institutional Arrangements. The existing institutional structure of IMT-GT consists of national and subregional mechanisms in the public and private sectors (Figure 5).⁵⁵ At the national level, a minister and a senior official have the responsibility of coordinating IMT-GT activities. The IMT-GT minister and senior official in Indonesia are from the Coordinating Ministry of Economic Affairs (CMEA). The IMT-GT ministers in Malaysia and Thailand are from their respective Prime Minister's Office. The senior official for Malaysia is from the Economic Planning Unit (EPU); for Thailand, the senior official is from the National Economic and Social Development Board (NESDB). The IMT-GT ministers and senior officials are supported by their national secretariats: CMEA in Indonesia, EPU in Malaysia, and NESDB in Thailand.

The IMT-GT mechanism at the subregional level has a multi-tiered structure consisting of working groups, senior officials, and ministerial level meetings, in addition to an annual summit of the IMT-GT leaders on the sidelines of the annual internal ASEAN summit. There are six working groups⁵⁶ corresponding to each area of cooperation: (i) agriculture, (ii) *halal* products and services, (iii) human resource development, (iv) tourism, (v) trade and investment, and (vi) transport and infrastructure. The working groups represent the basic working unit of the IMT-GT where new project proposals are vetted, ongoing projects are monitored, and project implementation issues are resolved.

The Senior Officials Meeting (SOM) is the subregion-wide body that coordinates and provides oversight to the working groups to ensure that projects and activities are consistent with the goals of IMT-GT. It reports to the Ministerial Meeting and provides the substantive direction to projects and activities in-between ministerial meetings. Since 2008, the SOM has convened a planning meeting in the first quarter of every year to review summit directives and the

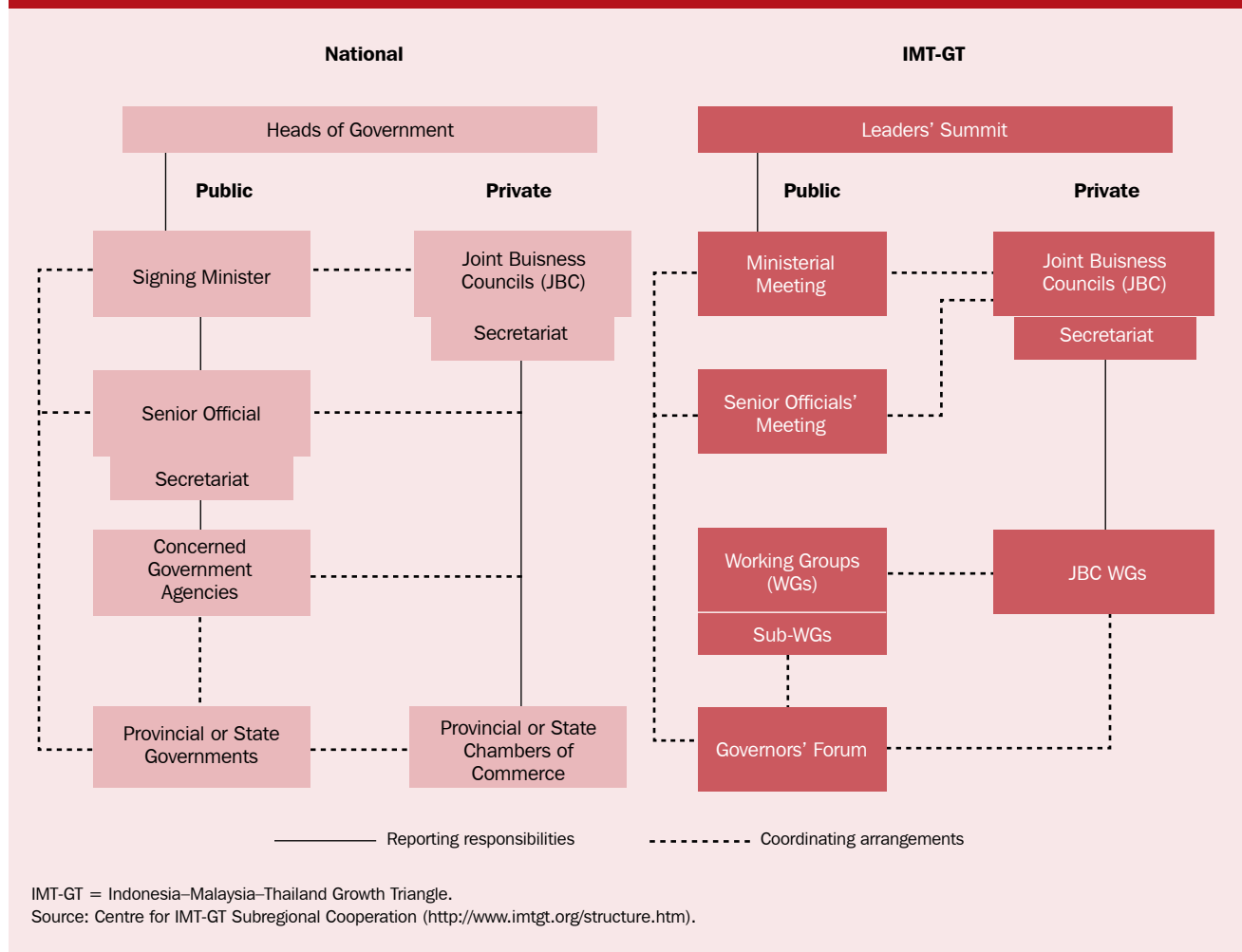
⁵³ ADB. 2010. Midterm Review of the Greater Mekong Subregion Strategic Framework: A Retrospective. Unpublished.

⁵⁴ This was discussed during the 4th GMS Economic Corridors Forum held on 26 July 2012 in Mandalay, Myanmar.

⁵⁵ ADB. 2010. *Draft Report: Report of the Eminent Persons on the Business Process Review of the IMT-GT*. Manila.

⁵⁶ In 2006, the working groups replaced the "implementing task groups" on trade and in-situ development, open market operation, cross-sectoral development, development of the hinterland and intra-trade, infrastructure development, and tourism.

Figure 5: IMT-GT Institutional Framework



measures needed to carry them out. The SOM also holds a preparatory meeting prior to the Ministerial Meeting, and holds special SOMs when necessary to consider urgent matters to be acted upon or brought to the attention of the Ministerial Meeting. The Ministerial Meeting convenes at least once a year. It is the second highest coordinating, direction-setting, and decision-making body in the IMT-GT. It is the mechanism for formally reporting to the Leaders Summit on the progress of initiatives under the program, and for deliberating on attendant issues.

The Joint Business Council (JBC) serves as the private sector counterpart of the governmental IMT-GT institutions. It has a parallel set of working groups operating in the six areas of cooperation in the IMT-GT. The national JBCs convene regularly at the subregional level to foster closer relations and cooperation among various business interests in the IMT-GT, and serve as an advocate for improving the enabling environment for private sector participation

in IMT-GT development. Coordination between the concerned line ministries, provincial or state authorities, and JBC is done mainly through the national secretariat, SOM, and ministerial level structures. The national secretariat serves as the focal point for coordination.

Participating provinces and states are expected to be involved in the planning and programming of public investments, and in facilitating the implementation of projects in their respective areas. The Chief Ministers and Governors Forum (CMGF) serves as the promoter and facilitator of IMT-GT projects in their respective areas. The CMGF has been active only in recent years as a forum for discussing project updates, new project ideas, and business opportunities.

The Centre for IMT-GT Subregional Cooperation (CIMT) serves as the secretariat of the IMT-GT. It was established in accordance with the decision taken at the 2nd IMT-

GT Summit held in Cebu, Philippines in January 2007 to set up a coordinating and monitoring mechanism for the IMT-GT. The CIMT was officially established in August 2007 under sponsorship of the Government of Malaysia. The CIMT, which is based in Putrajaya, Malaysia, has been accorded the status of international organization. Its principal tasks are to (i) facilitate coordination and consultation among IMT-GT institutions; (ii) facilitate, monitor, and evaluate the implementation of priority projects and agreements; (iii) promote relations with potential investors and donors; and (iv) develop databases of IMT-GT activities and disseminate information on IMT-GT within and outside the subregion. The CIMT provides support to the national secretariats in preparing and organizing the Leaders' Summit, Ministerial Meeting, SOMs, and working group meetings. It also assists in monitoring and coordinating follow-up actions with IMT-GT member governments and their respective ministries and agencies. The CIMT acts as a focal point for interaction with external parties, including potential investors, donor agencies, and development partners. ADB has been a development partner of IMT-GT since 2006.

Issues and Constraints. The *Mid-term Review of the IMT-GT Roadmap for Development, 2007–2011*⁵⁷ concluded that only modest progress has been made in implementing the roadmap initiatives; this less-than-satisfactory implementation of the roadmap reflects fundamental weaknesses in structures, capacities, and processes of IMT-GT cooperation. Some of the weaknesses highlighted in the roadmap included the need to (i) sharpen the policy focus of ministerial-level meetings; (ii) strengthen the project formulation, monitoring, and coordination functions of the SOM, national secretariat, and CIMT; and (iii) intensify the policy and advocacy role of JBC. The slow progress of cooperation in the IMT-GT has also raised doubts over whether the current institutional arrangements are suitable to a private-sector-led program such as IMT-GT. The public-private sector interface remains weak; hence, the energy and dynamism of the private sector continues to be underutilized.

Moreover, the current IMT-GT structure accentuates a central-ministry-driven program, as reflected in the composition of the working groups. The local governments are inadequately mainstreamed into the decision-making process both at the program and project levels. Project accountability within the IMT-GT institutional structure needs to be improved. Poorly conceived projects proliferate in the working groups' portfolio, which provides little information on the project's scope and rationale; measurable

targets; expected benefits; and, most importantly, accountability for implementation. In many cases, the status of project implementation cannot be easily ascertained. Little is known after projects have been listed in the working group's action plan, with issues identified sometimes being left unresolved. Within ministries, the sense of ownership is highly uneven, as reflected in the working group activities and outputs. Some working groups lack continuity, with high rates of turnover in individuals representing specific ministries at their meetings. A system of focal points in the ministries sitting in the working groups has also not been established. A bigger information gap exists for JBC projects. The roadmap project list is composed mostly of public sector initiatives, notwithstanding claims of IMT-GT being private-sector-led. It is also difficult to ascertain systematically (i) what and how many activities are going on through JBC, except through its meeting reports; and (ii) which among these activities are discrete projects, or simply spin-offs from business networking activities.

Part of the weaknesses in the project formulation and monitoring function of IMT-GT institutions can be traced to the limited resources and capacity of the CIMT and the national secretariats. The Intergovernmental Agreement to make the CIMT fully operational has encountered domestic legal issues, thus constraining the CIMT's ability to fully perform its functions. The CIMT lacks the stature and resources to attract staff with the requisite knowledge and skills that could provide technical and advisory support to the participating governments. The national secretariats also have limited staff and are faced with competing priorities. In some cases, they do not have clear and specific mandates. The capacity of the national secretariats needs to be strengthened in terms of staffing, skills, and resources to support the senior officials in their monitoring and coordinating function, and the Ministerial Meeting in its direction-setting role. There is a need for a regular platform that would enable JBC and IMT-GT officials (national and local) to discuss policy issues at the national level before these are elevated to subregional level discussions. This national level platform could serve as a forum for dialogue, and a clearinghouse of policy issues that need to be raised at the tripartite level.

The *Mid-term Review of the IMT-GT Roadmap for Development, 2007–2011* concluded that the strategic thrusts of the roadmap remained relevant, and that the principal gap is in project implementation. The review observed that the Action Plan Matrix supporting the roadmap had to be translated into results to realize the benefits from cooperation under the IMT-GT program. In particular, the review stressed the need for a more disciplined and well-informed process for identifying project-based sector strategies, clear accountability for project outputs,

⁵⁷ ADB. 2010. *Mid-term Review of the IMT-GT Roadmap for Development 2007–2011*. Manila.

monitoring based on results, and an action-oriented implementation blueprint to succeed the roadmap. Thus, the idea of formulating an implementation blueprint was discussed at the 17th Senior Officials' Meeting/Ministerial Meeting in Krabi, Thailand in August 2010, which also endorsed the sector strategies that resulted from the mid-term review process. These strategies served as the basis for streamlining and identifying programs and projects for the *IMT-GT Implementation Blueprint, 2012–2016*, which was approved by the 8th IMT-GT Summit on 4 April 2012.⁵⁸

The IMT-GT implementation blueprint clearly manifests the resolve and commitment of the member countries to an action-oriented and results-based approach to IMT-GT development in the next 5 years. However, its successful implementation requires stronger and more focused institutional mechanisms. Along this line, the IMT-GT implementation blueprint defines more clearly the accountability of chairs of working groups, national secretariats, CIMT, and other bodies, emphasizing the important role of the line ministries and national secretariats. They need to assume a greater role in appraising projects, advising on project concepts, and implementing a results-based monitoring system.

BIMP-EAGA

Existing Institutional Arrangements. A new institutional structure for BIMP-EAGA was scheduled to be effected in January 2013. However, to provide the context and rationale of the changes to be made, the institutional structure in place up to the end of 2012 is first discussed.

The existing BIMP-EAGA institutional structure is similar in many respects to the IMT-GT organizational set-up (Figure 6).⁵⁹ At the top of the structure is the Leaders' Summit (held on the sidelines of the annual ASEAN Summit) and immediately below it, the Ministers Meeting, and then the Senior Officials' Meeting (SOM). A secretariat at the national and subregional levels, called the BIMP-EAGA Facilitation Centre (BIMP-FC), supports and assists in coordinating BIMP-EAGA activities. There is also a Local Government Forum (LGF), which is similar to the Chief Ministers and Governors Forum of IMT-GT, and a parallel private sector organization, the BIMP-EAGA Business Council (BEBC). However, unlike IMT-GT, there are "clusters" in BIMP-EAGA under whose wing one or more working groups operate.

BIMP-FC was established in 2004 in Kota Kinabalu, Sabah, Malaysia; its task is to coordinate the different BIMP-EAGA institutions, including the (i) national secretariat through regular meetings, and (ii) clusters and working groups through coordination or "convergence" meetings and the dissemination of reports on the activities of the clusters and working groups. It is also responsible for facilitating the implementation of projects by following up on actions required to resolve issues and organizing critical follow-on meetings. As secretariat for the SOM and Ministers' Meeting, the BIMP-FC provides technical and logistical support in preparation for their meetings. Regular reporting by BIMP-FC is expected to keep the senior officials informed about implementation issues facing priority BIMP-EAGA projects. It serves as a focal point for coordination with external partners, such as the governments of the People's Republic of China (PRC) and Japan, the ASEAN Secretariat, ASEAN–Japan Centre, Economic Research Institute for ASEAN and East Asia (ERIA), and GTZ.⁶⁰ ADB has served as BIMP-EAGA's regional development advisor since its appointment in 2001.

The main responsibilities of the national secretariat are to (i) ensure appropriate representation and active participation of both national and local stakeholders in subregional cooperation activities, and (ii) monitor and facilitate the implementation of priority projects. In-country consultation, dialogue, and feedback mechanisms are at the core of these activities. The agencies presently designated as national secretariats in BIMP-EAGA are the Ministry of Foreign Affairs and Trade for Brunei Darussalam, Coordinating Ministry for Economic Affairs (CMEA) for Indonesia, Economic Planning Unit (EPU) under the Office of the Prime Minister supported by the state economic planning units of Sabah and Sarawak for Malaysia, and Mindanao Development Authority under the Office of the President for the Philippines.

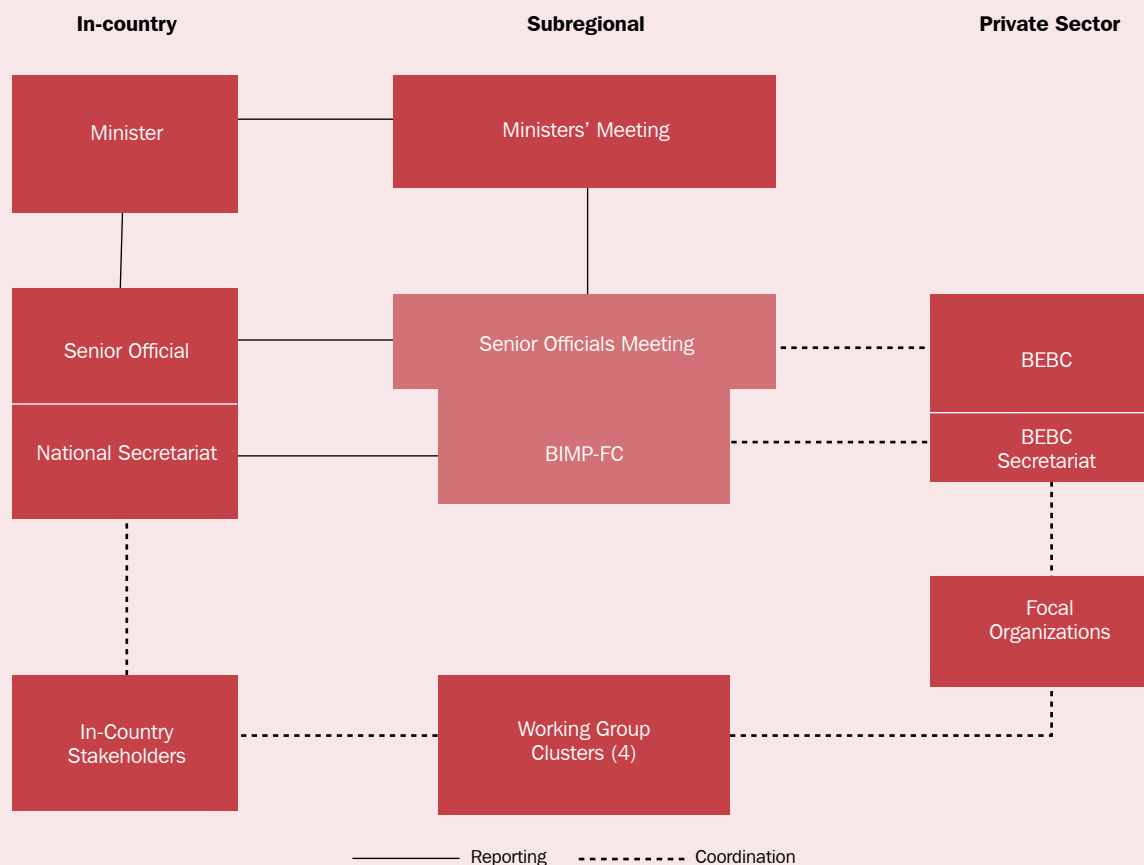
Local government participation is slowly but progressively being addressed with the holding of the chief minister, governors, and heads of LGF meeting for the third time. The LGF serves as a venue for dialogue among local government leaders in BIMP-EAGA about their roles in promoting cooperative activities that support their respective economic development agenda. The LGF technical working committee, which met in January 2008, agreed that local governments' participation would be effected and enhanced within the existing working group mechanisms in the countries. However, there are weaknesses in these mechanisms that have constrained

⁵⁸ CIMT. 2012. *IMT-GT Implementation Blueprint 2012–2016*. Putrajaya.

⁵⁹ ADB. 2010. Draft Report: BIMP-EAGA Institutional Structures and Cooperation Mechanisms Review and Assessment. Manila.

⁶⁰ GTZ assistance ended on 30 June 2011.

Figure 6: BIMP-EAGA Institutional Structure



ASEAN = Association of Southeast Asian Nations, BEBC = BIMP-EAGA Business Council, BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area, BIMP-FC = BIMP-EAGA Facilitation Centre.
Source: BIMP-EAGA <http://www.bimp-eaga.org>.

the participation of local governments, and more efforts are needed to enable them to play a larger role in BIMP-EAGA activities.

