



# Mekong River Commission

## REPORT

### INFORMAL DONOR MEETING

**17-18 June 2010  
Vientiane, Lao PDR**

*Meeting the Needs, Keeping the Balance*

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### GENERAL

1. The Mekong River Commission Informal Donor Meeting (IDM, hereinafter referred to as “the Meeting”) was held on 17-18 June 2010 in Vientiane, Lao PDR. The Meeting was attended by 82 participants, including 13 delegates from Cambodia, Lao PDR, Thailand and Viet Nam; 38 representatives from 18 Development Partner countries and cooperating organisations; and 31 professional and support staff from the MRC Secretariat (*Appendix 1: List of Participants*).

2. The Meeting was chaired by Mme. Monemany Nhoibouakong, Permanent Secretary, Water Resources & Environment Administration, Member of the MRC Joint Committee for the Lao PDR and Chairperson of the MRC Joint Committee for 2009/2010, assisted by the Chief Executive Officer (CEO) of MRC Secretariat, Mr. Jeremy Bird. The proposed agenda covered discussions on MRC strategy related matters, results and follow up to the first MRC Summit, and current developments in the basin; initial draft of the Strategic Plan 2011-2015; initial draft of the IWRM-based Basin Development Strategy; Performance-based Management System; and progress on implementation of the Independent Organisational Review of the MRC Secretariat and the NMCs. The Meeting also discussed MRC priority funding needs, donor harmonisation matters and topics for the next Donor Consultative Group Meeting (*Appendix 2: Adopted Agenda*).

#### **A. WELCOME ADDRESS BY THE CHAIRPERSON OF THE MRC JOINT COMMITTEE FOR 2009/2010**

3. On behalf of the Joint Committee of the MRC, the Joint Committee Chairperson welcomed representatives from the Member States, Development Partner representatives and MRC Secretariat staff to the Meeting. The Chairperson regarded the Meeting as an important opportunity to discuss progress, achievements and future plans of the MRC, and a platform for setting MRC outlook for the upcoming couple of years with feedback and expert advice from MRC Development Partners. (*Appendix 3: Opening Statement*). Summary extracts from the welcome address are reported below.

4. The MRC is fortunate to have strong cooperation and generous financial support from its Member Countries and Development Partners to execute its mission, which is improving the sustainable development of Mekong water resources. It is sincerely believed that with carefully planned and coordinated development of the natural resources, the MRC can meet the shared goal of poverty alleviation as well as regional growth. The MRC is now nearing the end of the current five-year Strategic Plan period and in the process of formulating the next Strategic Plan 2011-2015. The initial process of the upcoming Strategic Plan has involved wide consultations from the National Mekong Committees and line agencies, with a more detailed plan to be tabled for discussions and inputs from wider stakeholders in September.

5. The MRC is now well advanced in implementing the recommendations of the Independent Organisational Review. The MRC has taken solid steps towards increasing riparian ownership and staffing including the detailed process of recruiting the first riparian CEO.

6. In conclusion, the Chairperson thanked the Joint Committee Members, their delegations, and the distinguished representatives of Development Partners for their efforts in attending the Meeting. She urged all to make the best use of this opportunity to guide the MRC at this important time in its existence and then declared the Meeting open.

## **B. ADOPTION OF AGENDA**

7. The Meeting discussed the Agenda and Japan suggested adding a presentation on the Green Mekong Initiative under Agenda Item J - Donor Harmonisation and Alignment. With this amendment, the agenda was adopted.

## **C. JOINT DEVELOPMENT PARTNERS' STATEMENT**

8. H.E. Mr. Peter Lysholt Hansen, Ambassador of Denmark in Hanoi, on behalf of the Development Partners, delivered a joint statement to the Meeting (Appendix 4: Joint Development Partners' Statement).

9. The Development Partners congratulated the MRC and Thailand on the recent First MRC Summit at Hua Hin in April 2010 and on a very successful and professional hosting of the event. Development Partners applauded the leadership shown by the Prime Ministers of the four Lower Mekong countries in recognizing the importance of water resources development shared by all Mekong countries, and their commitment to continuing to work cooperatively to make wise choices. Development Partners also applauded the leaders for the formal invitation to China and Myanmar - MRC's dialogue partners and important regional neighbors - to become full members of the Commission.