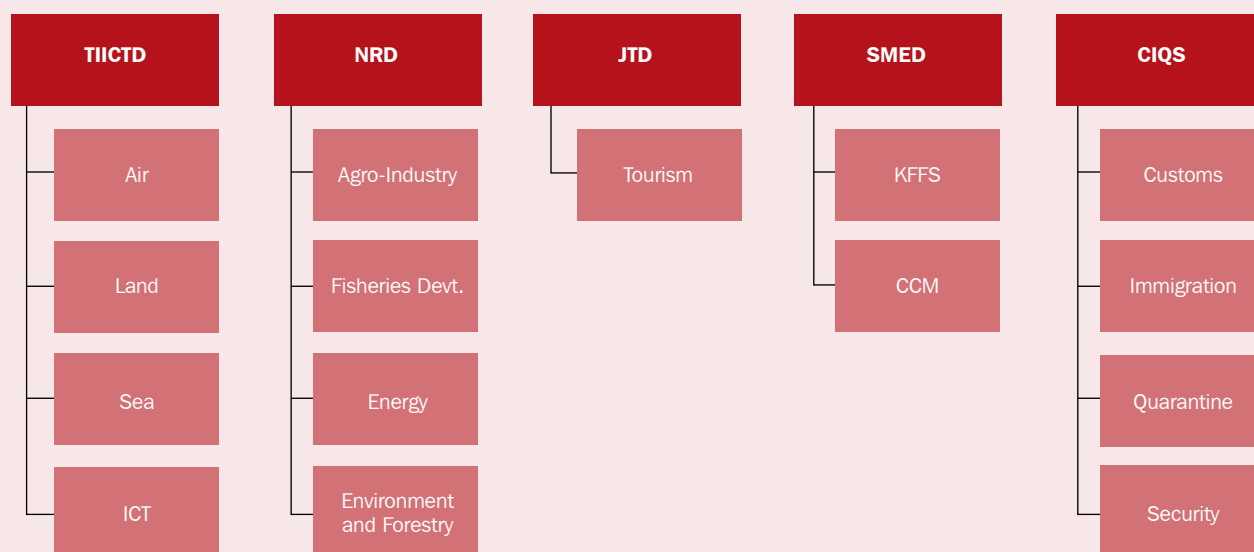
The clustering of the working groups came about as a response of the SOM to the recommendation of the 2004 study to reduce the number of working groups,⁶¹ either by deactivating or consolidating related working groups. The SOM decided that the working groups should decide their relevance and contribution to the goals of BIMP-EAGA, thus leaving the decision whether to continue or cease operation to the working groups. To improve coordination within the priority areas of cooperation, the SOM decided to organize related working groups into clusters as shown

in Figure 7. Although this appears to have reduced the number of working groups in the overall organizational structure of BIMP-EAGA, it effectively added another layer to the already large number of working groups, further complicating the task of coordination within and across sectors and subsectors.

The Transport, Infrastructure, and ICT Development (TIICTD) Cluster is responsible for facilitating connectivity within the subregion through working groups for air, land, and sea transport, and information and communication technology. The Joint Tourism Development (JTD) Cluster consists of only one working group, which principally involves the respective ministries of tourism of four ASEAN Member States. Thus, coordination within the JTD Cluster is straightforward. Besides the JTD Cluster, the TIICTD Cluster appears to be the most cohesive of the

⁶¹ ADB. 2004. Draft Report. BIMP-EAGA: Review of Structure and Institutional Mechanisms. Manila. Unpublished.

Figure 7: BIMP-EAGA Clusters



ASEAN = Association of Southeast Asian Nations; BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area; CCM = Construction and Construction Materials; CIQS = customs, immigration, quarantine, and security; Devt = development; ICT = information and communication technology; JTD = Joint Tourism Development; KFFS = Capital Formation and Financial Services; NRD = Natural Resource Development; SME = small and medium-sized enterprises; SMED = SME Development; TIICTD = Transport, Infrastructure, and ICT Development.
Source: BIMP-EAGA <http://www.bimp-eaga.org>.

clusters because sectors represented by the working groups fall within the jurisdiction of just one or two national ministries or agencies. The Natural Resource Development (NRD) Cluster is responsible for the development of agriculture and fisheries, as well as the shared development and joint management of common natural resources. It is the least homogenous among the working groups because the sectors represented in the cluster are under the supervision of several national agencies. This has resulted in many coordination issues among agencies at the national level and between national agencies and local stakeholders.

The main functions of the Small and Medium-Sized Enterprises (SMEs) Development (SMED) Cluster are to (i) facilitate the development of an appropriate enabling environment for cross-border trade and investment; and (ii) help address the needs of SMEs, which comprise the large majority of private business in BIMP-EAGA. It has two working groups: Capital Formation and Financial Services (KFFS) and Construction and Construction Materials (CCM), both of which have been inactive. The Customs, Immigration, Quarantine, and Security (CIQS) Task Force was formerly under the SMED Cluster, but was spun off as an independent unit in 2007. However, it has remained as a task force and has not been upgraded to a cluster or working group, even though it deals with

trade facilitation, which is a critical aspect of regional cooperation and integration. The CIQS Task Force is composed of four sectors and four subsectors under the quarantine sector (human, plants, animals, and fish). A BIMP-EAGA member country is designated to take the lead in the activities of the clusters: Brunei Darussalam for the TIICTD Cluster, Indonesia for the NRD Cluster, Malaysia for the JTD Cluster, and the Philippines for the SMED Cluster and CIQS Task Force.

The private sector has an independent structure at the subregional and country levels. At the national level, the BEBC focal organizations are responsible for organizing consultation meetings with their respective members on issues involving cross-border trade and investment. The BEBC's predecessor, the East ASEAN Business Council (EABC), was perceived to have catered to the needs of big business rather than those of the BIMP-EAGA business community made up largely of micro and small businesses, and a sprinkling of medium-sized enterprises. Thus, the BIMP-EAGA private sector welcomed the restructuring of BEBC in 2004 to cater to the needs of the SMEs. The change from EABC to BEBC, however, did not produce the intended results and failed to increase and broaden its membership.

Issues and Constraints. The *BIMP-EAGA Roadmap to Development, 2006–2010* was formulated following the agreement reached at the 12th SOM/9th Ministers Meeting in Balikpapan, Indonesia in November 2004 to prepare the roadmap. The roadmap identified broad strategic thrusts for the subregion and targets for clusters and sectors that would guide the implementation of BIMP-EAGA projects and activities. In October 2010, the 15th Ministers Meeting decided that since the strategic thrusts of the roadmap were still relevant and valid, the successor document should cover 2012–2016. The blueprint would focus on project implementation, which is essential in achieving concrete results and realizing the subregional program's objectives. The implementation blueprint has been specifically designed to strengthen project preparation and implementation, and enhance the achievement of the strategic thrusts of the roadmap. The *BIMP-EAGA Implementation Blueprint, 2012–2016* was approved by the 8th BIMP-EAGA Summit in April 2012.⁶²

The operationalization of the BIMP-EAGA implementation blueprint requires concomitant strengthening of the institutional mechanisms and arrangements for managing the subregional program. In this regard, the 2010 review and assessment of these mechanisms and arrangements concluded that: "In general, the assessment shows that current subregional institutional frameworks and mechanisms are effective only as far as consultations and dialogue among member countries are concerned. The structures and mechanisms, however, are not ideal for the implementation or for the monitoring of the progress of identified flagship and priority projects. Reforms, if adopted, should directly address the need to accelerate project implementation, particularly projects that support the twin goals of establishing BIMP-EAGA as a regional food basket and promoting the subregion as an ecotourism destination."⁶³ It identified several issues and constraints to be addressed to increase the effectiveness of the BIMP-EAGA institutional arrangements, including the following:

- (i) cumbersome institutional framework with too many clusters and working groups, requiring a major effort to rationalize and streamline its organizational structure and sharpen the focus of its working groups;
- (ii) lack of clear implementation mechanisms for programs and projects identified by the working groups, requiring an improvement in project identification, development, and implementation process;

- (iii) inadequate monitoring mechanisms for programs, projects, and activities, requiring the establishment of a system for tracking progress and results;
- (iv) infrequent meetings of working groups,⁶⁴ lack of continuity, and low level of participation in working group meetings and activities, requiring an improvement in their management and operations and the appropriate level and continuity of representation in their meetings and activities;
- (v) dwindling participation of the private sector in BIMP-EAGA activities, requiring strengthening of BEBC's organization and operations and closer engagement with national and local chambers of commerce and industry associations; and
- (vi) weak substantive preparations for high level meetings (SOM, Ministers Meeting, and Summit), requiring the strengthening of the capacity and mandates of the national secretariat, BIMP-FC, and working groups.

To ensure the delivery of the BIMP-EAGA implementation blueprint goals and accelerate BIMP-EAGA cooperation, a new organizational structure was approved by the Special SOM in Jakarta on 28–29 February 2012 (Figure 8) and included in the blueprint as adopted. The new structure revolves around the strategic pillars of the implementation blueprint and their key components to ensure closer coordination and greater synergy among related projects. It more clearly delineates the policy-making and direction-setting bodies, and program or sector bodies that are responsible for formulating and implementing projects under the implementation blueprint. The roles, responsibilities, and accountabilities of the clusters and working group chairs have also been more clearly defined. The Summit, Ministers Meeting, and SOM will continue to be the policy-making and direction-setting bodies supported by the national secretariats and BIMP-FC. The Ministers Meeting is responsible for coordination with participating provinces and states through the LGF, while the SOM is responsible for coordination with the private sector through BEBC. Improvements in business practices are further expected to address the weaknesses previously discussed.

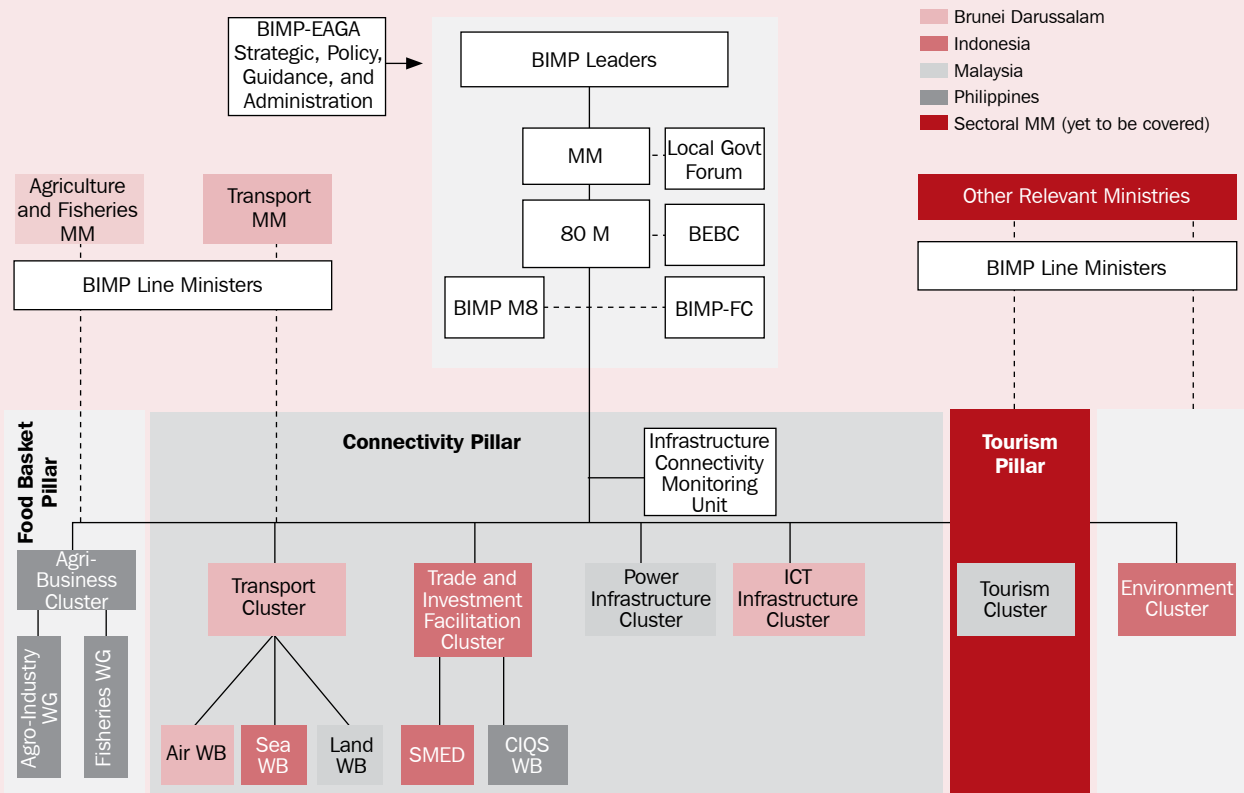
The delay in the signing of the agreement for the establishment of BIMP-FC, which would formalize and legalize its status, has constrained the BIMP-FC from performing its tasks effectively. The lack of a legal status has prevented the BIMP-FC from hiring technical staff to increase its capacity to provide technical support to the

⁶² BIMP-FC. 2012. *BIMP-EAGA Implementation Blueprint, 2012–2016*. Kota Kinabalu.

⁶³ ADB. 2010. Draft Report. Subregional Institutional Structures and Cooperation Mechanisms: Review and Assessment. Manila. Unpublished.

⁶⁴ The situation was the opposite in the earlier years of BIMP-EAGA when there were too many meetings "taking a toll on resources and time of participants." ADB. 2008. Draft Report: BIMP-EAGA Review of Institutional Structures and Mechanisms. Manila. Unpublished.

Figure 8: BIMP-EAGA Revised Institutional Structure (Effective 1 January 2013)



ASEAN = Association of Southeast Asian Nations; BEBC = BIMP-EAGA Business Council; BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area; CIQS = customs, immigration, quarantine, and security; FC = Facilitation Centre; govt. = government; ICT = information and communication technology; MM = ministers meeting; NS = national secretariat; SMEs = small and medium-sized enterprises; SMED = SME Development; SOM = senior officials' meeting; WG = working group.

Source: BIMP-FC. 2012. *BIMP-EAGA Implementation Blueprint, 2012–2016*. Kota Kinabalu.

clusters and working groups. Funds are available for hiring staff, but there is no mechanism for entering into contracts with them. The BIMP-FC's core staff is still provided by the Sabah State Economic Planning Unit (SEPU) under an arrangement where the Sabah Government shoulders the salaries and other benefits of the head of BIMP-FC, one administrative staff, and one driver. SEPU has repeatedly requested a decision on the signing of the establishment agreement, and has made known their intention to pull out their staff at the earliest possible time. Despite this development, there has been no consideration of short-term, interim, or alternative measures to address the issue on organizational strengthening of the BIMP-FC. But the BIMP-EAGA ministers, during their Ministers Meeting in October 2011, requested ADB to help address the issue and take an increasing role in supporting the BIMP-FC. A technical assistance (TA) is being developed, under which ADB would serve as the conduit of member

countries' financial contribution to the BIMP-FC through an appropriate mechanism, in addition to providing some co-financing.⁶⁵ At present, one project staff of the BIMP-FC is engaged under an ADB TA project. In addition, ADB and GTZ have previously provided consultants to assist the BIMP-FC on specific technical issues, but these arrangements were for short periods only.

⁶⁵ Following the request, ADB consulted member countries on the scope and content of the proposed technical assistance (TA). The concept paper on the proposed TA was approved by ADB Management on 26 July 2012 and tabled during the Special SOM on 26 July 2012 in Manila. Further in-country consultations are ongoing.

Table 19: Sector Bodies and Sectors under the ASEAN Community Councils

ASEAN Political-Security Community Council	ASEAN Economic Community Council	ASEAN Socio-Cultural Community Council
<ul style="list-style-type: none"> • ASEAN Ministerial Meeting • ASEAN Regional Forum • Defence • Law • Transnational Crime 	<ul style="list-style-type: none"> • ASEAN Economic Ministers • ASEAN Free Trade Area • Energy • Food, Agriculture, and Forestry • Finance • Investment • Minerals • Mekong Basin Development Cooperation • Transport • Telecommunications and Information Technology • Tourism 	<ul style="list-style-type: none"> • Culture and Arts • Disaster Management • Education • Environment • Haze • Health • Information • Labor • Rural Development and Poverty Eradication • Science and Technology • Social Welfare and Development • Women • Youth

Source: ASEAN Secretariat <http://www.asean.org/index2008>.

ASEAN

Existing Institutional Arrangements. The principal components of the organizational structure of ASEAN,⁶⁶ based on the ASEAN Charter that came into force in 2008, are the following: (i) ASEAN Summit; (ii) ASEAN Coordinating Council (ACC); (iii) ASEAN community councils corresponding to the three pillars of the ASEAN Community: ASEAN Political-Security Community (APSC) Council, ASEAN Economic Community (AEC) Council, and ASEAN Socio-Cultural Community (ASCC) Council; (iv) ASEAN sector ministerial bodies under the APSC, AEC, and ASCC councils; (v) Secretary-General of ASEAN and ASEAN Secretariat; (vi) ASEAN national secretariats; and (vii) Committee of Permanent Representatives (CPR) to ASEAN.

The ASEAN Summit, which comprises the Heads of State or Government of the ASEAN Member States, is the supreme policy-making body of ASEAN. It meets twice every year,⁶⁷ and is hosted by the member state serving as the ASEAN Chair. The ACC, comprising the foreign ministers of the ASEAN Member States, prepares the meetings of the ASEAN Summit, coordinates the implementation of decisions of the Summit and the reports

of the ASEAN community councils to the Summit, and considers the annual report of the Secretary-General on the work of ASEAN and the ASEAN Secretariat. It also coordinates with the ASEAN community councils—AEC, APSC, and ASCC—to ensure consistency among their respective activities. The ASEAN community councils ensure that the relevant decisions of the ASEAN Summit are implemented, coordinate the work of the various sectors under their purview, and submit reports and recommendations to the ASEAN Summit on their respective areas of responsibility. The ACC and community councils meet at least twice annually.

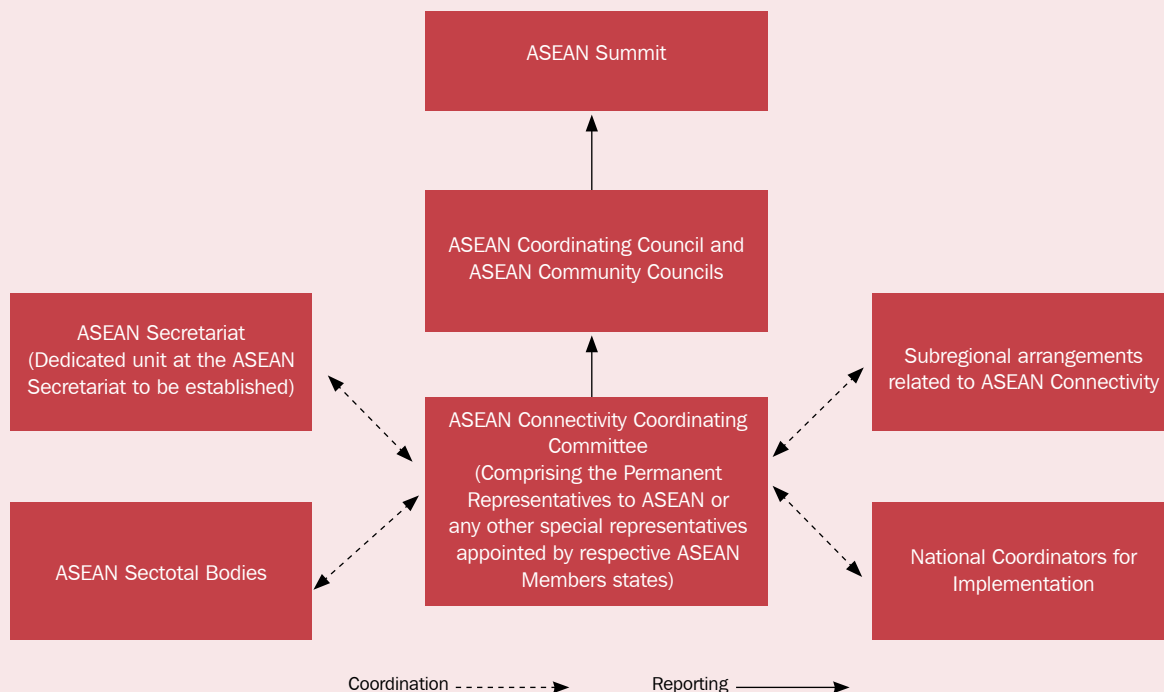
The ministerial bodies and sectors under each ASEAN community council are shown in Table 19. They are responsible for implementing the agreements and decisions of the ASEAN Summit under their respective spheres. The main organ under the AEC Council is the ASEAN economic ministers, the majority of whom are ministers of commerce, trade, or industry in the Member States. The committees under the ASEAN economic ministers are listed in Appendix B.

The functioning of ASEAN is supported by the ASEAN Secretary-General and ASEAN Secretariat at the regional level, and by the ASEAN national secretariats in each ASEAN Member State. The CPR, designated with the rank of ambassador and based in Jakarta, supports the ACC, coordinates with the ASEAN national secretariats and other ASEAN sector ministerial bodies, liaises with the Secretary-General of ASEAN and ASEAN Secretariat, facilitates

⁶⁶ The discussion in this section is based mainly on ADB (2011), *ASEAN Secretariat* (2007), R. Severino (2009), and ASEAN Secretariat (<http://www.aseansec.org>).

⁶⁷ The first ASEAN Summit was held in 1976 followed by those in 1977, 1987, 1992, and 1995, from which time it met annually until 2008. The biannual ASEAN Summit meetings started in 2009.

Figure 9: Implementation Arrangements for the Master Plan on ASEAN Connectivity



ASEAN = Association of Southeast Asian Nations.