10. Looking to the future, the Development Partners recognized that MRC is in an important transition phase. The initiation of the next strategic plan, the adoption of clear performance targets and the means to measure these, the completion of the riparianisation process, and the definition and implementation of core functions are important opportunities to guide the future of the basin. Development Partners congratulated the MRC on the development of the zero draft of the Strategic Plan 2011-2015 which will provide greater ownership. Development Partners encouraged the MRC in the further development of the Strategic Plan 2011 – 2015 to take into account the need for logical links between the core functions, definition of performance targets, and the financial implications for member states and welcomed the opportunity to discuss the draft Strategic Plan as it evolves and before it is presented to the MRC Council for approval.

11. Development Partners welcomed the discussions on the core functions and of different options to share the tasks between the MRCS and the national line agencies in the Member Countries. The adoption of a new organizational structure would require that the roles and responsibilities of the Mekong River Commission Secretariat, National Mekong Committees and national line agencies are clearly defined. The Strategic Plan 2011-2015 should provide clear guidance and a timeline in this regard. Development Partners appreciated the efforts in defining the initial indicators and urged that clear targets and timelines must be defined to facilitate the introduction of a practical performance management system.

12. Development Partners reiterated their request for a more ambitious timeframe for total Member Country financing of the MRC. To this effect, Development Partners would like to see significant and quantifiable progress towards financial autonomy in the next Strategic Plan including honouring the earlier commitment to financing the Operational Expenses Budget (OEB) by 2014. It was also encouraged that the MRC should progressively reduce the Management and Administration Fee to bring it in line with other international organizations and to ensure a strengthening of management capacity at the second tier to support the CEO in the efficient operation of the organization as proposed in the organizational review.

13. Development Partners committed to continue to harmonize and align to a maximum degree to MRC's strategic priorities and programmes to reduce transaction costs and looked forward to developing flexible funding mechanisms to implement the new Strategic Plan. The strategic environment assessment (SEA) has clearly illuminated some of the major impacts of proposed Lower Mekong mainstream dams. Development Partners believed these proposals will be of great interest to a wide constituency and would place MRC at the centre of attention and will be a defining moment for MRC. They looked forward to seeing the implementation of the Procedure for Notification, Prior Consultation and Agreement (PNPCA). Development Partners further encouraged the MRC to provide a timely and rigorous participatory and transparent assessment to assist the member countries in making sound decisions.

#### **D. MRC STRATEGIC MATTERS, RESULTS AND FOLLOW UP TO THE FIRST MRC SUMMIT, AND CURRENT DEVELOPMENTS IN THE BASIN**

14. The Chief Executive Officer (CEO) of the Secretariat reported on the progress of MRC strategic matters, results and follow up to the first MRC Summit, and current developments in the basin (*Appendix No. 5: MRC Strategic Matters*).

15. After the presentation, the CEO briefed the meeting on the formulation of the Strategic Plan which is in an advanced stage. Several National Consultations have taken place in the course of this month. A revised version will become available in August. Arrangements for the implementation modalities of MRC activities in the medium to long term are progressively being defined under the framework of the Core Functions. Based on the whole range of development scenarios, the Integrated Water Resource Management (IWRM) based Basin Development Plan is reaching its final stage of formulation. A wide-ranging group of stakeholders will be consulted on both the IWRM-based Basin Development Strategy and the Strategic Environmental Assessment (SEA) of the Mainstream Dams. Both the IWRM-based Basin Development Strategy and the SEA provide the required framework under which individual projects will be analysed and assessed. The MRC is actively preparing itself for the first submission of a mainstream project for Prior Consultation under the Procedure of Notification, Prior Consultation and Agreement (PNPCA). A Working Group of the Joint Committee (JC) will soon be formed in support of this important process. With the approved Preliminary Design Guidance for Mainstream Dams, the JC is already well prepared for considering the first Prior Consultation process. The CEO also informed the Meeting of the new sustainability tool for hydropower development that will be tested in the Sesan, Sekong, Sre Prok basins together with ADB and WWF.

16. The CEO briefed the Meeting about the recent visit of MRC to two dams on the Lancang (the Mekong River in China), namely the most downstream project so far at Jinhong and the largest project at Xiaowan, which is just nearing completion. China shared detailed briefings on these dams. While China has transferred data during the extreme dry condition from March to May, the MRC is seeking more regular transfer of data. The MRC has also received signals from Myanmar to become more engaged with the MRC and a Concept Note is being prepared to this end. The MRC is also on track with the riparianisation process. The recruitment of the first Riparian CEO has been initiated. All corporate services and programme management positions in the MRC Secretariat have now been riparianised.