Source: ASEAN Secretariat. 2010. *Master Plan on ASEAN Connectivity*. Jakarta.

cooperation with ASEAN external partners, and performs other functions that may be determined by the ACC. The chair of ASEAN is rotated annually in alphabetical order, with the Member State serving as chair for a particular year assuming the chairs of all the principal ASEAN organs for that year, including the ASEAN Summit, ACC, ASEAN community councils, sector ministerial bodies, and CPR.

The main organs of ASEAN are complemented by a number of supporting mechanisms, which include the ASEAN Foundation, ASEAN Intergovernmental Commission on Human Rights, and special bodies for specific regional initiatives. The ASEAN Foundation is primarily concerned with promoting ASEAN awareness, people-to-people interactions, and close collaboration among the various stakeholders in the ASEAN Member States. Examples of special functional bodies, which are under the umbrella of the relevant sector ministerial bodies, are the ASEAN University Network, Centre for Biodiversity, Centre for Energy, Centre for the Development of Agricultural Cooperatives, Coordinating Centre for Transboundary Haze Pollution, Council on Petroleum, Earthquake Information Centre, and Specialized Meteorological

Centre. A list of the organizations under each of the sector ministerial bodies of the APSC, AECC, and ASCC is contained in Appendix B.

In 2010, ASEAN adopted a special mechanism to ensure the effective implementation of the strategies, policies, and programs under the Master Plan on ASEAN Connectivity (MPAC). This includes the establishment of the ASEAN Connectivity Coordinating Committee (ACCC), which is tasked with the overall coordination of the implementation of MPAC initiatives. The ACCC, whose members are the permanent representatives to ASEAN of the ASEAN Member States, is assisted by national coordinators appointed by the ASEAN Member States and a dedicated unit at the ASEAN Secretariat (Figure 9).⁶⁸

The ASEAN Member States serve as country coordinators for promoting ASEAN's interests with dialogue partners.

⁶⁸ ASEAN national secretariats have invariably been designated as the national coordinators for the MPAC implementation. The dedicated unit at the ASEAN Secretariat envisioned to support the ACCC has not yet been established as of the writing of this report.

Table 20: ASEAN County Coordinators for Dialogue Partners

ASEAN Member States	Dialogue Partner		
	2006–2009	2009–2012	2012–2015
Brunei Darussalam	People's Republic of China (PRC)	European Union (EU)	India
Cambodia	EU	India	Japan
Indonesia	India	Japan	Republic of Korea
Lao People's Democratic Republic	Japan	Republic of Korea	New Zealand
Malaysia	Republic of Korea	New Zealand	Russia Federation
Myanmar	New Zealand	Russia Federation	United States
Philippines	Russian Federation	United States	Australia
Singapore	United States	Australia	Canada
Thailand	Australia	Canada	PRC
Viet Nam	Canada	PRC	EU

Source: ASEAN Secretariat [http:// www.asean.org/index2008](http://www.asean.org/index2008).

The country coordinator assignments with dialogue partners from 2006 to 2015 are shown in Table 20. No specific ASEAN member state has been designated as coordinator of ASEAN relations with international organizations and institutions, and the ASEAN Secretariat now performs this role. Relations with international organizations and institutions are generally governed by specific agreements on working relationships and arrangements. An example is the Memorandum of Understanding for Administrative Arrangements between ADB and the ASEAN Secretariat, which was signed in August 2006 and in effect until the end of December 2010. A new Memorandum of Understanding between ASEAN and ADB was signed on 4 April 2012 on the sidelines of the 20th ASEAN Summit in Phnom Penh, Cambodia (Appendix C).

ASEAN does not have a single counterpart private sector organization similar to the GMS Business Forum, IMT-GT Joint Business Council, or BIMP-EAGA Business Council. Instead, it has several business affiliates covering many sectors and subsectors, including the ASEAN Airlines Meeting, ASEAN Automotive Federation, ASEAN Bankers Association, ASEAN Business Advisory Council, ASEAN Business Forum, ASEAN Chambers of Commerce and Industry, ASEAN Chemical Industries Council, ASEAN Pharmaceutical Club, ASEAN Tourism Association, and Federation of ASEAN Shippers' Council. The complete list of business associations affiliated with ASEAN is shown in Appendix D.

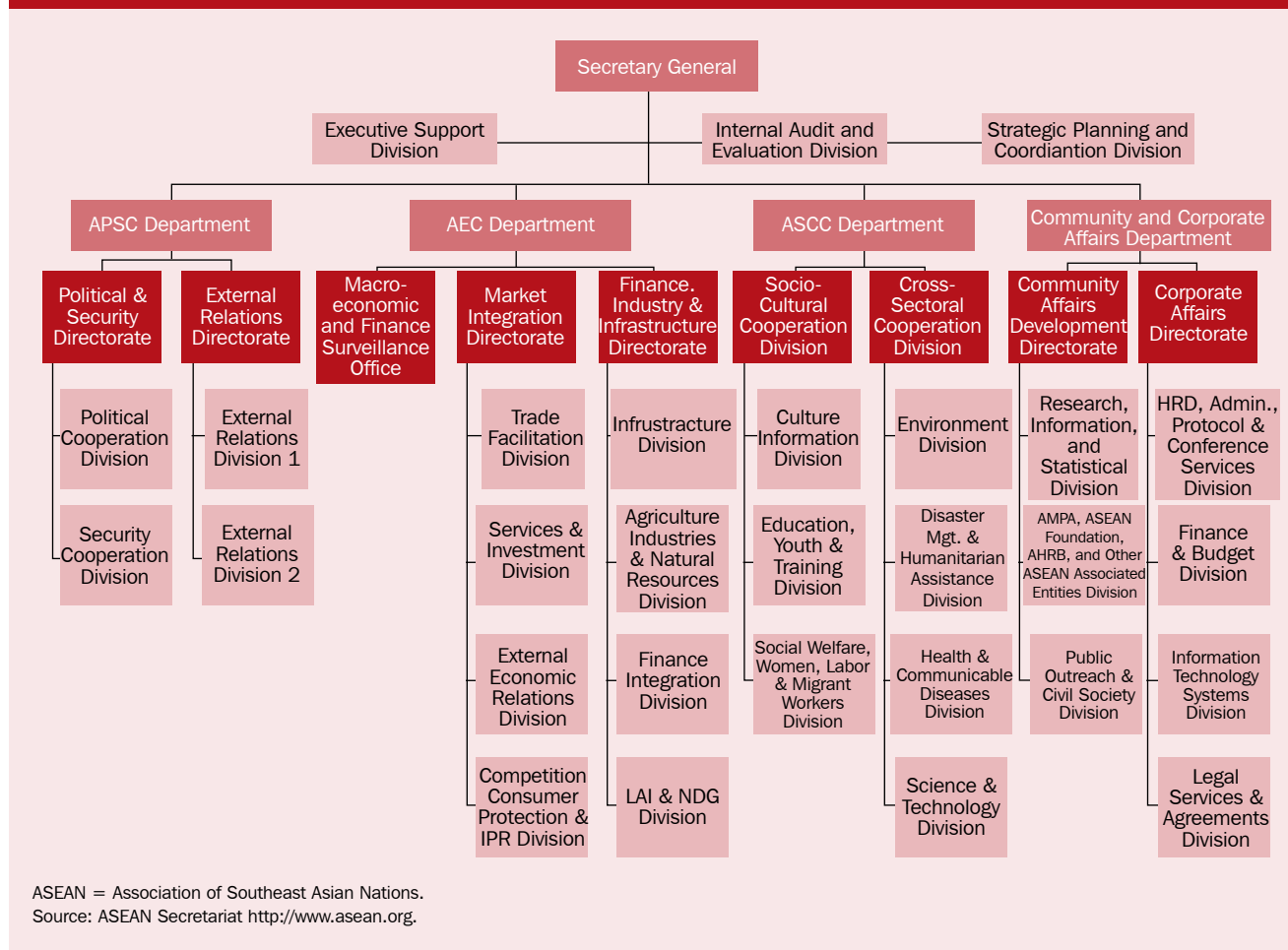
ASEAN Secretariat. The ASEAN Secretariat was set up in February 1976 in Jakarta, Indonesia, 9 years after ASEAN was established. Its basic function is to assist in

(i) coordinating the activities of ASEAN organs, and
(ii) implementing ASEAN projects and initiatives. Since then, several amendments have been made to the 1976 Agreement on the Establishment of the ASEAN Secretariat to make it more effective in performing its responsibilities, with most of the major changes made following the signing of the Common Effective Preferential Tariff Scheme for ASEAN Free Trade Area in January 1992. The changes included the following:

- (i) providing flexibility in the size of the staff complement of the ASEAN Secretariat, which was fixed at nine in 1976 and has progressively increased to 99 at present, and professionalization of the ASEAN Secretariat staff through open recruitment;
- (ii) strengthening the mandate, authority, and status of the Head of the Secretariat by re-designation of the position from Secretary-General of the ASEAN Secretariat to Secretary-General of ASEAN with ministerial rank, lengthening the tenure of office of the Secretary-General from 3 to 5 years, and enhancing the mandate of the Secretary-General to facilitate and monitor progress in the implementation of ASEAN agreements; and
- (iii) increasing the number of Deputy Secretaries-General from one in 1976 to four at present, with two selected from among the nationals of ASEAN Member States based on alphabetical rotation for a nonrenewable term of 3 years, and two by open recruitment for a renewable term of 3 years.

The organizational structure of the ASEAN Secretariat is shown in Figure 10. The ASEAN Secretariat has four

Figure 10: ASEAN Secretariat Organizational Structure



operational departments, three of which correspond to and support the work of the three ASEAN community councils and their respective sector ministerial bodies. The fourth department—Community and Corporate Affairs—takes care of administrative matters, including human resource development, finance and budget, information technology, and legal; intra-ASEAN community affairs, including research, information and statistics; ASEAN-associated entities; and public outreach and civil society. Each department has two directorates, with the AEC Department having an additional Macroeconomic and Finance Surveillance Office. The AEC Department covers cooperation in trade, investment, infrastructure, finance, agro-industry, and natural resources. It also has a division concerned with external relations and the Initiative for ASEAN Integration (IAI). The APSC Department deals with political and security cooperation, as well as external relations. The ASCC Department handles socio-cultural cooperation and cross-cutting issues, such as culture, education and youth, social welfare, women,

labor and migrant workers, disaster management, health and communicable diseases control, and science and technology. Three staff offices are directly under the Office of the Secretary-General: Executive Support Division, Internal Audit and Evaluation Division, and Strategic Planning and Coordination Division.

ASEAN Mechanisms Related to GMS, BIMP-EAGA, and IMT-GT

Initiative for ASEAN Integration and CLMV Economic Ministers Meeting. The IAI was launched at the ASEAN Leaders Summit in 2000 to help narrow the development gap and accelerate economic integration in ASEAN. In 2001, the ASEAN foreign ministers adopted the Ha Noi Declaration on Narrowing the Development Gap for Closer Economic Integration to follow through on the leaders' decision. The IAI mainly addresses the needs of CLMV—Cambodia, the Lao PDR, Myanmar, and

Viet Nam—the newer members of ASEAN. However, the scope of IAI was broadened under the Vientiane Action Program, 2004–2010,⁶⁹ in 2004 to include BIMP-EAGA and IMT-GT, which encompass areas that are falling behind in development within their respective countries. At the same time, efforts were taken to strengthen IAI's coordination with subregional programs, including the GMS Program. The implementation of IAI was driven initially by the IAI Work Plan for 2002–2008, and subsequently by the IAI Work Plan for 2009–2015. The latter tightened the focus of IAI activities in the work plan, and linked them more closely with the program areas in the three ASEAN community blueprints (political-security, economic, and socio-cultural).

The implementation of the IAI Work Plan, including coordination among the CLMV countries, is managed by the IAI Task Force, which comprises the permanent representatives of the member states to ASEAN. The IAI Task Force is assisted by the IAI & NDG Division of the ASEAN Secretariat. To help mobilize resources for the implementation of the IAI Work Plan, the IAI Development Cooperation Forum (IDCF) was established as a platform for engaging the ASEAN dialogue partners, development partners, and international organizations. IDCFs were held in 2002, 2007, 2010, and 2012.

To further guide ASEAN in narrowing the development divide among its members, the Framework on Equitable Economic Development was endorsed at the 19th ASEAN Summit in November 2011 in Bali, Indonesia. The framework outlines the guiding principles for inclusive and sustainable growth.

A mechanism closely associated with the IAI is the CLMV Economic Ministers Meeting (EMM), which has met four times, most recently in Siem Reap, Cambodia in August 2012. The objectives of the EMM are to further enhance intra-economic and trade relations within CLMV, and coordinate activities in subregional, regional, and international fora, fully utilizing their potential to narrow the development gap between the four countries and other countries in the region, as well as accelerating the implementation of agreements reached at CLMV summits. The work of EMM has been focused on the implementation of annual action plans consisting of activities in three areas: economic and trade, human resource development, and coordination mechanisms.⁷⁰

⁶⁹ The Vientiane Action Program 2004–2010, signed during the 10th ASEAN Summit on 29 November 2004 in Vientiane, Lao PDR, sets out the goals and strategies toward realizing the ASEAN Community.

⁷⁰ Joint Media Statement of the 4th CLMV Economic Ministers Meeting, Siem Reap, Cambodia on 26 August 2012 (<http://www.asean.org/26599>).

ASEAN–Mekong Basin Development Cooperation.

The ASEAN–Mekong Basin Development Cooperation (AMBDC) was established in 1996 with the following objectives: “(i) to enhance economically sound and sustainable development of the Mekong Basin, (ii) to encourage a process of dialogue and common project identification which can result in firm economic partnerships for mutual benefit, and (iii) to strengthen the interconnections and economic linkages between ASEAN member countries and the Mekong riparian countries.” The AMBDC involves cooperation in infrastructure, trade and investment, agriculture, sustainable development, industry, human resource development, and science and technology; it is better known for its flagship project, the Singapore–Kunming Railway Link. Its programs are carried out by an implementation mechanism involving the Meeting of Ministers jointly with the Secretary-General of ASEAN, and the Steering Committee consisting of officials designated by the ministers and a representative of the ASEAN Secretariat. The IAI & NDG Division of the AEC Department of the ASEAN Secretariat provides the necessary support to AMBDC activities. The Ministerial Meeting meets once a year, while the Steering Committee convenes in-between the meetings of ministers. Besides the ASEAN Member States, the AMBDC also includes the PRC.

AEM–METI Economic and Industrial Cooperation

Committee. The ASEAN Economic Ministers–Minister of Economy, Trade and Industry (AEM–METI) Economic and Industrial Cooperation Committee (AMEICC) is the operational arm of the AEM–METI consultations. The AEM–METI has been held annually since 1992 as a forum for exchanging views on issues ranging from international and regional economies to specific programs of industrial cooperation. The objectives of AMEICC are to strengthen industrial cooperation between Japan and ASEAN, enhance the industrial competitiveness of the ASEAN Member States, and support the industrial development of new member countries. The ASEAN Secretariat and Japan Overseas Development Corporation (JODC) serve as co-secretariats of AMEICC. The JODC is a non-profit corporation supported by METI and its mandate is to contribute to the industrial development of developing countries and strengthening of affiliated Japanese companies. As co-secretariat, the JODC is responsible for coordination between the ASEAN Secretariat and Japanese parties in preparing for ministerial, senior economic officials, and working group meetings under the AEM–METI framework.⁷¹ The IAI & NDG Division of the AEC Department of the ASEAN Secretariat is responsible for coordinating AEM–METI matters.

⁷¹ <http://www.jodc.or.jp/eng/asean/index>

AMEICC has eight working groups, four of which are industry-specific, including automotive, chemical, consumer electronics, and textile and garments; and four are multisector, including human resource development, small and medium-sized enterprises (SMEs), supporting and rural industries, statistics, and West–East Corridor Development. The focus of the West–East Corridor Development Working Group is the Mekong–Japan Economic and Industrial Cooperation Initiative (MJ-CI) Action Plan, which was adopted at the second Mekong–Japan Summit in Ha Noi, Viet Nam, on 29 October 2010. The four components comprising the MJ-CI Action Plan are (i) hard infrastructure in the GMS East–West and Southern economic corridors; (ii) trade facilitation and logistics, including Cross-Border Transport Agreement (CBTA) implementation along these economic corridors; (iii) enhancing SMEs and supporting industries and entrepreneurship, including promotion of special economic zones; and (iv) enhancement of the service and new industrial sectors, including food processing and tourism.

Issues and Constraints. ASEAN’s approach to regional cooperation has been flexible and pragmatic, with decision-making based on consensus (the “ASEAN way”) that has advantages and disadvantages. It has served ASEAN well in many respects, particularly in setting its vision and goals and in agreeing on frameworks and actions necessary to achieve these goals. Its downside is the difficulty of ensuring implementation of and compliance with time-bound actions and measures under various ASEAN agreements. The adoption of the ASEAN Charter in 2008 is an effort to address this issue, making business processes in ASEAN more rules-based by simplifying its decision-making structure; improving the organization’s compliance mechanisms; and providing for dispute settlement principles and mechanisms, including the monitoring of compliance with the decisions resulting from such mechanisms. It also opens the door for reporting and acting on a “serious breach of the Charter or non-compliance” through the ASEAN Summit. To what extent these provisions will be applied in the future is still unclear, with many rules of procedure being discussed and negotiated (e.g., Rules of Procedure for the Interpretation of the ASEAN Charter, and legal instruments for the Rules for Reference of Non-Compliance to the ASEAN Summit). With the entry into force of the ASEAN Charter, ASEAN established a number of new organs to boost the community-building process of ASEAN. For instance, the CPR’s establishment, which was stipulated in the Charter, was expected to facilitate the consensus-building process of ASEAN, being based in the ASEAN Secretariat headquarters in Jakarta.

The strengthening of the ASEAN Secretariat is also a concern, considering the increased complexity in the operations of

ASEAN in terms of the number of its members, partners, and sectors and areas of cooperation; the ambitious timeline for building the ASEAN Community; and the need to closely monitor the progress toward that vision.⁷² To more effectively and efficiently assist in coordinating and supporting the growing number of activities of ASEAN, monitoring compliance with commitments, and providing substantive inputs in the deliberations of its key organs, ASEAN may require a stronger secretariat. In line with this, the ASEAN Foreign Ministers, during their 44th Meeting in Bali, Indonesia on 19 July 2011, agreed to have the ASEAN Secretary-General conduct a comprehensive review of the ASEAN Secretariat’s functions, organization, and staff complement jointly with the CPR to ASEAN. The recommendations of the review are in the process of being discussed by senior officials of the ASEAN Secretariat.

Another issue for further discussion relates to funding.⁷³ Based on the principle of equality, contributions of the ASEAN Member States to the budget of the ASEAN Secretariat and other specialized agencies—such as the ASEAN Centre for Energy, ASEAN Development Fund, ASEAN Intergovernmental Commission on Human Rights, and Science Fund—have been made on the basis of a system of equal contributions. This effectively limits a member’s contribution to the amount that the member with the least capacity to pay can make. Moving to a system based on capacity to pay has not been accepted due to the fear that this would unduly increase the influence of members that are contributing more, and also potentially lead to a review of voting rights. To avoid this potentially contentious issue, the ASEAN Member States have been requested to make voluntary contributions for specific projects or initiatives. Thus, Singapore contributed \$500,000 to the ASEAN Development Fund, donated \$240,500 for upgrading information technology and archival and depository systems of the ASEAN Secretariat, and launched an e-Government and Telecoms Fellowship Program.

The Midterm Review of the first Initiative for the IAI Work Plan concluded that the CLMV countries considered most of the work plan to be useful.⁷⁴ However, there were some shortcomings that needed to be addressed: (i) lack of focus, coherence, and responsiveness to the needs of CLMV countries; (ii) inadequate coverage of priority sectors and activities required for integration; (iii) weak institutions,

⁷² The ERIA published in October 2012 the *Midterm Review of the Implementation of the AEC Blueprint: Executive Summary*.

⁷³ R. Severino. 2009. *Regional Institutions in Southeast Asia: The First Movers and Their Challenges*. Manila. Background Paper 24. ADB Finalization Workshop on Institutions for Regionalism in Asia and the Pacific. Shanghai.

⁷⁴ R. Severino. 2005. *Final Report: The Initiative for ASEAN Integration: Midterm Review of the Work Plan*. Jakarta.

mechanisms, and processes for project formulation, appraisal, and monitoring; and (iv) weak and uneven coordination mechanisms within CLMV countries. A subsequent review conducted in 2007 reiterated the findings and recommended, among other action items, to (i) mainstream the IAI framework into the three pillars of ASEAN, (ii) increase the capacity of the IAI & NDG Division of the ASEAN Secretariat to monitor developments and establish a feedback mechanism between the IAI Work Plan and the three pillars, and (iii) establish mechanisms within the ASEAN Secretariat that would result in closer engagement between the IAI & NDG Division and other concerned units in the Secretariat.⁷⁵

As regards the IDCF, the 2007 review found that the first IDCF in 2002 received a lukewarm response. In the following years, there was an increase in donor interest resulting in a significant number of projects obtaining donor support. The second IDCF had greater participation and it gave an opportunity for related initiatives—including the GMS, BIMP-EAGA, IMT-GT, AMBDC, and Ayeyawady–Chao Phraya–Mekong Economic Strategy—to share information on their respective programs and activities. However, the review concluded that “apart from the wealth of ideas and information shared the outcome of the event was inconclusive and left many donors unclear on the next steps and their role in crafting a new IAI strategy. A fundamental issue is how to coordinate the various donor-assisted and subregional initiatives that address the same fundamental objectives as that of the IAI.”