17. Denmark congratulated the decision to hold regular Summits every four years as a clear demonstration of strengthened ownership. Denmark also appreciated that the MRC Secretariat was well prepared for the first Prior Consultation on a mainstream dam and called the MRC to keep Development Partners (DP) fully informed. Civil society in DP's country is indeed closely following this topic and DP need to be fully informed and aware of how MRC is handling the cooperation on large hydropower projects. Denmark re-iterated its support to the riparianisation and emphasised the importance of the choice of a new Riparian CEO.

18. France expressed its deep appreciation to H.E. Mr. Peter Lysholt Hansen, Ambassador of Denmark in Hanoi, for his engagement and most valuable contribution to the MRC as this was his last meeting. France then congratulated the MRC for its major success, including the Summit, which has contributed to raising the organisation's profile. France noted it is a crucial time for the MRC to reassert its role as the major forum for coordination of major water related resource development projects. The hydropower sector is certainly the most visible and it is a major theme both because of its potential benefits and impacts. It is also an opportunity for the MRC to prove its relevance.

19. Cambodia thanked the statement made by the DP. Referring to planned hydropower development, Cambodia informed the Meeting of the liaison work undertaken with line agencies (LA) in Cambodia on the PNPCA for Cambodia to fully comply with this Procedure. Cambodia informed the Meeting that concerned ministries have requested further information on the current development for the hydropower project in Sambor. Cambodia informed the meeting that a feasibility study is being undertaken, but no progress reports have been made available yet.

20. As a demonstration of the Mekong Spirit, Lao PDR reiterated its full commitment to share water resource development information in full compliance with the procedures.

21. Thailand thanked the DPs for their long lasting support. Since its early establishment in 1957, the region is going through a learning process to develop its natural resources, which are particularly rich and diverse, while keeping the balance of the ecosystem. In this process, dialogue and cooperation at basin and sub-basin cooperation level are important. As an illustration of this cooperative approach, Thailand has established several River Basin Committees for water resources management. This is an illustration of a core function already implemented by Thailand.

22. Viet Nam appreciated the political significance of the Summit and also the reinforced partnership with the DPs. Viet Nam emphasised the importance of the support of DPs at a time when the region is facing numerous challenges such as rapid hydropower development, drought and predicted impacts from climate change. Against this background, reaching financial autonomy by 2030 is already an ambitious goal. Viet Nam supported the view of Denmark on the strategic importance of the recruitment of the Riparian CEO. Viet Nam concluded by expressing its deepest appreciation to the support of H.E. Mr. Peter Lysholt Hansen over the past years.

23. Australia supported the view expressed by France and recognised the benefits and potential threats caused by mainstream developments. The first Prior Consultation on a mainstream dam will be a test for the MRC. The Mekong IWRM Project, supported by AusAID will support this endeavour and AusAID was looking forward to the first Steering Committee of the Project in Ho Chi Minh City, Viet Nam this month. Australia also congratulated the SEA of Mainstreams Dams and the IWRM-based Basin Development Strategy which provides important knowledge and framework for the first Prior Consultation.

24. Further to the statement from Viet Nam, Denmark invited Member Countries to develop a roadmap to reach its self-financing goal by 2030 and suggested that initial directions of the roadmap be integrated into the Strategic Plan 2011-2015.

25. The World Bank recognised the opportunities and challenges of hydropower development, in particular in Lao PDR. The World Bank also supports the IWRM approach the same way as MRC does. The World Bank is also looking closely at the work of MRC as it provides the required regional framework for coordination of water resources development amongst MRC Member Countries.

26. Referring to the Summit and the Strategic Plan, Cambodia indicated that Member Countries are already preparing to take responsibility in the implementation of some of the MRC Core Functions. That being said, the 2030 milestone will not be easy for Cambodia although the full ownership of the organisation is recognised as an important target.

27. The Chairperson referred to the agreement to hold the MRC Summit every four years, and the first direction of the Strategic Plan under the Core Functions. The Member Countries are committed to sustainably manage the Mekong region water resources. Recalling donors' commitment towards aid effectiveness, the Chairperson called on DPs to accelerate alignment. The Chairperson also mentioned the great challenges emanating from Climate Change and other environmental pressures such as persistent pollutants and their impact on fisheries. She further emphasised the need for an integrated approach with socio-economic and environmental considerations.