Finally, AMBDC and IAI have overlapping objectives, programs, and activities.⁷⁶ When AMBDC was established, Viet Nam had just become a member, and Cambodia, the Lao PDR, and Myanmar were not yet members of ASEAN. Thus, the third objective of AMBDC referred to “ASEAN member countries” and “the riparian countries” separately. Considering that all CLMV countries are now members of ASEAN, the challenge is how to more closely coordinate the thrusts of the AMBDC and IAI frameworks and activities. Achieving this will simplify and facilitate coordination with other related initiatives. Among the proposed approaches is for AMBDC, in particular the AMBDC Steering Committee, to assume responsibility for coordinating the implementation of the economic component of the IAI (i.e., those under the AEC pillar). This would avoid the duplication of activities under this component of the IAI and AMBDC. The AEM–METI mechanism also has many areas of overlap with IAI and AMBDC, accentuating the

issue of coordination not only between ASEAN and the subregional programs, but also within ASEAN itself.

In-Country Institutional Arrangements

All ASEAN Member States are members of at least one other regional or subregional program, besides ASEAN and its sector bodies and programs. Cambodia, the Lao PDR, Myanmar, and Viet Nam (CLMV) are involved in Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy (ACMECS), GMS, and Mekong River Commission (MRC), in addition to the ASEAN Economic Ministers–Ministry of Economy, Trade and Industry (AEM–METI); ASEAN–Mekong Basin Development Cooperation (AMBDC); and Initiative for ASEAN Integration (IAI) and Narrowing the Development Gap within ASEAN. Indonesia and Malaysia are members of BIMP-EAGA and IMT-GT; while Thailand is a member of ACMECS, AEM–METI, AMBDC, GMS, IMT-GT, and MRC.⁷⁷ Brunei Darussalam is a member of BIMP-EAGA, in addition to ASEAN. These interlocking memberships in different but related subregional programs require close in-country coordination. While efforts to improve coordination at the regional and subregional levels are important, the first line of defense against a fragmented and uncoordinated approach to regional and subregional development is at the country level.

Arrangements within Regional and Subregional Programs: Vertical Coordination. Each member country has established in-country arrangements for coordinating ASEAN, GMS, BIMP-EAGA, IMT-GT, and other subregional activities (Table 21). These consist of a designated minister, senior official, and national secretariat or coordinating office (focal ministry or agency) for each

of the regional and subregional programs. Table 22 shows the focal ministries or agencies in the member countries for ASEAN and related subregional groupings outside and within ASEAN. For ASEAN as a whole, the focal ministry in all countries is the foreign affairs ministry or its equivalent.⁷⁸ The focal ministries for the ASEAN Economic Minister, AEM–METI, and AMBDC are the respective ministries of trade and industry (commerce) of the member states. The

⁷⁵ C. Guina and D. Hew. 2007. *Draft Report: Narrowing the Development Gap in ASEAN: Towards a New Strategy for the Initiative for ASEAN Integration*. Manila.

⁷⁶ D. Hew. 2009. *Draft Report: Study to Realign the AMBDC with the ASEAN Community*. Singapore.

⁷⁷ Myanmar and Thailand are also members of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), with the other members being Bangladesh, Bhutan, India, Nepal, and Sri Lanka. The Lower Mekong Initiative, which covers Cambodia, the Lao PDR, and Viet Nam, was launched in 2001 under the sponsorship of the United States Government.

⁷⁸ Foreign affairs and trade are under a single ministry in Brunei Darussalam.

Table 21: Country Membership in Selected Regional or Subregional Groupings

Country	ASEAN	ASEAN +3	GMS	ACMECS	BIMSTEC	MGC	MRC	IMT-GT	BIMP- EAGA
No. of Members ^a	10	13	6	5	7	6	4	3	4
Brunei Darussalam									
Cambodia									
PRC									
Indonesia									
Lao PDR									
Malaysia									
Myanmar									
Philippines									
Singapore									
Thailand									
Viet Nam									

ACMECS = Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy; ASEAN = Association of Southeast Asian Nations; ASEAN+3 = ASEAN and the PRC, Japan, and the Republic of Korea; BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area; BIMSTEC = Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation; GMS = Greater Mekong Subregion Program; IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle; Lao PDR = Lao People’s Democratic Republic; MGC = Mekong–Ganga Cooperation; MRC = Mekong River Commission; PRC = People’s Republic of China, REG = regional; TA = technical assistance.

^a India is the sixth member of MGC.

Source: ADB TA 7718-REG Study Team.

Table 22: Focal Ministries or Agencies for ASEAN and Related Subregional Groupings

Country	ASEAN	AEM	AEM- METI	AMBDC	IAI	CLMV	ACMECS	GMS	BIMP- EAGA	IMT-GT
Brunei Darussalam	MOFAT	MOFAT	MOFAT	MOFAT	---	---	---	---	MOFAT	---
Cambodia	MFAIC	MOC	MOC	MOC	MFAIC	MOC	MFAIC	CDC	---	---
PRC	---	---	---	MDDA	---	---	---	MOF	---	---
Indonesia	MOFA	MOT	MOT	MOT	---	---	---	---	CMEA	CMEA
Lao PDR	MOFA	MOIC	MOIC	MOIC	MOFA	MOIC	MOFA	PMO	---	---
Malaysia	MOFA	MITI	MITI	MITI	---	---	---	---	EPU	EPU
Myanmar	MOFA	MNPED	MNPED	MOFA	MNPED	MOFA	MNPED	---	---	---
Philippines	DFA	DTI	DTI	DTI	---	---	---	---	MINDA	---
Singapore	MOFA	MTI	MTI	MTI	---	---	---	---	---	---
Thailand	MOFA	MOC	MOC	MOC	---	---	MOFA	NESDB	---	NESDB
Viet Nam	MOFA	MOIT	MOC	MPI	MOFA	MOFA	MOFA	MPI	---	---

--- = not applicable.

ACMECS = Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy; AEM = ASEAN Economic Ministers; AMBDC = ASEAN–Mekong Basin Development Cooperation; ASEAN = Association of Southeast Asian Nations; BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area; CDC = Council for the Development Cambodia; CLMV = Cambodia, the Lao PDR, Myanmar, and Viet Nam; CMEA = Coordinating Ministry for Economic Affairs; DFA = Department of Foreign Affairs; DTI = Department of Trade and Industry; EPU = Economic Planning Unit; GMS = Greater Mekong Subregion Program; IAI = Initiative for ASEAN Integration; IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle; Lao PDR = Lao People’s Democratic Republic; MDDA = Minister for Development of Disadvantaged Areas; METI = Ministry of Economy, Trade and Industry; MFAIC = Ministry of Foreign Affairs and International Cooperation; MINDA = Mindanao Development Authority; MITI = Ministry of International Trade and Industry; MNPED = Ministry of National Planning and Economic Development; MOC = Ministry of Commerce; MOF = Ministry of Finance; MOFA = Ministry of Foreign Affairs; MOFAT = Ministry of Foreign Affairs and Trade; MOIC = Ministry of Industry and Commerce; MOIT = Ministry of Industry and Trade; MOT = Ministry of Trade; MPI = Ministry of Planning and Investment; MTI = Ministry of Trade and Industry; NESDB = National Economic and Social Development Board; PMO = Prime Minister’s Office; PRC = People’s Republic of China; REG = regional; TA = technical assistance.

Source: ADB TA 7718-REG Study Team.

exceptions are Myanmar, where the focal ministry for these bodies is the Ministry of National Planning and Economic Development (MNPED), and Viet Nam, where the focal ministry is the Ministry of Planning and Investment (MPI) for AMBDC. For IAI, the focal ministries in all CLMV countries are the respective ministries of foreign affairs. The focal ministries for the CLMV Economic Ministers Meeting are the respective commerce ministries, again with the exception of MNPED for Myanmar.

The GMS, BIMP-EAGA, and IMT-GT countries have adopted different internal institutional arrangements for coordinating their activities. In Myanmar, Thailand, and Viet Nam, their respective planning agencies serve as the focal agency for the GMS Program. In Cambodia, this role is performed by the Council for the Development of Cambodia (CDC). The Ministry of Finance is the focal ministry in the PRC, while the Prime Minister's Office performs this role in the Lao PDR. The focal agencies or ministries for IMT-GT are the planning agencies in Malaysia (EPU) and Thailand (NESDB); the coordinating ministry in Indonesia is the Coordinating Ministry for Economic Affairs (CMEA). Indonesia and Malaysia have the same arrangement for BIMP-EAGA. The focal agency for BIMP-EAGA in Brunei Darussalam is the Ministry of Foreign Affairs and Trade; in the Philippines, it is the Mindanao Development Authority (MINDA). All of the focal agencies are national bodies, except MINDA, which is a subnational agency in the Philippines.

As a general practice, the minister-in-charge, senior official, and national secretariat or coordinator of a particular regional or subregional program in the member countries come from the same ministry. This is true in all ASEAN and ASEAN-constituted bodies, such as the AEM, AMBDC, and IAI. There are exceptions in the cases of the GMS, BIMP-EAGA, and IMT-GT. In Thailand, for example, NESDB serves as the national coordinator for the GMS and IMT-GT, but the minister-in-charge comes from the Prime Minister's Office. In Cambodia, the CDC is the national coordinator for the GMS, but the minister of commerce is the GMS Minister. There does not seem to be any problem with a national secretariat and minister-in-charge coming from different ministries or agencies, based on the experiences of Cambodia and Thailand where the agencies concerned are all national bodies.

In the case of Indonesia, the minister-in-charge and senior official have been from the CMEA, while the national secretariat has been from the Ministry of Trade. This caused coordination problems until mid-2012 when the incumbent national secretariat moved to CMEA. In the Philippines, the minister-in-charge and national secretariat for BIMP-EAGA are from MINDA based in the southern island of

Mindanao, while the senior official is from the Department of Trade and Industry based in the country's capital. This arrangement is unique among the subregional programs and has both advantages and disadvantages. Although this has facilitated the participation of local authorities in subregional cooperation initiatives that directly affect their areas, there has also been a disconnect between the central and local levels in terms of public investment programming and budgeting.

The national secretariats play a critical role in coordinating regional and subregional programs. Their functions range from maintaining liaison with the subregional secretariats to arranging the participation of national agencies in subregional meetings, disseminating information on various subregional activities, coordinating the position of concerned agencies on matters to be taken up in senior officials and ministerial meetings, and interfacing with local authorities and the private sector. The mechanisms for coordinating subregional activities among the concerned ministries and agencies (e.g., transport, energy, human resource development, and environment) vary by country, with many convening interagency consultation meetings as and when necessary. There are more formal arrangements in some countries, such as the AEC national coordinating committees in Cambodia and Thailand chaired by their respective ministers of commerce. Cambodia has also organized a National Committee for ASEAN Affairs chaired by the Prime Minister, with the Deputy Prime Minister and minister of foreign affairs serving as vice chair.⁷⁹

The interface of the national secretariats with local authorities and the private sector has generally been pursued on an informal basis, which involves the occasional holding of meetings and conferences. However, there are at least two cases where the participation of local authorities in subregional activities has been institutionalized. The first is MINDA, which has been referred to earlier. The other is the provincial office in Indonesia's north Sulawesi Province, which is dedicated to BIMP-EAGA concerns and serves as the provincial secretariat for BIMP-EAGA with direct links to the latter's national secretariat based in Jakarta.

Although the need to have a strong national secretariat or coordinator is well-recognized, many of these offices lack the resources and capacity to perform their roles effectively. Moreover, not all sector ministries concerned have designated focal units or officials within their respective organizations, resulting in a lack of continuity and low levels of participation in working group meetings

⁷⁹ This committee was organized to support Cambodia as chair of ASEAN in 2012.

and activities, and inadequate monitoring of subregional initiatives.

Arrangements across Regional and Subregional Programs: Horizontal Coordination. In-country institutional arrangements for coordination within regional and subregional programs are generally well-defined. However, the situation is not true for in-country coordination among or across regional and subregional programs—such as among ASEAN (including its sector bodies and programs), GMS, ACMECS, MRC, and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). This issue pertains not only to coordination among ministries involved in these programs, but also within those ministries. Some of the factors that constrain in-country coordination efforts mentioned during the country consultations included a lack of resources, limited technical capacity, historical antecedents and inertia from past practice, and the political factors and personalities involved at one time or another.

Two alternative approaches have been pursued by ministries in member countries to manage their participation in various subregional programs. The first is the organization and/or designation of separate units to deal with different subregional programs (e.g., one department and/or unit is designated to deal with ASEAN matters and another to handle GMS matters). This arrangement could work well if the departments and/or units concerned closely coordinate with each other. However, coordination issues could arise if there is insufficient communication and flow of information between them. The second approach entails the organization or designation of a single department and/or unit to be responsible for the work on all subregional programs that the ministry is involved in. This approach seems to have worked well where it has been practiced, such as in the case of the Ministry of Transport of Viet Nam, which has given the responsibility of coordinating activities in ASEAN and all other subregional programs to its International Cooperation Department.⁸⁰ The same approach has been taken by most sector ministries in other GMS countries.

In-country coordination across ministries and subregional programs has not yet been well established in most member countries compared to in-country coordination within ministries and subregional programs. This was identified during the country consultations conducted for this study as a major gap in coordination within member countries. This issue has been addressed by member countries in various ways. At one end of the spectrum is the informal, ad hoc approach whereby interagency meetings are

convened when an important issue comes up or when the need arises. Although many member countries have taken this approach, there are plans to institutionalize a mechanism for coordinating regional and subregional programs on a government-wide basis. In this regard, more formal mechanisms have been established, such as the newly constituted Council for Regional Cooperation in the Philippines chaired by the secretary of foreign affairs, and high-level coordinating committees for regional and subregional cooperation under the chair of the respective Prime Minister in Cambodia, Thailand, and Viet Nam.

Comparative Assessment of Institutional Mechanisms and Arrangements

Key Features

Table 23 shows the key features of ASEAN, GMS, BIMP-EAGA, and IMT-GT cooperation programs from which the following observations can be made:

- (i) ASEAN is the oldest of the three programs and has the most comprehensive and overarching agenda involving political, security, socio-economic, and cultural cooperation. It has a specific time frame for achieving its vision of an ASEAN Community. It covers the whole territory of its member countries. Like ASEAN, GMS covers the whole territory of its member countries, except for the PRC. BIMP-EAGA and IMT-GT involve only parts of the territory of their member countries, except for Brunei Darussalam. The GMS, BIMP-EAGA, and IMT-GT programs are functional and facilitating, and have flexible agendas of cooperation and action.
- (ii) Summit meetings in all programs of cooperation were held several years after their establishment, with the first GMS Summit held after 8 years; ASEAN, 9 years; BIMP-EAGA, 11 years; and IMT-GT, 13 years. The ASEAN Summit is now held twice a year, the GMS Summit meets every 3 years, and BIMP-EAGA and IMT-GT meet once a year on the sidelines of the ASEAN Summit.
- (iii) All cooperation programs started initially without a central secretariat, except for the GMS. The secretariat of ASEAN was established 9 years after its launching, BIMP-EAGA after 10 years, and IMT-GT after 13 years. In contrast, ADB has performed the role of secretariat for the GMS Program almost from the beginning. This is an advantage that the GMS Program enjoyed over the other three programs. Moreover, while the core staff of the GMS Secretariat

⁸⁰ There was a separate ASEAN Department in the Ministry of Transport in Viet Nam, but this was merged with the International Cooperation Department in 2000.

Table 23: Key Institutional Features of ASEAN, GMS, BIMP-EAGA, and IMT-GT Programs

Key Features	ASEAN	GMS	BIMP-EAGA	IMT-GT
Year established	1967	1992	1994	1993
Membership or Coverage	Originally 5, currently 10 member states	6 member countries (1 province [Yunnan] and 1 autonomous region [Guangxi Zhuang] in the People's Republic of China)	Subnational areas of 4 member countries, except for Brunei Darussalam	Subnational areas of 3 member countries
Geographical Characteristics	Widely dispersed with part in mainland Southeast Asia and others in archipelagic Southeast Asia	Contiguous	Dispersed	Contiguous, except for the Indonesian component
Sectors and Areas of Cooperation	Political, security, socioeconomic, and cultural	Socioeconomic	Socioeconomic	Socioeconomic
Summit Meeting • Year started • Frequency	• 1976 • Annually since 1995; twice a year since 2008	• 2000 • Once every 3 years	• 2005 • Annually (on the sidelines of the ASEAN Summit)	• 2006 • Annually (on the sidelines of the ASEAN Summit)
Secretariat • Year established • Location • Core staff complement • Funding	• 1976 • Jakarta, Indonesia • 99 • Contribution from member states	• 1992 • ADB headquarters, Manila • 6 • ADB technical assistance (TA)	• 2004 • Kota Kinabalu, Sabah, Malaysia • 4 • Malaysian and Sabah governments (through TA projects: ADB as requested; GTZ completed)	• 2007 • Putrajaya, Malaysia • 4 • Malaysian Government (through TA project: ADB as requested)
Decision-Making Rules and Processes	By consensus; moving to rules-based under the ASEAN Charter	By consensus	By consensus	By consensus
National Secretariat	Ministries of foreign affairs	Economic ministries or agencies, except in the Lao People's Democratic Republic	Economic or planning ministries or agencies	Economic or planning ministries or agencies
Projects • Coverage • Identification • Development and implementation • Monitoring	• Flexible (10-x) • As proposed in ASEAN sector bodies • Implementing agencies • Sector bodies and the ASEAN Secretariat	• Flexible (6-x) • Based on sector or subsector studies • Implementing agencies with ADB assistance • Working Groups and GMS Secretariat	• Flexible (4-x) • As proposed in clusters and working groups • Implementing agencies • Working groups and BIMP-EAGA Secretariat	• Flexible (3-x) • As proposed in working groups • Implementing agencies • Working groups and IMT-GT Secretariat
Private Sector Counterpart	Various business associations	GMS Business Forum	BIMP-EAGA Business Council	Joint Business Council
Local Government Participation	No specific body	Economic Corridors Forum	Local Government Forum	Governors Forum
Donor Coordination	Various; Initiative for ASEAN Integration Development Cooperation Forum	Development Partners' Meeting	Ad hoc meetings	Ad hoc meetings

ADB = Asian Development Bank, ASEAN = Association of Southeast Asian Nations, BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area, GMS = Greater Mekong Subregion, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, REG = regional, TA = technical assistance.
Source: ADB TA 7718-REG Study Team.

is made up of only a few members, they are assisted by ADB sector staff in such areas as agriculture, energy, environment, human resource development, tourism, and transport.

- (iv) Decision-making in all programs is by consensus, although flexibility is provided through the “ASEAN-x” (or “6-x”) principle. The ASEAN Charter leaves the door open for the possibility of a consensus not being reached, stating that “[w]here consensus cannot be achieved, [the] ASEAN Summit may decide on how a specific decision can be made.”⁸¹
- (v) The national secretariats of ASEAN are based in the Ministry of Foreign Affairs of the Member States, while those in the GMS, BIMP-EAGA, and IMT-GT are from the economic ministries of the member countries (planning, trade, commerce or industry, and environment).
- (vi) The GMS Program (GMS Business Forum), BIMP-EAGA (Business Council), and IMT-GT (Joint Business Council) subregional programs have their dedicated private sector counterparts, while ASEAN has many affiliated business associations involving several sectors and subsectors. These business associations consist of private sector organizations in ASEAN member countries that have constituted themselves into a regional federation or association.
- (vii) The GMS (Economic Corridors Forum), BIMP-EAGA (Local Government Forum), and IMT-GT (Chief Ministers and Governors Forum) subregional programs have established their mechanisms for engaging local governments and administrations in the development of their respective areas. ASEAN does not have any similar mechanism, as its main focus has been at the national level.
- (viii) All of the regional and subregional programs have mechanisms for mobilizing and coordinating donor support, ranging from regular and formal to ad hoc arrangements.
- (ix) ASEAN holds regular dialogues with development partners, including through the Initiative for ASEAN Integration Development Cooperation Forum. The GMS Program organizes the Development Partners’ Meeting back-to-back with its ministerial meetings. The BIMP-EAGA and IMT-GT appear to have taken a more ad hoc approach, with no specific body or regular mechanism for donor coordination.

Mapping the Principal Bodies of ASEAN, GMS, BIMP-EAGA, and IMT-GT

Table 24 maps the principal bodies of ASEAN, GMS, BIMP-EAGA, and IMT-GT at the overall and sectoral levels. It provides a general picture of counterpart institutions among the four initiatives, and their respective work programs that require some form of coordination. The following observations can be made from the tables:

- (i) ASEAN has the most complex institutional arrangements and mechanisms, involving several bodies and layers of institutions; its counterparts in the GMS, BIMP-EAGA, and IMT-GT programs are few and clear-cut.
- (ii) Coordination with the ASEAN Secretariat requires interfacing with several of its divisions (e.g., not just with the External Relations Division or the IAI & NDG Division, but also with the other relevant sector divisions).
- (iii) Ideally, there should be a coordinating mechanism—formal or informal—for counterpart institutions at the overall and sectoral levels, but the amount of time and resources required would have to be carefully considered.
- (iv) The complexity of institutional arrangements across programs suggests that improving coordination within member countries and among the secretariats of ASEAN, GMS, BIMP-EAGA, and IMT-GT would constitute the first steps toward strengthening coordination among the four initiatives.

Strengths

After 44 years, ASEAN has accumulated a wealth of experience and expertise in regional cooperation, and developed closer relations among its Member States. It now has a legal personality, with rules and norms governing accountability and compliance, and a streamlined organization. It has well-established practices and processes, as well as lines of communications among Member States and concerned government instrumentalities. There is a strong sense of belonging and ownership among members. Furthermore, ASEAN has built up a network of supporting institutions in the public and private sectors.

The GMS Program turned 20 in 2012, less than half the lifespan of ASEAN, but it too has made substantial progress, especially in promoting physical connectivity among its members. Its informal, flexible, and results-oriented approach has helped considerably in building trust and confidence in a subregion with a long history of conflict. It has a relatively simple organizational structure that is well-

⁸¹ ASEAN Charter. Chapter VII, Article 20, para. 2.

Table 24: Mapping of Principal Bodies of ASEAN, GMS, BIMP-EAGA, and IMT-GT

Item	ASEAN	GMS	BIMP-EAGA	IMT-GT
Overall Direction and Coordination	ASEAN Summit AEC Council ASCC Council CPR AEM/SEOM AMBDC-SC/AEM-METI IAI Task Force ASEAN Secretariat (ASEC) ACC	Leaders Summit Ministerial Meeting (MM)/ Senior Officials Meeting (SOM) GMS Secretariat	Leaders Summit MM/SOM BIMP-Facilitation Centre (BIMP-FC)	Leaders Summit MM/SOM Centre for IMT-GT Subregional Cooperation (CIMT)
Agriculture	AMAF and SOM-AMAF/ ASOF Agriculture, Industry and Natural Resources Division, ASEC	Working Group on Agriculture	Working Groups on Agro-industry and Fishery under the Natural Resources Development (NRD) Cluster	Working Group on <i>Halal</i> Products and Services
Energy	AMEM and SOME ASEAN Centre for Energy ASEAN Council on Petroleum Infrastructure Division, ASEC	Subregional Energy Forum	Working Group on Energy under the NRD Cluster	Transport and Infrastructure Working Group
Environment	AMME and ASOEN ASEAN Centre for Diversity Environment Division, ASEC	Working Group on Environment Environment Operations Center	Working Group on Environment and Forestry under the NRD Cluster	No specific body
Human Resource Development	ASED and SOM-ED AHMM and SOMHD ALMM and SLOM ASCC Department, ASEC	Working Group on Human Resource Development	No specific body	Working Group on Human Resource Development
Information and Communication Technology (ICT)	TELMIN and TELSOM Infrastructure Division, ASEC	Subregional Telecommunications Forum	Working Group on ICT under the Transport, Infrastructure, and ICT Development (TIICTD) Cluster	Transport and Infrastructure Working Group
Tourism	M-ATM ASEAN NTOs Meeting Services and Investment Division, ASEC	Tourism Working Group Mekong Tourism Coordination Office	Working Group on Tourism Cluster	Tourism Working Group
Trade, Transport Facilitation, and Logistics	AFTA Council ASEAN Directors-General of Customs Meeting ASEAN-TM and STOM Trade and Facilitation Division, ASEC	Subregional Transport Forum (STF) STF Working Group NTFC	CIQS Task Force	Trade and Investment Working Group
Transport	ASEAN-TM and STOM Infrastructure Division, ASEC	STF	Working Groups on Air, Land, and Sea Transport under the TIICTD Cluster	Transport and Infrastructure Working Group

ACC = ASEAN Connectivity Coordinating Committee; AEC = ASEAN Economic Community; AEM = ASEAN Economic Ministers Meeting; AFTA = ASEAN Free Trade Area; AHMM = ASEAN Health Ministers Meeting; ALMM = ASEAN Labor Ministers Meeting; AMAF = ASEAN Ministers Meeting on Agriculture and Forestry; AMBDC-SC = ASEAN–Mekong Basin Development Cooperation Steering Committee; AMEM = ASEAN Ministers on Energy Meeting; AMME = ASEAN Ministerial Meeting on the Environment; ASCC = ASEAN Socio-Cultural Council; ASEAN = Association of Southeast Asian Nations; ASED = ASEAN Education Ministers Meeting; ASOEN = ASEAN Senior Officials on the Environment; ASEAN-TM = ASEAN Transport Ministers Meeting; ASOF = ASEAN Senior Officials on Forestry; BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area; CPR = Committee of Permanent Representatives; CIQS = customs, immigration, quarantine, and security; GMS = Greater Mekong Subregion; IAI = Initiative for ASEAN Integration; IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle; M-ATM = Meeting of the ASEAN Tourism Ministers; METI = Ministry of Economy, Trade and Industry; NTFC = National Transport Facilitation Committee; NTOs = national tourism organizations; REG = regional; SEOM = Senior Economic Officials Meeting; SLOM = Senior Labor Officials Meeting; SOM-ED = Senior Officials Meeting on Education; SOME = Senior Officials Meeting on Energy; SOMHD = Senior Officials Meeting on Health Development; STOM = Senior Transport Officials Meeting; TELMIN = ASEAN Telecommunications and Information Technology Ministers Meeting; TELSOM = Telecommunications and Information Technology Senior Officials Meeting; TA = technical assistance.

Source: ADB TA 7718-REG Study Team.

suited to the functional nature of GMS cooperation. Its association with ADB has provided it with the financial and technical resources to pursue subregional cooperation on a cumulative basis, identify and develop projects based on sector strategies and frameworks, and implement infrastructure and non-infrastructure projects. Achieving concrete and visible results has been a particular strength of the GMS Program. Both the GMS Program and ASEAN manifest fairly strong political commitment and support.

The strength of both BIMP-EAGA and IMT-GT is that they are focused on a specific and relatively limited geographic space, allowing them to identify and implement discrete and concrete projects at the local level. However, this potential strength has not been fully realized in either of these two subregional programs as they appear to be lacking the same level of political commitment and support enjoyed by the GMS Program and ASEAN.

Cross-Cutting Issues and Constraints

Based on the discussion in the previous sections, the following cross-cutting issues are relevant for each of the four programs under review:

- (i) In-country coordination (among central agencies and between central and local bodies) improves the likelihood of success of various initiatives. This includes strengthening the capacity of national secretariats in the GMS, BIMP-EAGA, and IMT-GT.
- (ii) Further assessments of the capacities of the central secretariats would be useful. For instance, the ASEAN Secretariat is coping with increased demands as its mandate expands ahead of the establishment of the ASEC in 2015. Meanwhile, the BIMP-EAGA and IMT-GT secretariats face questions on their legal status as well as on funding, sustainability, and level of operations. Finally, a longer-term concern facing the GMS Secretariat is the role of ADB in financing and managing.
- (iii) BIMP-EAGA and IMT-GT, and to a lesser extent ASEAN, face significant challenges in project development and implementation, and resource mobilization.
- (iv) The ability to adequately monitor and evaluate projects is a common concern among the four cooperation programs. ASEAN has developed a scorecard system of tracking compliance with commitments under the AEC, although its effectiveness in improving compliance through peer pressure still remains to be

seen.⁸² The GMS Program is launching a monitoring system for transport and trade facilitation along the GMS economic corridors. BIMP-EAGA and IMT-GT are seeking to put a suitable monitoring system in place as part of their implementation blueprints to track the activities of their respective working groups.

- (v) Public-private relations in ASEAN and the three subregional programs are still evolving, with those in ASEAN being more mature and advanced compared with those in the GMS, BIMP-EAGA, and IMT-GT. Having been in existence for a longer period of time and being composed of large enterprises, ASEAN business associations are relatively better funded than the GMS Business Forum, BIMP-EAGA Business Council (BEBC), and IMT-GT Joint Business Council. These subregional business organizations, especially BEBC, need more substantial support to sustain and expand their promotional activities.⁸³ A corollary issue concerning private sector participation in regional and subregional initiatives is how to increase the participation of SMEs.

Enhancing Institutional Coordination

Coordination Initiatives

Some efforts have been taken to coordinate activities among ASEAN, GMS, BIMP-EAGA, and IMT-GT:

- (i) Many member countries have established mechanisms for in-country coordination, such as the organization of interministerial coordinating committees, to enable them to take a unified approach to their participation in ASEAN, GMS, BIMP-EAGA, and IMT-GT.
- (ii) Cross attendance in meetings has been encouraged. For instance, the ASEAN Secretariat is invited to relevant GMS meetings as a standard practice, including the Development Partners' Meeting, which is held back-to-back with its ministerial meetings. The ADB President and other senior ADB staff are invited

⁸² The scorecard mechanism was initiated by ASEAN in 2007, with the first AEC Scorecard, covering January 2008 to December 2009, released in 2010. This report was highly aggregated and did not show the extent to which the member countries have complied with their respective commitments. ASEAN Secretariat. 2010. *Charting Progress Towards Regional Economic Integration: ASEAN Economic Community Scorecard*. Jakarta.

⁸³ The matter is not just a funding issue as many private companies would like to see more substantial progress in the implementation of subregional programs before committing time and resources to the activities of the subregional business organizations.

to ASEAN, BIMP-EAGA, and IMT-GT summit meetings.

- (iii) ADB staff involved in the GMS, BIMP-EAGA, and IMT-GT programs provided inputs during the preparation of the Master Plan on ASEAN Connectivity (MPAC), and are occasionally invited to the ASEAN Connectivity Coordinating Committee meetings as resource persons.
- (iv) BIMP-EAGA and IMT-GT are mentioned in ASEAN documents as being part of the Initiative for ASEAN Integration and Narrowing the Development Gap (IAI & NDG), with the need for coordinating IAI & NDG activities with the GMS Program being similarly highlighted.
- (v) A memorandum of understanding (MOU) between ADB and the ASEAN Secretariat governing working relations and arrangements was entered into in 2006; a new MOU providing for cooperation in several areas, including connectivity, financial market integration, environmental sustainability, and trade and investment was signed on 4 April 2012 (Appendix C).

These efforts show that the need for closer coordination among ASEAN and the three subregional programs has been recognized by the concerned parties. However, such efforts have not been sufficient to ensure consistency and realize synergies between these programs and ASEAN. In its discussion of the role of GMS, BIMP-EAGA, and IMT-GT in the AEC, the MPAC states that "... there is a need to promote links and interface among the various sub-regions ... given the larger geographical coverage and synergy that can be generated... The sub-regions can be used as test beds for accelerating implementation of relevant ASEAN agreements... Conversely, the sub-regions can capitalise on the existing AEC initiatives in order to further strengthen their development agendas." On BIMP-EAGA, it observes: "Despite being a test bed, institutional relations and linkages between BIMP-EAGA and ASEAN is limited to the holding of the EAGA Leaders Summit back to back with the ASEAN Leaders Summit. Relations between the secretariats have been ad hoc at best. If EAGA is to be truly a test bed for ASEAN agreements, institutional arrangements will have to be strengthened."⁸⁴

To improve coordination, BIMP-EAGA has invited the ASEAN Secretariat to its ministerial and senior officials' meetings. However, the ASEAN Secretariat's participation in these meetings has not been at a sufficiently commensurate level, and has been limited to the exchange of general information. The BIMP-Facilitation Centre and ASEAN Secretariat do not examine each other's programs

to strengthen the links between their activities. The same observation can be made about IMT-GT's interface with the ASEAN Secretariat.⁸⁵

On the GMS Program, the MPAC states that while the GMS initiative is generally consistent with ASEAN Connectivity and AEC Blueprint, it is necessary to ensure "that the GMS and ASEAN programmes and projects mesh together very well. This is not likely to be smooth sailing, especially since the two programmes have been pursuing parallel efforts and have sunk substantial investments in certain areas of cooperation, which although should ideally be consolidated may involve nuances and detailed issues that may be difficult to iron out. Wholesale subsuming of one programme to another is clearly not a feasible option."

Guiding Principles

In examining approaches and modalities for enhancing institutional coordination among ASEAN, GMS, BIMP-EAGA, and IMT-GT, it will be useful to keep in mind the following guiding principles:

- (i) The centrality of ASEAN in the overall regional and subregional cooperation framework should be underscored.
- (ii) "If it's not broken, don't fix it." This dictum has served many organizations well, and will help avoid "change for the sake of change."
- (iii) To the extent possible, build on existing institutions rather than establish new ones; what is required in many cases is the strengthening of existing, rather than the creation of new, bodies.
- (iv) Regularize ad hoc mechanisms and arrangements that are deemed useful and necessary before introducing new ones.
- (v) Give adequate attention to improving in-country coordination, as this is one of, if not the most, important link in regional and subregional cooperation.
- (vi) In addressing in-country coordination issues, bear in mind that "one size does not fit all."
- (vii) Consider the different levels of institutional development and capacities of member countries in the approaches and measures pursued.
- (viii) Take into account the cost implications of proposed measures, in terms of both financial and human resources, to ensure that they are reasonable and realistic.
- (ix) Provide mechanisms for review and feedback to determine the efficacy of the steps taken to enhance institutional coordination.

⁸⁴ Footnote 16, pp. 26–28.

⁸⁵ The current Initiative for ASEAN Integration Work Plan does not include BIMP-EAGA and IMT-GT.

- (x) Build on best practices in ASEAN, GMS, BIMP-EAGA, and IM-GT, as well as relevant best practices in other regional and subregional programs.
- (xi) Consider selective and/or targeted and time-bound, project-driven coordinating mechanisms (e.g., specific sector or theme).

Possible Approaches and Modalities

Approaches and modalities for enhancing coordination among ASEAN and the three subregional programs can be pursued along three major areas of focus: (i) strengthening institutional or organizational structures and links, (ii) improving coordination mechanisms, and (iii) strengthening institutional capacity for performing secretariat and coordination functions.

Strengthening Organizational Structures and Links.

This study did not seek to conduct a comprehensive review of the organizational structures of ASEAN, GMS, BIMP-EAGA, and IMT-GT individually, as extensive institutional reviews have been conducted on them separately. It only identifies areas where fine-tuning of such structures could facilitate and improve coordination among them, with emphasis on streamlining of existing organizational structures rather than creating new ones. It was also not aimed at recommending any specific organizational structure for in-country coordination because that is the prerogative of each member country, and a structure that works in one setting may not do so in another. It only cites the approaches used by member countries to coordinate regional and subregional programs, and highlights certain practices that have helped in improving in-country coordination of regional and subregional initiatives.

Issues and constraints affecting ASEAN, GMS, BIMP-EAGA, and IMT-GT, including those involving their organizational frameworks, have been highlighted in this section of the report. Organizational reviews that have previously been conducted for BIMP-EAGA and IMT-GT underlined certain weaknesses in their organizational structures. The recommendations of these reviews were intended to help resolve internal, as well as external (with other regional cooperation programs), coordination issues. As regards ASEAN, a study is being conducted on strengthening the ASEAN Secretariat. It notes several bodies and programs within ASEAN that are related to GMS, BIMP-EAGA, and IMT-GT that have overlapping concerns in terms of geographical coverage and programs of cooperation. These include ASEAN–Mekong Basin Development Cooperation, ASEAN Economic Ministers–Ministry of Economy, Trade and Industry Initiative for ASEAN Integration and Narrowing down the Development

Gap, and the Cambodia–Lao PDR–Myanmar–Viet Nam Economic Ministers Meeting.⁸⁶

To strengthen inter-program coordination, one of the key actions required in the MPAC is to “[s]et up a coordinating mechanism and structure between the ASEAN Secretariat... and the respective secretariats of the subregional initiatives and the ADB... to ensure the consistency and complementarities of the policies, programmes and projects of the subregional initiatives with the policies, programmes and projects of ASEAN...”⁸⁷ The following options could be considered to implement this directive: (i) establish a committee composed of the secretariats of ASEAN, GMS, BIMP-EAGA, and IMT-GT; (ii) establish two committees, one for ASEAN–GMS and one for ASEAN–BIMP-EAGA and IMT-GT, to take account of the differences between the two sets of groupings; or (iii) organize a periodic consultation meeting among the secretariats of ASEAN, GMS, BIMP-EAGA, and IMT-GT.

One of the proposals put forth by representatives of the subregional and regional programs in the course of the country consultations for this study was the establishment of “formal links” between ASEAN and BIMP-EAGA and IMT-GT. They are of the view that links are considered necessary for the following reasons:

- (i) The BIMP-EAGA and IMT-GT subregions are integral parts of ASEAN, and fast-tracking the implementation of ASEAN agreements and programs in these subregions can demonstrate more concretely the progress of ASEAN cooperation.
- (ii) BIMP-EAGA and IMT-GT could pilot test the implementation of various ASEAN schemes (e.g., single window; customs, immigration, quarantine, and security; and electronic processing of documents) in specific border crossings, which could then be replicated in other border areas based on the lessons learned from the pilot tests.
- (iii) BIMP-EAGA and IMT-GT could benefit from technical expertise in the ASEAN Secretariat, as well as improve their access to technical and other resources from the ASEAN external partners.
- (iv) The development of BIMP-EAGA and IMT-GT supports the third pillar of the ASEAN Community, which is aimed at “raising the standard of living of disadvantaged groups and the rural population” and the “active involvement of local communities.”

⁸⁶ This exercise is not part of the terms of reference of this study and is better undertaken by the ASEAN Secretariat.

⁸⁷ Footnote 16, p. 22.

- (v) Connectivity is critical to the development of BIMP-EAGA and IMT-GT, as most of the areas they cover are not contiguous and less connected physically. There are still many missing links involving sea and air linkages among the BIMP-EAGA and IMT-GT areas, as well as between these areas and the main markets in their respective countries. Enhancing connectivity among these areas and with the rest of ASEAN would help realize their economic potential and benefit ASEAN as a whole.

“Formal links,” if pursued by the programs concerned, might need to be defined more specifically, which can take many forms. The term “regular links” might offer more flexibility instead of “formal links.” The proposed links might require the institutionalization of certain coordination mechanisms and arrangements between ASEAN and the two subregional programs.

Improving Coordination Mechanisms. Coordination mechanisms are methods and processes used within existing organizational structures, as shown earlier with some examples. It is important not only to continue implementing these mechanisms, but also to carry out current coordination efforts more regularly and systematically. Significant improvements in coordination can be achieved by seemingly simple steps if there is a common understanding and commitment among all parties concerned. Table 25 provides an illustrative list of regional and subregional coordination mechanisms and how they might be strengthened.

It is also important to identify the stage in the project cycle where coordination mechanisms should be strengthened. Based on the strategy and programs review, it is observed that the most important point of coordination would be at the planning stage where complementarities and convergence points could be identified. This implies that relevant officials of ASEAN and the three subregional programs should have a mechanism (not necessarily a formal structure) to discuss the scope, conduct, and results of master plans and similar studies in key sectors from a region-wide perspective. This mechanism is also important for policy-related initiatives that could have area-specific implications, especially for BIMP-EAGA and IMT-GT (e.g., the importance of addressing the cabotage policy). This region-wide planning mechanism will enhance awareness of the “big picture” on the part of the subregional programs; on the part of ASEAN, it will raise awareness of the specific priorities and concerns of the subregional programs. For this mechanism to function effectively, it is important that participants are from the relevant agencies responsible for planning, policy, and regulation in a given sector. This mechanism should have an effective link with

the sector working groups, which, under formal structures, would have the responsibility for formulating action plans and overseeing their implementation.

Strengthening Capacity. The lack of capacity of regional, subregional, and national secretariats is a common issue affecting the coordination of regional and subregional economic cooperation initiatives within member countries and across regional and subregional programs. In many cases, inadequate financial, human, and technical resources have constrained these bodies from performing their coordination functions effectively. Thus, strengthening organizational structures and coordination mechanisms may not lead to substantial improvements in institutional coordination and links among the regional and subregional programs if the capacity constraints faced by many national and subregional secretariats are not simultaneously addressed. An important consideration in delivering capacity building interventions for secretariats is the need to promote a basic understanding of what a secretariat is, set the norms for its effective operations, and determine the required competencies of its staff.