#### **E. INITIAL COMPLETE DRAFT OF THE IWRM-BASED BASIN DEVELOPMENT STRATEGY**

28. The Basin Development Plan (BDP) Programme Coordinator reported on the progress of the IWRM-based Basin Development Strategy (*Appendix No. 6*).

29. Denmark thanked the BDP coordinator for the remarkable presentation and called for the finalisation of the Strategy while continuing to prepare communication documents more easily accessible for non-experts.

#### **F. INITIAL DRAFT OF THE STRATEGIC PLAN 2011-2015**

30. The Chief of the International Cooperation and Communication Section (ICCS) presented the agenda item, on the draft of MRC Strategic Plan (SP) 2011-2015 (*Appendix No.7*).

31. Adding to the Joint Statement of DPs, Denmark welcomed a stronger involvement of stakeholders in the formulation process. Denmark suggested that more tangible targets be integrated in the draft of the SP 2011-2015. According to Denmark, the Performance Management System (PMS) could benefit from becoming simpler to improve its implementation and less complex for non-experts to understand and assess progress. Denmark also invited the MRC Member Countries to clearly identify the financial contribution from MRC Member Countries to various activities. The definition of targets in financial terms would be useful to ensure that the goal established at the Summit be met.

32. Finland is looking forward to the next version of the SP and regretted that the Chapter on Implementation was not yet ready for review. A plan or a roadmap to reach self-financing of MRC is an important criterion for DPs and in particular for Finland.

33. Australia invited the MRC to make the SP as simple and flexible as possible. Australia was looking forward to receiving an update on the PMS under the next agenda item.

34. The CEO emphasized the outcome oriented approach of the new SP which comes in parallel with the formulation of several programmes. There will be more details provided in the next draft of the SP on the process towards financial autonomy, implementation modalities and relationships between MRC Secretariat, NMC Secretariats and Line Agencies (LAs). MRC programmes will clearly identify different categories of activities and sub-set of activities ready for decentralisation, as already outlined in the new draft Programme Document of the Environment Programme (EP).

35. Denmark invited a submission of the complete draft of the SP 2011-2015 to DPs for comments before submission to the Council for adoption.

36. Thailand referred to the Joint Contact Group (JCG) which proved to be a useful avenue for informal consultation between DPs and MRC Member Countries. Thailand suggested reactivating the JCG for the SP 2011-2015.

37. The CEO emphasised the short timeframe before the SP's approval and referred to the stakeholder consultation meeting scheduled in September and an additional meeting of the Joint Committee scheduled in October. He noted that the JCG involving four DPs was useful for informal consultations and such meetings could be established on an informal basis as requested for specific processes such as the SP rather than as a full scale reactivation of the earlier JCG in order to avoid unnecessary transaction costs. He indicated that a change in TOR would be needed.

38. Referring to the formulation of the current SP, Cambodia welcomed the proposal to organize a consultation with DPs on the SP.

39. The Chairperson summarized the discussion of the Meeting and recalled the request from DPs to establish clear targets for the SP, the need for a roadmap including Member Countries' contribution and the need for the PMS to become a simpler and more accessible tool. Within the timeframe of finalizing the SP, an informal meeting with a subgroup of the DPs will be convened. This group will involve one representative each from Australia, Germany, Japan and Sweden and one representative from each MRC Member Country supported by the CEO and the Chief of ICCS from MRCS.

## **G. PERFORMANCE BASED MANAGEMENT SYSTEM**

40. The Technical Coordination Adviser (TCA) presented the agenda item on the Performance Management System (PMS) (*Appendix No.8*).

41. Australia congratulated the MRC for the progress made with the preparation of the PMS. Australia encouraged the MRC to primarily use the new system to demonstrate results as this has become a crucial focus for DPs. This new management system should strive to select clear and measurable indicators.

42. The World Bank invited the MRC to sequence the PMS starting with the strategic directions and then the programme level objectives, the former shaping the latter.

43. Denmark invited the MRC to develop a more accessible system so that all partners and all programmes can effectively contribute to it.

44. The CEO welcomed the advice and comments from the Meeting. The limitation of the former SP was clearly identified and, to respond to this limitation, an outcome-oriented approach has been developed under the new SP. To address some of the comments, terminology could also be simplified to become more easily accessible. Elaborating on the regional mandate of MRC, the CEO emphasized that in most cases, the impact of MRC activities should be measured through its influencing and supporting role to Member Countries and to decision making at national level. Regional flood forecasting provides an illustration of this role where MRC gives information to national administrations which in turn warn local communities.