A review of ADB-funded and administered technical assistance (TA) projects for capacity building and secretariat support in ASEAN, GMS, BIMP-EAGA, and IMT-GT was conducted. The review aimed to provide an indicator of how and to what extent ADB and its co-financiers have helped in strengthening the capacity of the national and central secretariats of the four initiatives (Appendix E). An examination of the TA projects for capacity building and secretariat support shows the following:

- (i) For ASEAN, a great majority of the capacity building TA projects were for the strengthening of financial surveillance and related issues, which accounted for around two-thirds of the total cost of all such TA projects.
- (ii) For the GMS, the largest allocation was for the Phnom Penh Plan for Development Management, which accounted for nearly two-thirds of the total cost of TA projects for capacity building and secretariat support. The total cost of the projects earmarked for secretariat support accounted for about one-quarter. There was one TA project (\$500,000) for capacity building for national institutions under the GMS Program in 2001.
- (iii) In BIMP-EAGA and IMT-GT, the TA projects for secretariat support accounted for nearly two-thirds of the total amount for capacity building and secretariat support. There were two TA projects for strengthening the national secretariats in the Philippines (1996) and Indonesia (2004).

Table 25: Enhancing Coordination Methods and Processes

Mechanisms	Current Practice	Areas for Improvement
Region-wide coordination for planning at the overall and sector levels	Master plans, roadmaps, and sector analytical work not vetted across programs	Provide platform or mechanism where these master plans, roadmaps, and sector analytical work can be discussed across programs
Designation of focal points (units and persons) at the overall and sector levels	Some designations made, but gaps at the sector level exist; designations not formally communicated to external partners; the designated focal points not the appropriate ones in certain cases	Designate focal points in each organization at different levels; when designated, review appropriateness of the designated focal points and communicate the designated focal points to external partners
Designation of counterparts at different levels and key sectors of cooperation	Counterparts usually well-identified at the overall level, but not at the sector level	Clarify and establish the main counterparts at various levels and sectors, with the designation of focal points helpful in this process
Communication among staff of the secretariats of ASEAN, GMS, BIMP-EAGA, and IMT-GT	Limited, sporadic, irregular	Increase and regularize communication among counterparts in the secretariats, and establish communication links where there are none at present
Exchange of information among the secretariats of ASEAN, GMS, BIMP-EAGA, and IMT-GT	Exchange of information taking place mainly during meetings; referring to each other's websites not sufficient, containing only basic information and not regularly updated	Regularize the flow of information among the secretariats, and specify the type of information required by the respective counterparts

ASEAN, BIMP-EAGA, IMT-GT, GMS.

Source: ADB TA 7718-REG Study Team.

Only a few TA projects have been extended for capacity building of the national secretariats of the four groupings.⁸⁸ Moreover, although some TA projects were designed to support the operations of the regional and subregional secretariats, the projects did not explicitly include inputs to improve coordination among the regional and subregional programs. Thus, ADB could consider a TA project to (i) strengthen capacity and improve mechanisms for coordination among the secretariats of ASEAN, GMS, BIMP-EAGA, and IMT-GT;⁸⁹ (ii) strengthen the capacity of national secretariats and improve institutional mechanisms for in-country coordination of regional and subregional initiatives;⁹⁰ and (iii) establish mechanisms for coordinating region-wide planning activities (e.g., formulate master plans, sector plans, and roadmaps; and conduct sector strategy studies); and (iv) enhance the interface between sector bodies and agencies in the three subregional programs and ASEAN.

⁸⁸ Based on a review of the IAI Work Plan projects as of September 2005, it appears that no capacity building project specifically designed for strengthening Cambodia–Lao PDR–Myanmar–Viet Nam (CLMV) secretariats had been approved and/or implemented as of that date. Information on the IAI Work Plan for the more recent period is not yet available, but it is quite probable that the situation has not changed. R. Severino. 2005. *Final Report: The Initiative for ASEAN Integration: Midterm Review of the Work Plan*. Jakarta.

⁸⁹ If this proposal were approved, it would help implement the MPAC directive to establish (i) a coordinating mechanism and structure among the ASEAN Secretariat and those of the GMS, BIMP-EAGA, and IMT-GT; and (ii) “formal links” between ASEAN and BIMP-EAGA or IMT-GT. The term “regular links” is used in this study instead of “formal links” to ensure that BIMP-EAGA and IMT-GT retain their flexibility in being focused on a smaller geographical area compared to ASEAN as a whole.

⁹⁰ This activity will have to be conducted on a selective basis, with priority to CLMV and other countries where assistance is clearly needed.

V. SUMMARY OF MAJOR FINDINGS

The mapping of strategies and programs, as well as institutional links, between the Association of Southeast Asian Nations (ASEAN) and the Greater Mekong Subregion (GMS), Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA), and Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) subregional programs is part of efforts to enhance the process of economic integration in the region. Supporting this process has been made more compelling by the proximity of the ASEAN Economic Community (AEC) target date of 2015. The practical reality is that while ASEAN and the three subregional programs are different from each other in many respects, they are not independent from each other given their shared aspirations. The AEC has important ramifications for the medium- and long-term goals of the three subregional programs whose memberships overlap with that of ASEAN (except for the People’s Republic of China [PRC] in the GMS). At the same time, the three subregional programs can play an important role in supporting ASEAN on its path to the AEC. This study has been pursued in the context of such interdependence, which opens up many opportunities for developing a mutually supportive and beneficial relationship between ASEAN and the three subregional programs.

This study was designed to serve as a resource for ASEAN, GMS, BIMP-EAGA, and IMT-GT in discussions on how to better improve linkages among themselves. The national and regional secretariats should take the lead in initiating relevant actions, while other development partners, including the Asian Development Bank (ADB) and the Australian Agency for International Development (AusAID), could use the results of this study to identify follow-on studies and other possible interventions in support of ongoing efforts at accelerating economic integration in ASEAN.

The study charted existing and potential points of convergence and complementarities across the regional and subregional programs at the strategy and operational levels, drawing from the AEC Blueprint and the Master Plan on ASEAN Connectivity (MPAC), and focusing on initiatives to promote connectivity in transport and energy, and transport and trade facilitation. It also examined the state of institutional coordination and links between ASEAN and the subregional programs to identify areas that need strengthening, so that existing and prospective links between them can be pursued in a more purposive and integrated manner toward greater convergence with AEC goals. The major findings of the study covering the strategy and institutional links between ASEAN and the three subregional programs are presented below.

Major Findings

Strategy and Program Links

The review of the program-wide strategies of the GMS, BIMP-EAGA, and IMT-GT showed that there is a strong recognition of the importance of ASEAN. The program-wide strategies of these three subregional programs view ASEAN integration as providing the opportunity for spurring economic growth and honing the competitive advantage of production units for the wider regional and global markets. At the same time, the subregional programs recognized the need to overcome development constraints to realize these opportunities. Regional cooperation is a potent means for subsets of the ASEAN Member States to work collectively in overcoming constraints that are unique to their particular settings.

The launch of the AEC in 2007, reinforced by the entry into force of the ASEAN Charter in 2008, has served as a galvanizing force in linking the strategies of the subregional programs more closely with the ASEAN agenda. The AEC provided greater clarity to the pillars of integration, as well as a blueprint of action that gave a more definitive anchor for the strategies of the subregional programs. Thus, a stronger link with the AEC agenda became more perceptible in the “second generation” strategic frameworks of the subregional programs. Moreover, across all the second generation frameworks, the proximity of the AEC in 2015 seems to have spurred a greater sense of urgency to accelerate the economic integration process, as evidenced by the increasing use of specific ASEAN frameworks to guide subregional initiatives.

Among the subregional programs, BIMP-EAGA has manifested the strongest link with ASEAN. In fact, BIMP-EAGA has always considered itself to be a subset of ASEAN, and has brought this relationship to bear in the formulation of its various initiatives. The *BIMP-EAGA Roadmap to Development, 2006–2010* specified a role for the ASEAN Secretariat in refining the roadmap in the course of its implementation, and in guiding various EAGA initiatives through linkages with the appropriate ASEAN bodies. The ASEAN Secretariat, however, has not yet fully performed this role.

In the review of cooperation in transport and energy, and transport and trade facilitation, there was also evidence of links in various forms. Some links were purposive or intended, such as the BIMP-EAGA Memorandum of Understanding (MOU) on Transit and Interstate Transit of Goods as a test bed for the ASEAN Framework Agreement for the Facilitation of Goods in Transit. Others were random or unintended, such as segments of the ASEAN Highway Network (AHN) coinciding with segments of the subregional corridors. Links were also manifested in the form of physical connectivity expansion, such as the GMS plans to develop railway routes beyond the Singapore–Kunming Rail Link (SKRL). Similar to the pattern observed for the program-wide strategies, links at the operational level have tended to be more purposive after the AEC launch in 2007. This was evident especially in the area of transport and trade facilitation, where a number of ASEAN and subregional agreements and protocols began aligning with one another after 2007.

The review of selected sectors also indicates that ASEAN and the subregional programs have unique roles to play in pursuing shared goals. For one, the subregional corridors have played an important role in translating the goal of ASEAN physical connectivity into specific area contexts through the implementation of corridor-specific

development strategies. Equally important, these corridors have provided a “land bridge” to connect ASEAN more intensively with markets in the PRC, and farther to the west, to India and the rest of South Asia. The subregional programs have also served as a platform where subsets of ASEAN countries can find common ground in addressing development constraints through strategies and actions that are more adaptable to their particular circumstances, while remaining consistent with ASEAN objectives. These programs have further allowed them to “test the waters,” participate gradually and incrementally in activities where capacities are still lacking, and allocate resources where national and regional priorities are aligned with each other.

ASEAN, on the other hand, has played a more effective role in institutional connectivity involving region-wide liberalization measures, standards and rules harmonization, and policy coordination, among other areas. It would be difficult for subregional programs to take the lead in these areas. A good case in point is the Customs Transit System (CTS) in the GMS Cross-Border Transport Agreement (CBTA) that will have to align eventually with that of ASEAN. However, as observed in the operational level review, subregional programs can still play a role in software connectivity by implementing administrative improvements or building capacity (e.g., at selected border-crossing points) to facilitate the flow of goods and people for as long as these improvements are consistent with regional and/or global norms. The BIMP-EAGA and IMT-GT initiatives in customs, immigration, and quarantine systems are good examples of how the subregional programs can perform this role.

Institutional Links

Strengthening existing and pursuing potential links between ASEAN and the three subregional programs in transport and energy, and transport and trade facilitation will require commensurate improvements in the institutional mechanisms and arrangements for coordinating related activities in ASEAN and the subregional program.⁹¹ Accordingly, the study examined coordination issues and constraints, and broadly identified possible measures for improving the interface between ASEAN and the subregional programs.

Previous institutional assessments of ASEAN and the subregional programs dealt primarily with in-program improvements rather than inter-program coordination. The institutional assessment in this study used these program-

⁹¹ These may also be applicable to other sectors and areas of cooperation covered by ASEAN and the three subregional programs.

specific assessments as the starting point for the review of coordination issues and constraints between ASEAN and the subregional programs. It was complemented by a broad assessment of in-country institutional mechanisms and arrangements for coordinating activities involving ASEAN and the subregional programs.

Assessments of the institutional mechanisms and arrangements in ASEAN, GMS, BIMP-EAGA, and IMT-GT have been conducted at various times in the past. These reviews have led to certain changes in organizational structures and mandates of regional and/or subregional bodies over time, with the latest being the adoption by BIMP-EAGA of a new organizational structure effective 1 January 2013. A review of the ASEAN Secretariat is ongoing. These periodic institutional assessments have been helpful in ensuring that existing structures and processes remain effective in supporting regional and/or subregional goals.

All ASEAN Member States are members of at least one other regional and/or subregional program. These interlocking memberships in different but related subregional programs require close in-country coordination. While efforts to improve coordination at the regional and subregional levels are important, the first line of defense against a fragmented and uncoordinated approach to regional and subregional development is at the country level. Moreover, the effective implementation of specific regional and/or subregional initiatives requires that they be integrated into the national planning, policy, and budget processes. Good in-country coordination is critical to achieving concrete results in regional and subregional cooperation.

The analysis of in-country mechanisms and arrangements for coordinating ASEAN, GMS, BIMP-EAGA, and IMT-GT shows that except for ASEAN, for which in-country coordination resides uniformly with the foreign affairs ministry, there are wide variations in terms of the designated focal ministers and agencies that are responsible for coordinating each of the three subregional programs. There have also been changes over time involving focal ministries and ministers. The arrangements adopted by a member country at any one time have depended on the specific situation in each country. An organizational approach effective in one country may not necessarily be effective in another country due to different institutional settings.

The national secretariats play a critical role in coordinating regional and subregional programs. Their functions range from maintaining liaisons with the subregional secretariats to arranging the participation of national agencies in subregional meetings, disseminating information on

various subregional activities, coordinating the position of concerned agencies on matters to be taken up in senior officials' and ministerial meetings, and interfacing with local authorities and the private sector. Although the need to have a strong national secretariat or coordinator is well-recognized, many of these offices lack the resources and capacity to perform their roles effectively. Moreover, not all sector ministries concerned have designated focal units or officials within their respective organizations, resulting in a lack of continuity and low levels of participation in working group meetings and activities, as well as inadequate monitoring of subregional initiatives.

The mechanisms for intra-program coordination among concerned ministries and agencies (e.g., transport, energy, and environment) vary by country, with many convening interagency consultation meetings when necessary. There are more formal arrangements in some countries, such as the AEC national coordinating committees in Cambodia and Thailand chaired by their respective ministers of commerce. In addition, Cambodia organized the National Committee for ASEAN Affairs chaired by the Prime Minister, with the Deputy Prime Minister and minister of foreign affairs serving as vice chair.

While in-country institutional arrangements for intra-program coordination are generally well-defined, the same is not true for in-country coordination (inter-program) among or across regional and subregional programs. This issue pertains not only to coordination among ministries involved in these programs, but also within ministries. Some of the factors constraining in-country coordination efforts include a lack of resources, limited technical capacity, historical antecedents and inertia from past practice, and the political factors and personalities involved at one time or another. Inter-program coordination has been addressed by member countries in various ways. Many member countries have taken an informal, ad hoc approach whereby interagency meetings are convened when an important issue comes up or when the need arises. Efforts have also been taken by some countries to institutionalize mechanisms for coordinating regional and subregional programs on a government-wide basis, such as the newly constituted Council for Regional Cooperation in the Philippines chaired by the secretary of foreign affairs, and the high-level coordinating committee for regional and subregional cooperation under the chair of the respective Prime Ministers of Cambodia, Thailand, and Viet Nam.

At the regional and subregional levels, inter-program coordination between ASEAN and the GMS, BIMP-EAGA, and IMT-GT has been inadequate, despite some steps that have been taken to improve coordination and the MPAC's recognition of such need. Efforts that have

been initiated so far to strengthen the links have had limited results. For instance, BIMP-EAGA has invited the ASEAN Secretariat to its ministerial and senior officials' meetings, but this has been confined to the exchange of general information. Although the GMS, BIMP-EAGA, and IMT-GT have been recognized as ASEAN subregions in a number of official documents, the ASEAN Secretariat has hesitated to be proactively involved in the subregional programs in the absence of a clear administrative mandate.

The study identified the following issues and concerns involving institutional mechanisms and arrangements that cut across regional and subregional programs:

- (i) Improved in-country coordination of the various initiatives in member countries—particularly for the GMS, BIMP-EAGA, and IMT-GT programs—can help ensure consistency and maximize the benefits of member countries' participation in various regional and subregional programs.
- (ii) Issues and constraints confronting the central secretariats include capacity constraints in the ASEAN Secretariat, legal issues and capacity constraints in the BIMP-EAGA and IMT-GT secretariats, and the role of ADB in financing and managing the GMS Secretariat. The unevenness in the resource capacities and legal mandates of central secretariats could affect the overall quality of coordination among them.
- (iii) There are significant challenges in project development and implementation, particularly in BIMP-EAGA and IMT-GT, which are partly being addressed by the preparation of their implementation blueprints. However, the capacity for dealing with these challenges is severely constrained.
- (iv) The need to improve monitoring systems is a common concern. Central secretariats differ in their monitoring systems and capacities. The ASEAN Secretariat uses a scorecard for monitoring the progress of measures and actions, which is largely based on process compliance. Meanwhile, the subregional programs have started to go beyond progress monitoring and have initiated steps toward a results-based framework.

Strengthening Strategic and Institutional Links

While there are wide variations in in-country systems and subregional institutional structures and mechanisms, there are two universal factors for forging effective strategic and institutional links: (i) well-functioning in-country coordination is a necessary condition for promoting effective links at the regional and subregional levels; and

(ii) national, regional, and subregional secretariats require sufficient competencies and mandates to perform their roles effectively in promoting links.

The report's key findings can be categorized as follows:

- (i) pursuing opportunities for strengthening and expanding links,
- (ii) strengthening organizational structures and coordination mechanisms at the in-country, subregional, and regional levels, and
- (iii) enhancing institutional capacity.

Pursuing Opportunities for Strengthening and Expanding Links

Based on this study's review of selected connectivity areas, a number of broad measures could be taken to further promote or expand links. For example, ASEAN might (i) take into account subregional corridor development plans in further prioritizing the ASEAN Highway Network routes for upgrading and expansion, (ii) address gaps involving ferry links and cross-border highways links, (iii) strengthen coordination in the software elements of railway and energy grid connectivity, or (iv) consider lead roles for BIMP-EAGA and IMT-GT in pursuing the ASEAN roll-on/roll-off (RoRo) network. For their part, the subregional programs might (i) promote and deepen their roles in pilot testing transport and trade facilitation, (ii) expand railway connectivity beyond the Singapore–Kunming Rail Link, (iii) align the Cross-Border Transport Agreement to the new ASEAN Customs Transit System, or (iv) expand the BIMP-EAGA memorandum of understanding on non-conventional sized ships to IMT-GT.

Strengthening Organizational Structures and Coordination Mechanisms

Well-functioning in-country coordination mechanisms can help avoid fragmentation, promote better resource allocation, and ensure alignment of national priorities with regional and subregional commitments. Such mechanisms involve (i) an assessment of the adequacy of existing in-country arrangements and mechanisms within and among ministries for coordinating the initiatives of ASEAN and the three and other subregional programs, (ii) the identification of areas and actions for improvement, and (iii) the implementation of measures to strengthen arrangements and mechanisms on a sustained basis.

Focal points for overall coordination are already well-established. Additional focal points—such as a ministry

or agency, department, or even specific official—for each regional or subregional initiative by sector of cooperation, where designations have not yet been made, could further strengthen coordination. A periodic coordination meeting including the secretariats of ASEAN, the GMS, BIMP-EAGA, and IMT-GT could serve as a forum to exchange information on recent developments, and identify areas or specific activities where links could be promoted. The secretariats would then convey to the mandated bodies the relevant information discussed at the coordination meeting. Furthermore, establishing regular links between the ASEAN Secretariat and the subregional program secretariats and/or their related sector groupings, particularly for BIMP-EAGA and IMT-GT, would involve the institutionalization of certain roles on the part of both the ASEAN Secretariat and the subregional program secretariats beyond conducting joint meetings. The proposed links could also have a number of variants, for example, they could (i) extend to sector bodies of ASEAN and the subregional programs, (ii) be comprehensive (covering all sectors) or selective (covering only connectivity sectors), and (iii) be continuing (regular joint meetings) between sector bodies or issue-based (i.e., focused only on a specific task).

Mechanisms for sharing and discussing regional and subregional master plans, roadmaps, and sector studies as planning and programming inputs could also be beneficial.

The mechanism could be a forum for discussing plans for specific sectors, issues, or themes, and may not necessarily be a formal structure or institutional link. A similar mechanism would be the regular conduct of workshops and seminars covering specific issues facing ASEAN, GMS, BIMP-EAGA, and IMT-GT to exchange experiences and lessons learned.

Enhancing Institutional Capacities

This study also identified the importance of strengthening the capacity of the national and subregional secretariats for coordinating regional and subregional programs based on the mandates given by members of the programs. Specifically, this might include improving secretariats' (i) conduct of analytical work on common concerns and cross-cutting issues among the sectors of cooperation; (ii) preparation of technical reports, in coordination with concerned ministries to assist relevant bodies in making informed decisions; (iii) provision of updated information on developments in the region and on various regional cooperation programs; (iv) appraisal of projects; and (v) monitoring of progress and results.