45. The Chairperson summarised the discussion by outlining the need for a Performance Management System, which is easy to understand and implement by Member Countries. Key performance indicators need to be selected. A revision of the Guideline and terminology will be envisaged.

## **H. PROGRESS OF THE IMPLEMENTATION OF INDEPENDENT ORGANISATIONAL REVIEW OF THE MRC SECRETARIAT AND THE NMCS**

46. In presenting the agenda item, the CEO called on the Chief of the International Cooperation and Communication Section and subsequently the Chief of the Human

Resources Section to inform the Meeting on the background and status of the implementation of the Organisational Review Recommendations, (*Appendix No.9*).

47. After the presentation, the Chairperson informed the Meeting of the impending departure of Ambassador Peter Hansen of Denmark due to his new commitment in South Korea. Recognizing the long standing support to the work of the MRC, his comments on the draft Strategic Plan will be invaluable to the MRC and were very much welcomed.

48. Denmark congratulated the MRC Secretariat on the progress made in implementing its Communication Strategy and Disclosure Policy. Denmark welcomed a considerable change of the organisational attitude in becoming more proactive. He then requested the MRCS to provide Development Partners with updated media guidance/background or FAQs on hydropower development, anticipating that there will be more questions from the press regarding this topic in the coming months. It was also suggested that open recruitment be applied for Directors in order to get the best qualified candidates to support the riparian CEO. On the grievance procedure, Denmark inquired whether it is necessary to have consultants involved in this as the procedure was already agreed between the MRCS and staff.

49. The United States of America (USA) shared its observation on the improvement of communication outreach and media relations that often require professional skills. The USA also informed the Meeting of the support of its Government through “The International Visitor Programme for the Mekong Basin” that trains worldwide stakeholders, water resources professionals and journalists in the USA. One theme will be the Management of Watershed Resources Across National Jurisdictions.

50. The CEO welcomed remarks from the Meeting. Regarding the media pack and FAQs on hydropower, the MRCs would be pleased to provide those to Development Partners. As for the draft Policy of Stakeholder Consultation at Governance Level, the draft has not yet been endorsed by the Joint Committee as some issues on the level of engagement are still under discussion, but MRC hopes to address these in the next Joint Committee Meeting in August 2010.

## **I. MRC PRIORITY FUNDING NEEDS**

51. The Chief of the International Cooperation and Communication Section presented to the Meeting the current funding situation and areas where future support is required particularly for the new strategic planning cycle, (*Appendix No.10*).

52. Denmark indicated that looking at some programmes, the estimated budget and what was committed, it appeared that there is a big discrepancy between the budget and the amount realistically needed. For instance, the estimated Fisheries Programme (FP) budget is US\$ 12.5 million; only Denmark has committed approximately US\$ 4 million, which leaves an unfunded amount of US\$ 8.5 million. If there is no other donor supporting this programme, this means that only one third of the budget is supported. Denmark inquired whether this would be enough to execute the programme activities and recommended to downscale the programme budget to get a more focused programme. Denmark was also concerned that too many programmes will only be partly funded, for example the Agriculture and Irrigation Programme (AIP), which he felt may not be as high priority as other programmes. Denmark also noted that it is up to the countries to prioritise and, in the case this long list is retained, there is a risk of not getting sufficient funding for the highest priority areas.

53. The World Bank inquired of the process to screen the list of activities, how these activities will be prioritised and whether there is an endorsement by the Member Countries on the list.

54. In response the CEO clarified that there is prioritization within programmes and initiatives. The current approach is to try to identify the priority list of activities that would be

funded when there is a situation of funding gaps. The formulation of these individual programmes is under the process of consultation both at national and regional level and at MRCS. It is also set within the framework of the MRC's core functions, which was approved by the MRC Joint Committee. These core functions were identified by reference to whether they are mandated by the 1995 Mekong Agreement, whether they are activities that are derived from the Agreement, or whether these were activities that were developed over the years but not specifically mandated.

55. During the discussion on the funding needs, Finland raised its concerns of important MRC programmes such as Basin Development Plan Programme (BDP) and Flood Management and Mitigation Programme (FMMP) in which there are neither funds nor commitments and the programmes are ending soon. Finland has committed to continuing to support the Information and Knowledge Management Programme (IKMP), the Initiative for Sustainable Hydropower (ISH) and the Junior Riparian Project (JRP) in expectation of an acceptable conclusion to the formulation of the Strategic Plan.

56. Denmark is planning to provide DK 40 million (approximately US\$ 6.6 million) to BDP but it is still under consideration by the Government. Denmark urged the MRC to identify what programmes should be given priority in order to cope with the limited funding support that the MRC is likely to receive. It is necessary for the Member Countries to discuss among themselves priority programmes in order to avoid having many programmes not funded at all.

57. Australia was involved in three programme designs last year: the Climate Change and Adaptation Initiative (CCAI), the Integrated Capacity Building Programmes (ICBP) and the Mekong Integrated Water Resource Management Project (M-IWRMP). The design work was focused as activities were prioritised to match the limited available amount of committed support. Other activities could be done in the next phase once more funding became available. In conclusion, a budget that exceeds early commitment provides flexibility and allows other Development Partners to join in the programme at a later stage.

58. To respond to the request from Finland, the CEO suggested a column could be added to show pledges from Member Countries. Regarding BDP, the MRC has also approached Denmark and some other donors. FMMP is a bigger concern as it was originally expected that there would be continued support from the Netherlands. Unfortunately for long-term support, the change in the Dutch government may affect this expectation but preliminary discussion was undertaken for a bridging phase of one year for about Euro 0.5 million. Recognising that FMMP together with the Drought Management Programme (DMP) have substantive and strong topical connections with climate change, it is expected to attract some funding for FMMP through the umbrella of the CCAI.

59. Finland viewed that a clear long-term planning of programme financing should be considered in the preparation of the Strategic Plan, as some Development Partners' internal approval processes are quite slow. Finland also fully supported the priority approach and noted that the share of the Member Countries' contribution to programmes activities should also be clearly indicated, including in-kind support.

60. The Asian Development Bank was concerned about core functions and noted that the implementation is critical for the MRC and how to decide where the priority lies on the long list of funding needs. It is important to have long-term funding plans as requested by Finland. The MRCS should formulate thorough and clear funding needs and prioritised activities/programmes then the Development Partners will be more willing to consider a move towards a basket funding for a well-defined approach.

61. The United States of America shared Finland's view that Development Partners would like to see more transparency on funding from the Member Countries.

62. In response, the CEO informed the Meeting that the formulation of the budget for the programmes for the next cycle will include the elaboration of the contribution from Member Countries, both financial contribution and in-kind contribution. As an example, he cited the

EP water quality monitoring which is now funded 75% by the countries and 25% by MRC. On the long term transition planning under the Strategic Plan a longer term view for the next 20 years and the proportion of the countries' contribution will need to be identified. Currently, prioritisation is being undertaken within the programmes. The data from the programmes on their priorities is not yet available for inclusion in the presented funding needs.

63. The Chairperson shared her view that Member Countries would like to ensure long term financing for the MRC. As stated by the MRC leaders at the Summit that by 2030 the Member Countries will seek to secure funding and ensure the implementation of the programmes' activities, and the way to achieve that is now being discussed. Member Countries also indicated that more time is needed for this important issue and highly appreciated the kind and effective support from Development Partners, not only in funding but also advice.

## **J. DONOR HARMONISATION AND ALIGNMENT**

64. In presenting the agenda item, the CEO called on the Technical Advisor for the International Cooperation and Communication Section to inform the Meeting on the subject, (*Appendix No.11*).

65. Sweden expressed that there is a goodwill and hope to take steps in the direction of strengthened aid effectiveness and welcomed the recommendations made by the MRCS. On alignment efforts, Sweden will definitely continue with joint reporting, using the MRC system in joint donor reviews. Sweden would like to move forward on the core support when the discussed conditions are in place. On designating the US dollar as the common currency when providing grants to the MRC to lessen exchange rate risks, it is politically impossible for Sweden to accept the currency risk at this moment. In addition, the Swedish annual budget is subject to approval by the Government. The Chairperson urged the Development Partners to set a target to achieve donor harmonisation and alignment.

66. Japan shared the view of the importance of aid effectiveness and efficiency. As the organisation has many programmes and projects, donor harmonisation is crucially important. Japan found that there were some difficulties in the approval of joint financing even when joint approaches with some other donors in some projects were already undertaken. The Government of Japan and JICA are bounded by project/programme based approaches.

67. Belgium welcomed the recommendations made by the MRCS. The risk of exchange rate fluctuation for Belgium may however complicate the process of signing the agreement based on committed funds. Belgium currently has one agreement supporting two programmes. Although it is recommended by the MRC to limit the number of programmes supported under an agreement, Belgium noted that multiple programme agreement provides flexibility for the use of funds between programmes. Belgium stands ready to provide core funding to the MRC, when the mechanism is in place. Belgium was also welcoming prioritisation and indication of the core activities under programmes to be funded.