VI. CONCLUSIONS

The mapping of links between the Association of Southeast Asian Nations (ASEAN) and the three subregional programs—the Greater Mekong Subregion (GMS), Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA), and Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT)—has yielded a number of significant insights that could help further drive the process of integration envisaged under the ASEAN Economic Community (AEC). Strategy and program links have been increasingly converging since the launch of the AEC in 2007. Despite the randomness of many of these links, the potential for making them more purposive in key connectivity sectors has been illustrated by this report. As shown in the strategy and program levels review, both ASEAN and the subregional programs have unique roles to play in fostering the links. ASEAN’s role in policy coordination, harmonization, and standards setting is key to pacing the integration process, given its wide-ranging economic and political mandate and legal character. The subregional programs provide the geographic context in which these policies and standards are applied and refined, given specific development constraints. It is evident that the momentum for linking with AEC goals has started. The challenge is now to build upon and sustain this momentum.

Institutional arrangements at the in-country and regional and subregional levels will need to keep pace with the demands of increased coordination. The institutional review has revealed that existing institutional arrangements do not lend themselves adequately to the type of interactive and flexible forms of interface that are needed to cope with the rapid and complex developments in the region. Rigidities in institutional structures and mechanisms, lack of commitment to strengthening national institutions, and overall resource constraints are hindering in-country,

subregional, and regional institutions and mechanisms from becoming effective drivers of the integration process.

Without being prescriptive, this study has attempted to highlight the importance of improving the interface between ASEAN and the subregional programs. ASEAN, GMS, BIMP-EAGA, and IMT-GT—individually, bilaterally, or collectively—could consider pursuing any specific measure or combination of measures to enhance strategic program and institutional links discussed in this report only in so much as they can help realize integration goals and aspirations. This study also cautions that countries should be mindful of the resource and capacity implications, as well as the two critical success factors for any such initiative to work: (i) a well-functioning in-country link is a necessary condition for promoting effective links at the regional and subregional levels, and (ii) the competencies and mandates of national, regional, and subregional secretariats will impact on their performance in promoting links. If these two factors are not addressed, merely linking structures at the regional and subregional levels might have limited outcomes.

The promotion of strategic programs and institutional links between ASEAN and the three subregional programs is not an end in itself. Rather, it is a means that could benefit ASEAN and the subregional programs collectively as well as individually.

- (i) **For ASEAN**, the progress and achievements of the subregional programs related to the AEC targets could help improve its performance on the AEC scorecard. This approach is reasonable because ASEAN could (i) invoke the “minus X” principle for subregional projects, (ii) use the subregional programs as implementing partners in operationalizing ASEAN-wide agreements and initiatives, and (iii) pilot test new

agreements and initiatives through the subregional programs. ASEAN's strength in rules and policy-based cooperation could also be complemented by concrete, action-oriented projects and programs at the subregional level.

- (ii) **For GMS, BIMP-EAGA, and IMT-GT,** stronger ties with ASEAN could strengthen the support of central governments to their respective programs and projects. Regularizing their links with ASEAN, operationally and technically, could also help increase their interaction with ASEAN development partners in the integration process and subregional activities. For the three subregional programs, using policies and rules agreed to by ASEAN Member States would provide a high degree of confidence about their reliability and sustainability. It would also save the subregional programs from “starting from scratch” and avoid inconsistencies that may eventually need correction. They could also tap the technical expertise and experience of the ASEAN sector bodies and network of learning institutions, and link up with ASEAN-wide private sector organizations in promoting investments.
- (iii) **For member countries,** improvements in in-country mechanisms and arrangements for coordination could ensure consistency and continuity in the positions being taken by country delegations, avoid unnecessary overlaps and duplication of activities, strengthen alignment between national and regional or subregional strategies and priorities, and enhance

the impact of regional and subregional programs and projects. Improved inter-program coordination could ultimately benefit member countries through increased efficiency and a better division of labor in the deployment of human and financial resources; by providing a clearer perspective of how the subregional frameworks fit into the larger ASEAN framework of cooperation; and by promoting more avenues for obtaining additional development assistance, especially for the CLMV countries—Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam—and other lagging areas, such as those in BIMP-EAGA and IMT-GT.

It is hoped that this study will serve as an entry point for ASEAN and the three subregional programs to come together and discuss how to better improve linkages among themselves. This study has identified areas in the connectivity sectors where potential links could be further developed, with the relevant national and regional secretariats taking the lead in initiating actions. Some actions may be easy to pursue (e.g., designation of focal points), while others may involve more complex decisions (e.g., regularizing links). A follow-up analysis, involving sector-specific or country-specific assessments, may also be warranted depending on the type and extent of coordination and convergence that is desired. The additional resources to support any follow-up actions, as well as those required for capacity building, also need to be identified. In this manner, improving links will be an ongoing process that underpins the larger efforts of accelerating economic integration in ASEAN.

Appendixes

Appendix A

Selected ASEAN Highway Network Sections in the ASEAN Strategic Transport Plan Located in Subregional Corridors in the GMS, BIMP-EAGA, and IMT-GT				
ASEAN Highway Network Priorities under the ASEAN Strategic Transport Plan (Brunei Action Plan)			Status and Length	Affected or Related Priority Routes and Corridors in ASEAN, GMS, BIMP-EAGA, and IMT-GT
Brunei Darussalam	AH150 168.0 kilometers (km)	Sg. Tujuh-Kuala Lurah, Pumi (Brunei Darussalam Check Point)–Labu (Brunei Darussalam Check Point)	Class I (66.0 km)	West Borneo Economic Corridor (WBEC)
			Class II (98.8 km)	
Cambodia	AH1 573.0 km	Poi Pet–Sisophon–Phnom Penh–Bavet	Class III (3.2 km)	Southern Economic Corridor (SEC)
			Class II (573.0 km)	
			Class II (762.8 km)	
Indonesia	AH11 762.8 km	Sihanoukville–Phnom Penh–Kampong Cham–Stung Treng–Trapeangkreal	Class II (762.8 km)	SEC
			Class III (151.0 km)	
			Class III (151.0 km)	
Lao PDR	AH123 151.0 km	Cham Yeam–Koh Kong–Phum Daung Bridge–Sre Ambel–Chamkar Luong	Class I (33.7 km)	EC3 ASEAN Strategic Transport Plan (ASTP): TTR Upgrade (141.55 km) ASTP: Upgrade (1,762.3 km)
			Class II (1,535.2 km)	
			Class III (1,188.4 km)	
Indonesia	AH150 3,073.0 km	Banda Aceh–Medan–Pekanbaru–Jambi–Palembang–Lampung Bakauheni–Merak	Class II (359.0 km)	EC3 ASTP: Upgrade (611.9 km)
			Class III (1,530.0 km)	
			Below Class III (1,184.0 km)	
Lao PDR	AH151 1,719.0 km	Serudong–Samarinda–Banjarmasin–Palangkaraya (Entikong)–Pontianak	Class II (357.0 km)	EC3 ASTP: Upgrade (611.9 km)
			Class III (1,184.0 km)	
			Below Class III (178.0 km)	
Lao PDR	AH151 1,719.0 km	Tebingtinggi–Padang–Bangko–Lubuk Linggau–Terbanggi Besar	Class II (227.6 km)	North–South Economic Corridor (NSEC) ASTP: TTR Upgrade (293 km)
			Class III (410.3 km)	
			Below Class III (293.0 km)	
Lao PDR	AH15 132.8 km	Boten–Naeuy–Houxyay	Class III (34.8 km)	ASTP: TTR Upgrade (98 km)
			Below Class III (98.0 km)	
			Class III (241.1 km)	
Lao PDR	AH16 241.1 km	Nateuy–Oudomxai–Luang Prabang–Vientiane	Class III (41.7 km)	East–West Economic Corridor (EWEC) ASTP: Upgrade (96 km)
			Below Class III (96.0 km)	
			Class III (41.7 km)	
Lao PDR	AH131 137.7 km	Thakhek–Ban Lao–Keoneau	Class III (241.1 km)	East–West Economic Corridor (EWEC) ASTP: Upgrade (96 km)
			Class III (241.1 km)	
			Class III (241.1 km)	
Lao PDR	AH131 137.7 km	Savannakhet–Seno–Densavanh	Class III (241.1 km)	East–West Economic Corridor (EWEC) ASTP: Upgrade (96 km)
			Class III (241.1 km)	
			Class III (241.1 km)	
Lao PDR	AH131 137.7 km	Thakhek–Kiamouya	Class III (241.1 km)	East–West Economic Corridor (EWEC) ASTP: Upgrade (96 km)
			Class III (241.1 km)	
			Class III (241.1 km)	

Continued on next page

Appendix A continued

ASEAN Highway Network Priorities under the ASEAN Strategic Transport Plan (Brunei Action Plan)			Status and Length	Affected or Related Priority Routes and Corridors in ASEAN, GMS, BIMP-EAGA, and IMT-GT
Malaysia	AH132 239.0 km	Phia Fai–Ban Het	Class III (113.0 km) Below Class III (126.0 km)	ASTP: Upgrade (126 km)
	AH2 821.0 km	Bukit Kayu Hitam–Kuala Lumpur–Senai Utara–Second Linkage	Primary (795.0 km) Class I (26.0 km)	EC1
	AH18 756.6 km	Rantau Panjang–Kuantan–Johor Baru	Class I (41.0 km) Class II (715.6 km)	EC1
	AH141 272.3 km	Port Klang–Kuala Lumpur–Kuantan	Primary (265.3 km) Class I (7.0 km)	EC2
	AH150 1,994.6 km	Serian–Kuching–Tebedu–Serien–Sg.Tujuh, Kuala Lurah–Runi, Labu–Kota Kinabalu–Seredong	Class II (1,095.6 km) Class III (859.0 km) Below Class III (40.0 km)	WBEC ASTP: Upgrade (40 km)
Myanmar	AH1 1,656.0 km	Tamu–Mandalay–Meiktila–Yangon–Bago–Payagyi–Thaton–Myawaddy	Class I (80.0 km) Class III (1,206.0 km) Below Class III (379.0 km)	EWEC ASTP : TTR Upgrade (141.5 km)
	AH2 807.0 km	Meiktila–Loilem–Kyaing Tong–Tachilek	Class I (10.0 km) Class III (349.0 km) Below Class III (448.0 km)	ASTP: TTR Upgrade (593 km)
	AH3 93.0 km	Mongla–Kyaing Tong	Class III (93.0 km)	ASTP: TTR Upgrade (93 km)
	AH111 239.0 km	Thibaw–Loilem	Below Class III (239.0 km)	ASTP : Upgrade (239 km)
	AH112 1,145.0 km	Thaton–Mawlaimeyne–Thanbuzayat–Ye–Dawei–Lehnya, Kamaugyi, Lehnya–Khong Loy	Class II (19.0 km) Class III (84.0 km) Below Class III (982.0 km) Class III (84.0 km) Below Class III (982.0 km)	EWEC ASTP: Missing Link (60 km) ASTP: Upgrade (1,085 km)
	AH123 141.0 km	Dawei–Maesameepass	Missing Link: 141.0 km	ASTP: Missing Link (141 km)
Philippines	AH26 3,266.27 km	Laoag City–Agabag–Manila–Daet–Surigao–General Santos–Malabang–Zamboanga City	Primary (71.0 km) Class 1 (196.08 km) Class II (8.36 km) Class III (2,990.8 km)	Greater Sulu Sulawesi Corridor (GSSC)
Thailand	AH1 715.5 km	Mae Sot–Tak–Nakhon Sawan–Bangkok–Hin Kong–Kabinburi–Aranyaprathet	Primary (44.6 km) Class I (531.3 km) Class II (139.5 km)	EWEC SEC
	AH2 1,913.6 km	Tachilek–Mae Sai–Chiang Rai–Tak–Bangkok–Pranburi–Hat Yai–Chang Lon	Primary (110.4 km) Class I (1,800.9 km) Class II (2.2 km)	NSEC
	AH3 121.2 km	Chiang Khong–Chaing Rai	Class I (11.4 km) Class II (50.6 km) Class III (59.2 km)	NSEC
	AH12 571.3 km	Nongkai–Udonthani–Khon Kaen–Nakhon Ratchasima–Hin Kong	Class I (571.3 km)	EWEC
	AH13 550.5 km	Huai Kon–Phitsanulok–Nakhon–Sawan	Class I (343.6 km) Class II (206.9 km)	EWEC
	AH16 703.4 km	Tak–Phitsanulok–Lom Sak–Khon Kaen–Mukdahan	Class I (324.4 km) Class II (322.7 km) Class III (56.4 km)	NSEC–EWEC Interchange EWEC
	AH18 311.1 km	Hat Yai–Sungai Golok	Class I (311.1 km)	EC1
	AH121 507.6 km	Mukdahan–Suwanaphum–Buriram–Aranyaprathet–Sa Kaeo	Class I (90.4 km) Class II (370.0 km) Class III (47.2 km)	EWEC
	AH123 634.2 km	Myanmar Border–Angkok–Chonburi–Chantaburi–Hat Lek	Primary (152.7 km) Class I (343.6 km) Class II (122.8 km) Class III (15.1 km)	SEC

Continued on next page

Appendix A continued

ASEAN Highway Network Priorities under the ASEAN Strategic Transport Plan (Brunei Action Plan)			Status and Length	Affected or Related Priority Routes and Corridors in ASEAN, GMS, BIMP-EAGA, and IMT-GT
Viet Nam	AH1 1,803.0 km	Huu Nghi Quan–Ha Noi–Vot (South of Vinh) –West Vung Ang Port–Dong Ha–Da Nang–West of Hoi An–QUang Ngai–Nha Trang–Bien Hoa–Ho Chi Minh City–Moc Bai	Primary (32.3 km) Class I (88.5 km) Class II (1,323.6 km) Class III (358.6 km)	EWEC SEC
	AH13 499.5 km	Tay Trang–Dien Bien–Tuan Giao–Son La–Hoa Binh–Ha Noi	Class I (8.2 km) Class III (279.3 km) Below Class III (215.5 km)	ASTP: Upgrade (215 km) NSEC
	AH14 427.5 km	Lao Cai–Doan Hung–Ha Noi–Hai Phong	Class I (156.1 km) Class II (30.8 km) Class III (115.6 km) Below Class III (183.0 km)	
	AH16 84.0 km	Lao Bao–Dong Ha	Class II (84.0 km)	EWEC
	AH17 958.5 km	West of Hoi An–Thanh My–Kon Tum–Pleiku–Ban Me Thout–Chon Thanh–An Suong–Bien Hoa–Vung Tau	Class I (162.1 km) Class II (737.4 km) Class III (59.0 km)	SEC
	AH132 198.2 km	Bo Y–Dak To–Kon Tum–Quang Ngai	Class II (10.0 km) Class III (20.0 km) Below Class III (160.0 km)	ASTP: Upgrade (160 km)

AH = ASEAN Highway, ASEAN = Association of Southeast Asian Nations, BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area, CIMT = Centre for IMT-GT Subregional Cooperation, EC = economic corridor, EC1 = Economic Corridor 1: Extended Songkhla–Penang–Medan Corridor (Nakhon Si Thammarat–Phatthalung–Songkhla–Yala–Pattani–Penang–Medan), EC2 = Economic Corridor 2: Straits of Malacca Economic Corridor (also referred to as Trang–Satun–Perlis–Penang–Port Klang–Malacca Connectivity Corridor), EC3 = Economic Corridor 3: Banda Aceh–Medan–Pekanbaru–Palembang Economic Corridors, FC = Facilitation Centre, GMS = Greater Mekong Subregion, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, Lao PDR = Lao People's Democratic Republic, TTR = transit transport route.

Note: Color Codes: Purple = ASEAN; Blue = GMS; Pink = BIMP-EAGA; Green = IMT-GT.

Sources: Data on AHN: Economic Research Institute for ASEAN and East Asia. 2010. *ASEAN Strategic Transport Plan Final Report*. Jakarta; Information on GMS Economic Corridors: ADB. 2010. *Strategy and Action Plans of EWEC, NSEC, and SEC*. Manila; Information on IMT-GT Economic Corridors: CIMT. 2012. *IMT-GT Implementation Blueprint 2012–2016*. Putrajaya; and Information on BIMP-EAGA Economic Corridors: BIMP-FC. 2012. *BIMP-EAGA Implementation Blueprint 2012–2016*. Kota Kinabalu.

Appendix B: Committees under the Purview of ASEAN Economic Ministers

A: ASEAN Free Trade Area (AFTA) Council

- A.1 Directors-General of Customs
 - A.1.1 Expert Committee on Customs Matters
 - A.1.2 ASEAN Coordinators of Customs Training Centers
- A.2 Senior Economic Officials Meeting
 - A.2.1 Working Group on Industrial Cooperation
 - A.2.1.1 ASEAN–Ministry of Trade and Industry (MITI) Economic and Industrial Cooperation Committee (AMEICC) on automotive
 - A.2.1.2 AMEICC Chemical
 - A.2.1.3 AMEICC Electronics
 - A.2.1.4 AMEICC Textile and Garment
 - A.2.2 Working Group on Intellectual Property Cooperation
 - A.2.2.1 Expert Group on Patent
 - A.2.2.2 Expert Group on Trademark
 - A.2.3 Working group on Small and Medium Enterprise (SME)
 - A.2.3.1 AMEICC–Supporting industries and rural industry
 - A.2.4 ASEAN Expert Working Group on World Trade Organization (WTO)
 - A.2.5 Coordinating Committee on the Implementation on the Common Effective Preferential Tariff (CEPT) for AFTA (CCCA)
 - A.2.6 Coordinating Committee on Services (CCS)
 - A.2.6.1 Air transport
 - A.2.6.2 Business Services
 - A.2.6.3 Construction
 - A.2.6.4 Financial Services
 - A.2.6.5 Maritime Transport
 - A.2.6.6 Telecommunication
 - A.2.6.7 Tourism
 - A.2.7 ASEAN Consultative Committee on Standard and Quality (ACCSQ)
 - A.2.7.1 Working Group on Mutual Recognition Arrangement (MRA)
 - A.2.7.2 Working Group on Regulation and Accreditation
 - A.2.7.3 Working Group on Standards and Conformity Assessment
 - A.2.7.4 Working Group on Information
 - A.2.7.5 Working Group on Legal Metrology
 - A.2.7.6 Product Working Group on Cosmetic
 - A.2.7.7 Product Working Group on Pharmaceutical
 - A.2.7.8 Product Working Group on Electro technical
 - A.2.8 E-ASEAN Task Force
 - A.2.8.1 E-ASEAN Working Group
 - A.2.8.1.1 Sub-Working Group on Certification Authority
 - A.2.8.1.2 Sub-Working Group on Funding
 - A.2.8.1.3 Sub-working group on legal infrastructure

B: Cooperation in Investment

- B.1 ASEAN Investment Area Council (AIA Council)
 - B.1.1 Coordinating Committee on Investment (CCI)
 - B.1.1.1 Working group on Foreign Direct Investment (FDI) Statistics

C: Cooperation in Transport

- C.1 ASEAN Transport Ministers Meeting (ATM)
 - C.1.2 Senior Transport Officials Meeting (STOM)
 - C.1.2.1 Special Working Group on Singapore–Kunming Rail Link Project
 - C.1.2.2 STOM-National Tourism Organizations (NTOs) Cruise Working Group
 - C.1.2.3 ASEAN–India Working group on Transport and Infrastructure
 - C.1.2.4 ASEAN–Closer Economic Relations (CER) Informal Consultation
 - C.1.2.5 Transport Facilitation Working Group
 - C.1.2.6 Air Transport Working Group
 - C.1.2.6.1 Air transport sectoral negotiation
 - C.1.2.6.2 Economic Cooperation Sub-working Group
 - C.1.2.6.3 Technical Cooperation Sub-working Group
 - C.1.2.7 Land Transport Working Group
 - C.1.2.7.1 Highways Sub-working Group
 - C.1.2.7.2 Road Transport and Road Safety Sub-working Group
 - C.1.2.7.3 Railway Sub-working Group
 - C.1.2.8 Maritime Transport Working Group
 - C.1.2.8.1 Port Sub-working Group
 - C.1.2.8.2 Shipping Sub-working Group

D: Cooperation in Telecommunication

- D.1 ASEAN Telecommunication Ministers Meeting (TELMIN)
 - D.1.1 ASEAN Telecommunication Regulators' Council (ARTC)
 - D.1.2 ASEAN Telecommunication Senior Officials Meeting (TELSOM)
 - D.1.2.1 Working Group on ASEAN Information Infrastructure
 - D.1.2.2 Working Group on Capacity Building Programmes
 - D.1.2.3 Working Group on Universal Access and Digital Divide
 - D.1.2.4 Working Group on Intra-ASEAN Trade and Investment
 - D.1.2.5 Working Group on Internet