68. Denmark noted with appreciation all the progress that were achieved and noted that all recommendations are already followed by Denmark with the exception of the currency harmonisation, which, in the view of Denmark was not related to aid effectiveness and donor harmonisation. Denmark understood that the exchange rate plays an important role but strongly recommended the MRC to remove the currency harmonisation from the list of recommendation for harmonisation. Denmark had no objection to providing core function support once conditions were be in place with a clear Strategic Plan, a simple PMS, clear prioritisation of funding needs and clear commitments from the Member Countries.

69. UNDP shared its view to the Meeting that there are two ways of harmonising donor support to be aligned with MRC's priorities, i.e. core funding and a co-financing by both Development Partners and Member Countries. The latter one would require transparency on countries' contribution. The budget of programmes would become more realistic. This would also encourage implementation of parts of programmes by line agencies. This approach also

fits with most Development Partners including the ones which are constrained by a programme-specific approach, such as Japan.

70. The Netherlands supported the recommendations from the MRC, and in particular joint documentation, joint reviews and adopting a common currency. The Netherlands recalled its continued support to the FMMP and invited the MRC to strengthen accuracy on financial reporting. The Netherlands welcomed co-financing from other Development Partners to FMMP. It was also noted that the MRC should improve the quality of reporting in the future to include a more output oriented report and state achievements against the funds used.

71. The European Union was pleased to see the recommendations and strongly support them. As the EU is now launching a process to assess MRC's internal systems, it was expected that budget level support would become possible in the near future. On reporting, producing better quality reports was encouraged. With respect to the currency, since the Euro is the most common currency for most of the MRC's donors, Euro could be considered as the common currency.

72. The Chairperson noted the report with appreciation. The Development Partners were supporting the recommendations for donor harmonisation with the exception of currency harmonisation. It was noted that there is a need to define programmes' priorities and targets for the next Strategic Plan. It was also understood that Member Countries will need to discuss the core functions before the Development Partners could move forward with core funding. Denmark further added that an ambitious target to move toward donor harmonisation by 2015 was acceptable to Denmark.

73. The World Bank informed the Meeting of the possibility of two levels of harmonisation - donor support to the overall objectives and prioritised activities in which the support could generate synergy while also avoiding overlapping. Development Partners were recommended to simplify their administrative financial management and legal arrangements. However, it will be complicated as different Development Partners have different internal and external requirements.

74. Japan, presented the Green Mekong Initiative to the Meeting, including the challenges facing the environment and climate change which lead to serious threats to water security, food security and human dignity. In July 2010 there will be a ministerial meeting on the Decade Towards the Green Mekong Initiative back-to-back with the ASEAN Summit in Ha Noi, Viet Nam.

75. The future vision of a Green Mekong in 2020 covers rich biodiversity and high resilience to natural disasters, economic development without environmental degradation, sustainable use of water and forest resources, a stable supply of food and a low-carbon society that contributes to the reduction of greenhouse gas emissions. A major undertaking that Japan and the Mekong countries can do to tackle climate change, which is associated with the Copenhagen Accord, is to strengthen cooperation to establish a fair and effective international framework in which all major economies participate in addressing climate change.

76. The focus areas in the short term are: forest-related measures, water resources management, disaster prevention and responses to natural disasters, and improvement of the urban environment. In addition, the prioritised areas in the long term consist of the reduction of GHG emission and biodiversity protection as well as building policy-making capabilities. Finally, Japan requested the Member Countries to consider effectiveness and efficiency in tackling those issues as some projects/issues are better tackled by the MRC.

## **K. TOPICS FOR THE NEXT DONOR CONSULTATIVE GROUP MEETING**

77. As a result of a private meeting of the Development Partners, the following are a few topics that Development Partners suggested for discussions at the DCG.

- A report on the progress of the PNPCA process
- A report on the final products of the SEA and the Basin Development Strategy

78. Germany suggested that at the next Meeting there be a report on how gender aspects are taken into account in the Strategic Plan and IWRM-based Basin Development Strategy.