E: Cooperation in Energy

- E.1 ASEAN Council on Petroleum (ASCOPE)
- E.2 ASEAN Center for Energy (ACE)
- E.3 ASEAN Ministers on Energy Meeting (AMEM)
 - E.3.1 Senior Officials Meeting on Energy (SOME)
 - E.3.1.1 Heads of ASEAN Power Utilities/Authorities (HAPUA)
 - E.3.1.2 EE&C-SSN (Energy Efficiency and Conservation Sub-sector Network)
 - E.3.1.3 NRSE-SSN (New and Renewable Sources of Energy Sub-sector Network)
 - E.3.1.4 AFOC (ASEAN Forum on Coal)
- E.4 SOME-METI consultations

F: Cooperation in Tourism

- F.1 Meeting of ASEAN + 3 Tourism Ministers
- F.2 Meeting of ASEAN Tourism Ministers
 - F.2.1 ASEAN National Tourism Organizations (NTOs) Meeting
 - F.2.1.1 STOM-NTOs Cruise Working Group
 - F.2.1.2 Meeting on ASEAN Joint Marketing Programme “ASEAN as a Single Destination”
 - F.2.1.3 Meeting of ASEAN Communication Team for Tourism
 - F.2.1.4 Meeting of the ASEAN Task Force on Tourism Investment
 - F.2.1.5 Meeting of the ASEAN Task Force on Tourism Manpower

G: Cooperation in Finance

- G.1 ASEAN Finance Ministers Meeting (AFMM)
 - G.1.2 ASEAN Insurance Regulators Meeting (AIRM)
 - G.1.3 ASEAN Central Bank Forum
 - G.1.4 ASEAN Finance and Central Bank Deputies Meeting (AFDM)
 - G.1.4.1 ASEAN Directors General on Customs
 - G.1.4.1.1 Experts Committee on Customs Matters
 - G.1.4.2 Working Group of the AFDM
 - G.1.4.2.1 Working Committee on Capital Market Development
 - G.1.4.2.2 Working Committee on Financial Sector Liberalization
 - G.1.4.2.3 Working Committee on Tax and Public Finance
 - G.1.5 ASEAN Finance and Central Bank Deputies Meeting (AFDM) + 3
 - G.1.5.1 Working group on Bilateral Swap arrangement
 - G.1.5.2 Study group on Regional Cooperation

**Memorandum of Understanding Between The Association of
Southeast Asian Nations and The Asian Development Bank**

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS

AND

THE ASIAN DEVELOPMENT BANK

The Association of Southeast Asian Nations (ASEAN) and the Asian Development Bank (ADB), (hereinafter individually referred to as the “Party” and collectively as “the Parties”)

BEING advocates of regionalism with the mutual desire to help accelerate the ASEAN regional cooperation and integration (RCI) process;

NOTING the RCI strategies, goals and targets are embodied in their respective strategic documents; namely, ASEAN’s Roadmap for an ASEAN Community 2009-2015 and the Master Plan on ASEAN Connectivity (MPAC), and ADB’s RCI Strategy, 2006 and its Long-Term Strategic Framework 2008-2020 (Strategy 2020);

SHARING a common goal in promoting RCI as a means of harnessing the potentials of the region and its sub-regions to make it cohesive, more competitive and adaptive to the changing global environment towards the improvement of the quality of life of the people in the region;

CONSIDERING the Memorandum of Understanding for Administrative Arrangements between the ASEAN Secretariat (ASEC) and ADB (2006–2010) (MOU), and **DESIRING** to build upon this established cooperation between ASEC and ADB; and

AGREEING that cooperation rests on the adherence to their respective charters and on the implementation of their respective strategic frameworks while serving the mutual interests of the Parties,

HAVE REACHED THE FOLLOWING UNDERSTANDING:

**Article 1
OBJECTIVE**

1.1 The Parties agree to cooperate in supporting and accelerating the RCI process within the ASEAN region, guided by the following principles:

- a. conform to the consensus-building process in ASEAN;
- b. recognize and engage the sub-regional economic cooperation programs;
- c. exercise flexibility in light of emerging concerns and institutional reprioritization;
- d. work within available resources, and leverage additional ones;
- e. promote country and regional ownership of development policies and programs;
- f. uphold the confidentiality prerogatives of Parties;
- g. build cooperation on transparent relationships; and
- h. explore areas of cooperation and keep each other informed.

1.2 The Parties aim to leverage on the MOU to continue the technical support to ASEAN in promoting regional cooperation and integration.

Article 2

SCOPE AND AREAS OF COOPERATION

2.1 The Parties mutually agree to focus their cooperation in the following areas:

- a. implementation of connectivity projects, including the physical, institutional and people-to-people projects identified in MPAC, and the priority infrastructure-related connectivity projects being prepared at the sub-regional levels, all of which would act as concrete building blocks to the establishment of an ASEAN Community and test beds in the implementation of ASEAN agreements;
- b. deeper and extended financial and capital market integration, including ADB's support to the Roadmap for Monetary and Financial Integration of ASEAN, ASEAN Capital Market Forum, ASEAN Infrastructure Fund (AIF) and Asian Bond Markets Initiative (ABMI) to help better intermediate the region's significant national savings to productive investments, including in physical infrastructure, and to finance private sector development along and around developing regional and subregional economic corridors;
- c. supporting the East Asia Summit (EAS) process and the ASEAN+3 Finance Ministers' process;
- d. facilitating the process of institutionalizing ADB's participation, as appropriate, in ASEAN organized meetings in support of ADB's regional cooperation and integration role;

- e. macroeconomic surveillance and monitoring of regional economic integration including ADB's support for the ASEAN Surveillance Process (ASP), ASEAN+3 Economic Review and Policy Dialogue (ERPD), the Chiang Mai Initiative Multilateralisation (CMIM), and the establishment of the ASEAN Integration Monitoring Office (AIMO);
- f. fostering environmentally sustainable growth, initially through the promotion of energy efficiency, renewable energy and climate change adaptation and mitigation;
- g. supporting the implementation of the ASEAN Integrated Food Security Framework (AIFS) and Strategic Plan of Action on Food Security in the ASEAN Region (SPA-FS);
- h. facilitating agricultural and commodity-based development through improved trade facilitation, including with respect to food safety and sanitary and phyto-sanitary (SPS) standards;
- i. supporting trade integration, including feasibility of new ASEAN Free Trade Agreements (FTAs), implementation of existing FTAs, economic effects of evolving trade architecture and capacity building activities, to foster trade-led growth and intraregional trade and investment including FTAs;
- j. programs and projects that will sustain and enhance flow of investment in ASEAN and promote the region as single destination for investment, including facilitating and promoting inter-regional and intra-ASEAN FDI, enhancing regionalization of ASEAN firms, bridging the development divide, narrowing policy, institutional and capacity gaps within the region; and

- k. supporting the implementation of the ASEAN Roadmap for the Attainment of the Millennium Development Goals (MDGs), particularly in the areas of advocacy, information sharing, and expertise.

2.2 Primary Focus Areas

- a. Connectivity (i.e. physical and soft infrastructure);
- b. Financial and capital market integration (i.e. Asian Bond Markets Initiative (ABMI);
- c. Environmental sustainability through climate change mitigation and adaptation, energy efficiency, and renewable energy;
- d. Macroeconomic surveillance and monitoring of regional economic integration;
- e. Trade; and
- f. Investment.

2.3 Secondary Focus Area (subsumed under Primary Focus Areas)

- Agricultural development through trade facilitation

2.4 Crosscutting Theme

- Narrowing the development gap, poverty reduction, and attainment of the MDGs

Article 3
APPROACH AND COMMUNICATION

3.1 The Parties agree to be selective to enable a more results-based and measurable approach under this Memorandum of Understanding within the purview of their respective pillars under the ASEAN Economic Community and the Master Plan on ASEAN Connectivity and ADB's RCI Strategy and Strategy 2020.

3.2 The areas of cooperation will be promoted through stand-alone interventions and/or through the sub-regional programs, inclusive of the following instruments: technical assistance, capacity and institutional strengthening programs, policy dialogue, knowledge products, training, research and information dissemination, resource leveraging, and partnership building.

3.3 The Parties recognize that an effective collaboration rests on a continuing exchange of information through print, electronic or verbal communication at the institutional and working levels. The Parties will share all information relevant to the cooperation and the implementation of this Memorandum of Understanding.

3.4 Communications will be subject to respective relevant policies and procedures of both Parties.

Article 4
CONFIDENTIALITY

4.1. Each Party will undertake to observe the confidentiality and secrecy of documents, information and other data received from or supplied to the other Party during the period of the implementation of this Memorandum of Understanding or any other agreements made pursuant to this Memorandum of Understanding.

4.2. Notwithstanding Article 8.2., the Parties agree that the provisions of this Article will continue to apply between the Parties notwithstanding the termination of this Memorandum of Understanding.

Article 5 IMPLEMENTATION

5.1. The Parties agree that ASEAN through ASEC will consult and work closely with ADB to develop a two-year rolling results-based Work Program and supporting processes within six (6) months after the date of entry into force of this Memorandum of Understanding.

5.2 It is envisaged that the work program will include the projects/activities to be undertaken under each area, the implementation timeline and the responsible implementing divisions within ASEC, in consultation with the relevant ASEAN sectoral bodies, and ADB, including the Southeast Asia Department, the Regional and Sustainable Development Department, and the Office of Regional Economic Integration for the ADB. Notwithstanding, the Parties will ensure that there is enough room for flexibility in light of the dynamic operating environments.

5.3 To facilitate coordination and communication, the respective focal points in ASEC and ADB are as follows:

For ASEAN Secretariat: Director, Finance, Industry and Infrastructure Department, ASEAN Economic Community Department

For Asian Development Bank: Director, Regional Cooperation and Operations Coordination Division, Southeast Asia Department

Article 6
ENTRY INTO EFFECT, DURATION AND TERMINATION

6.1 This Memorandum of Understanding will come into effect on the date of signing by the authorized representatives of the Parties and will remain in force until 31 December 2015, unless it is extended through mutual agreement in writing by the Parties.

6.2 Notwithstanding the provision in the preceding paragraph, either Party may terminate this Memorandum of Understanding by notifying the other Party of its intention to do so by a notice in writing at least six (6) months prior to its intention to do so.

6.3 The termination of this Memorandum of Understanding will not affect any agreement or undertaking concluded or entered into during its duration which will be fulfilled in accordance with the provisions of such agreement or undertaking and will not discontinue any ongoing project and agreed arrangements of mutual cooperation and joint activities under the said ongoing projects.

Article 7
REVISION, MODIFICATION AND AMENDMENT

7.1 Either Party may request in writing a revision, modification or amendment of all or any part of this Memorandum of Understanding.

7.2 Any revision, modification or amendment agreed to by the Parties will be reduced into writing and will form part of this Memorandum of Understanding.

7.3 Such revision, modification or amendment will come into force on such date as may be determined by the Parties.

7.4 Any revision, modification or amendment will not prejudice any agreement or undertaking concluded or entered into or any ongoing project, agreed agreements of mutual cooperation and joint activities under the said ongoing projects before or up to the date of such revision, modification or amendment.

Article 8 SETTLEMENT OF DISPUTES

8.1 Any difference or dispute between the Parties concerning the interpretation and/or implementation and/or application of any of the provisions of this Memorandum of Understanding will be settled amicably through mutual consultations and/or negotiations between the Parties without reference to any third party or international tribunal.

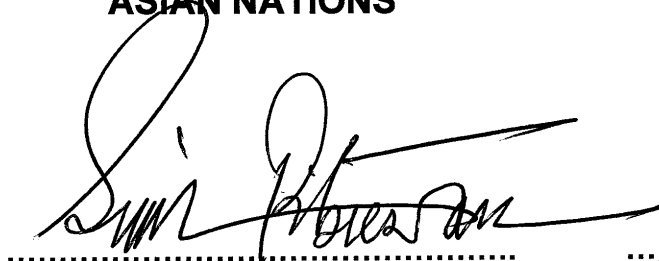
8.2 This Memorandum of Understanding constitutes an expression of mutual good faith and is not intended to create legally binding obligations on either Party. This Memorandum of Understanding does not represent any commitment on the part of either Party to give preferred treatment to the other in any matter contemplated under this Memorandum of Understanding. This Memorandum of Understanding does not also represent any commitment with regard to funding and/or resources on the part of the Parties. Any such commitment, if agreed by the Parties, will be reflected in separate agreements that may be entered into by the Parties under this Memorandum of Understanding.

8.3 In keeping with the administrative nature of these arrangements, no provision of this Memorandum of Understanding will be construed to interfere in any way with the independent decision-making autonomy of either Party with regard to their respective affairs and operations.

IN WITNESS WHEREOF, the undersigned, being duly authorised representatives of the Parties have signed this Memorandum of Understanding.

DONE at Phnom Penh, Cambodia on this Fourth Day of April in the Year Two Thousand and Twelve, in two original copies in the English Language.

**ASSOCIATION OF SOUTHEAST
ASIAN NATIONS**

A handwritten signature in black ink, appearing to read 'Surin Pitsuwan', written over a dotted line.

**Surin Pitsuwan
Secretary-General**

ASIAN DEVELOPMENT BANK

A handwritten signature in black ink, appearing to read 'H. Kuroda', written over a dotted line.

**Haruhiko Kuroda
President**

Appendix D: Business Organizations Affiliated with ASEAN

- | | |
|---|--|
| i. ASEAN Airlines Meeting | x. ASEAN Furniture Industries Council (AFIC) |
| ii. ASEAN Alliance of Health Supplement Association (AAHSA) | xi. ASEAN Insurance Council (AIC) |
| iii. ASEAN Automotive Federation (AAF) | xii. ASEAN Intellectual Property Association (ASEAN IPA) |
| iv. ASEAN Bankers Association (ABA) | xiii. ASEAN International Airports Association (AAA) |
| v. ASEAN Business Advisory Council (ASEAN-BAC) | xiv. ASEAN Iron and Steel Industry Federation |
| vi. ASEAN Business Forum (ASEAN-BF) | xv. ASEAN Pharmaceutical Club |
| vii. ASEAN Chamber of Commerce and Industry (ASEAN-CCI) | xvi. ASEAN Tourism Association (ASEANTA) |
| viii. ASEAN Chemical Industries Council | xvii. Federation of ASEAN Economic Associations (FAEA) |
| ix. ASEAN Federation of Textiles Industries (AFTEX) | xviii. Federation of ASEAN Shippers' Council |
| | xix. US-ASEAN Business Council |

ASEAN = Association of Southeast Asian Nations, US = United States.
Source: ASEAN Secretariat website (<http://www.aseansec.org/144422.htm>).

Appendix E: Review of ADB-Supported Capacity Building Technical Assistance to ASEAN, GMS, BIMP-EAGA, and IMT-GT

Introduction

This note presents and examines data on the capacity building technical assistance (TA) projects in the Association of Southeast Asian Nations (ASEAN), Greater Mekong Subregion (GMS), Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA), and Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT) funded and/or administered by the Asian Development Bank (ADB). Its purpose is to determine how, and to what extent, the capacity building needs of the national and central secretariats of the four initiatives have been addressed in the past. The TA projects included are those identified for capacity building and training, and those directly supporting the secretariats. There may be some understatement of the magnitude of these projects, as some TA projects with broader objectives may have capacity building and training components. The understatement is, however, not likely to be significant, because built-in capacity building components of TA projects with broader objectives tend to be a small proportion of the total TA budgets.

ADB-Supported Technical Assistance to ASEAN, GMS, BIMP-EAGA, and IMT-GT

The table shows the total amount of ADB-supported TA projects to the four initiatives from 1982 to 2011 (as of 15 August 2011).¹ The amounts utilized for capacity building and supporting the national and central secretariats of each of the initiatives are also indicated. The following observations can be made:

- (i) The GMS Program accounted for 76.2% of the total TA amount, followed by ASEAN (15.0%), and BIMP-EAGA and IMT-GT (8.8%).
- (ii) TA projects for capacity building and secretariat support accounted for 21.9% of the total TA amount; the corresponding figure for ASEAN is 30.0%; for GMS, 17.7%; and for BIMP-EAGA and IMT-GT, 44.5%.
- (iii) Cofinancing (Others in the table) is the largest for the GMS Program, both for all TA projects and for capacity building and secretariat support (63.0% and 48.5% for GMS; 37.0% and 20.5% for ASEAN; and 14.8% and 26.7% for BIMP-EAGA and IMT-GT).

¹ Project preparatory TA projects are excluded. The TA projects for BIMP-EAGA and IMT-GT were combined, as some of the projects addressed both subregional groupings and the actual allocation of the TA budgets were not clear-cut.

Appendix E continued

Capacity Building Technical Assistance by Regional/Subregional Grouping and Source of Funds, as of 15 August 2011 (\$'000)					
Region/Subregion	TASF	JSF	Special Funds	Others	TOTAL
ASEAN	9,044	8,550	2,200	12,577	32,371
of which capacity building	3,447	3,100	1,200	2,000	9,747
GMS	28,718	28,440	1,700	104,336	163,194
of which capacity building	11,025	4,525	450	12,928	28,928
BIMP-EAGA/IMT-GT	12,941	2,796	300	2,850	18,887
of which capacity building	6,171	0	0	2,250	8,421
GRAND TOTAL	50,703	39,786	4,200	119,763	214,452
of which capacity building	20,643	7,625	1,650	17,178	47,096

ASEAN = Association of Southeast Asian Nations, BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area, GMS = Greater Mekong Subregion, IMT-GT = Indonesia–Malaysia–Thailand Growth Triangle, JSF = Japan Special Fund, TASF = Technical Assistance Special Fund.

Source: ADB.

These numbers do not show the whole picture; thus, it will be necessary to examine the specific thrusts of the individual TA projects. A review of the TA projects for capacity building and secretariat support shows the following:

- For ASEAN, a great majority of the capacity building TA projects were for the strengthening of financial surveillance and related issues, which accounted for 65% of the total cost of all TA projects (13 out of 17 TA projects).
- For the GMS Program, the largest allocation was for the Phnom Penh Plan for Development Management (PPP), which accounted for 64.4% of the total cost of the TA projects for capacity building and secretariat support. The TA projects earmarked for secretariat support accounted for 24.4% of the total. There was one TA for capacity building for national institutions involved in the GMS Program in 2001 for \$500,000.
- In BIMP-EAGA and IMT-GT, the TA projects for secretariat support accounted for 65.6% of the total TA amount for capacity building and secretariat support. There were two TA projects for strengthening the national secretariats in the Philippines (1996) and Indonesia (2004).

Conclusions

Based on the foregoing analysis, the following conclusions can be made:

- There were very few TA projects for capacity building of the national secretariats of the four groupings for the purpose of improving in-country coordination of related initiatives.² Some efforts along this line were undertaken as part of an umbrella GMS TA, but this was limited in scope and time frame.
- Some TA projects were designed to assist the secretariats of the four subregional groupings, but such assistance did not specifically and explicitly provide for improving coordination among regional and/or subregional initiatives. Capacity building TA projects in ASEAN were for the most part directed toward supporting economic and financial surveillance process.
- There has been no capacity building TA which directly addresses the need to improve coordination and links among ASEAN, GMS, BIMP-EAGA, and IMT-GT.

A good case can, therefore, be made for considering TA projects directed toward (i) strengthening capacity and improving institutional arrangements and mechanisms for coordination among the secretariats of ASEAN, GMS, BIMP-EAGA, and IMT-GT;³ and (ii) strengthening capacity for in-country coordination of regional and subregional initiatives.⁴

² Based on a review of the projects under the Initiative for ASEAN Integration (IAI) Work Plan as of September 2005, it appears that no capacity building project specifically designed for strengthening Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam (CLMV) secretariats had been approved and/or implemented as of that date. Information on the IAI Work Plan for the more recent period is not yet available, but it is quite probable that the situation has not changed. See R. Severino. 2005. "The initiative for ASEAN Integration: Mid-Term Review of the Work Plan." Final Report. Jakarta.

³ This would help implement the Master Plan on ASEAN Connectivity directive to establish a coordinating mechanism and structure among the ASEAN Secretariat; and those of the GMS, BIMP-EAGA, and IMT-GT.

⁴ This will have to be conducted on a selective basis, with priority to CLMV (Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam) and other countries where assistance is clearly needed.

Regional and Subregional Program Links

Mapping the Links Between ASEAN and the GMS, BIMP-EAGA, and IMT-GT

This report presents an assessment of the links among ASEAN and the three subregional programs (Greater Mekong Subregion [GMS], Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area [BIMP-EAGA], Indonesia–Malaysia–Thailand Growth Triangle [IMT-GT], and the Association of Southeast Asian Nations [ASEAN]) and is the first study that explicitly maps and analyzes the strategic program and institutional links among the three subregional programs and ASEAN. The report is based on desk reviews of official documents; national consultations with governments and private stakeholders; consultations with the secretariats of the three programs and ASEAN; commissioned studies by Asian Development Bank and other international organizations; and independent assessments by academics, practitioners, and research institutions by academics, practitioners, and research institutions.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.7 billion people who live on less than \$2 a day, with 828 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



Australian Government

AusAID

Supported by
Australian Aid, AusAID

Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
www.adb.org