## **L. STATEMENTS AND CLOSING REMARKS BY THE CHAIRPERSON OF THE MRC JOINT COMMITTEE FOR 2009/2010**

79. Cambodia congratulated the productive discussion between the MRC and Development Partners for a frank and open discussion with an aim to improve the efficiency and effectiveness of MRC's performance for the sake of the sustainable development of the Mekong River Basin. There will be a lot of emerging challenges ahead that need to be effectively addressed by the MRC and the Member States in the changing development in the basin. The shared and collective efforts and support from the Development Partners are extremely important and should continue in the future. The relationship and cooperation between the MRC and Development Partners has been strengthened and Cambodia would like to see this positive momentum continue. It is a pleasure to note that the Development Partners confirm their support to jointly build the MRC as a world class RBO. Cambodia expressed its sincere gratitude to Development Partners for the steady support to the MRC up to now and in the future. Cambodia then thanked Ambassador Hansen for his valuable contribution and support to the MRC and wished him success.

80. Lao PDR thanked the Development Partners for the fruitful discussion on the strategic matters and development challenges facing the Mekong basin. There are several areas of special concern at the moment, i.e. the formulation process of the Strategic Plan 2011-2015, which involves a wide consultation with the NMCs and line agencies. This is a transition phase for the MRC as it moves forward with core river basin management functions and establishing financial sustainability. Another concern is the implementation of the Organisational Review recommendations that are progressing well towards riparianisation, the recruitment of the riparian CEO and the PMS. Lastly, the drafting of the IWRM-based Basin Development Strategy is going well with defined development space, which will become a useful guidance for the management of the Mekong region. Lao PDR further expressed gratitude towards all Development Partners for their support and the MRCS staff for the preparation of this meeting.

81. Thailand thanked all participants of the Meeting and indicated that from today's discussion and consultation Thailand sees the way to move forward regarding the development of the Strategic Plan 2011-2015, PMS, as well as the IWRM-based Basin Development Strategy.

82. Viet Nam emphasised that cooperation with Development Partners would be improved. The will and concerns from Development Partners through the joint statement were also shared by Viet Nam, particularly on how to prepare a sound Strategic Plan and progress with the riparianisation process and the PMS for the next 5 years. Viet Nam was also pleased to see the progress as reported by the Secretariat with regard to the Organisational Review recommendations implementation and donor harmonisation. Viet

Nam expressed profound thanks to Development Partners for their support, even during the global financial crisis and appreciated the initiative from this meeting to reactivate the JCG to increase the cooperation among the Development Partners and Member Countries. Viet

Nam believed that the target put at this meeting will be achieved, especially the draft of the Strategic Plan to be approved by the next Council Meeting in Viet Nam.

83. The Chairperson acknowledged the stimulating and useful discussions and the spirit of cooperation shown by Development Partners and extended her heartfelt gratitude to all Development Partners for their confidence and support. The Chairperson thanked participants of the meeting for the fruitful and constructive discussions, and also the CEO, Mr. Jeremy Bird and Secretariat staff for their hard work to ensure the smooth running of the meeting. Appreciation and special thanks were extended to the former co-chair of the Joint Contact Group H.E. Ambassador Peter Hansen from Denmark for his longstanding support to the MRC. The Chairperson then wished him well in his new assignment, (*Appendix No. 12: Closing Statement*).



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Jeremy Bird  
Chief Executive Officer  
MRC Secretariat

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**APPENDIX 1**

**LIST OF PARTICIPANTS**

**LIST OF PARTICIPANTS**

**A. MRC MEMBER DELEGATIONS**

**CAMBODIA**

1. H.E Mr. Pich Dun  
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2. H. E. Mr. So Sophort  
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Cambodia National Mekong Committee
3. H. E. Mr. Watt Botkolsal  
Deputy Secretary General  
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5. Mr. Phonechaleun Nonthaxay  
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80. Mr. Souphanh Thongouane  
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82. Mr. Khampheng Thavykham  
Maintenance Assistant/Foreman

**APPENDIX 2**

**ADOPTED AGENDA**

**INFORMAL DONOR MEETING  
(MRC Conference Room)**

**Thursday 17 June 2010**

**Time                      Agenda Items**

**Tentative Agenda for Development Partners on Harmonisation Meeting**

13:30 – 14:00	Registration at the MRC Conference Room
14:00 – 17:00	Development Partners Harmonisation Meeting
19:00 – 20:00	Welcome reception dinner hosted by the Chairperson of the MRC Joint Committee for 2009/2010 ( <b>Lao Plaza Hotel</b> )

**Friday 18 June 2010**

<b>Time</b>	<b>Agenda Items</b>	<b>Presentation or Statement made by</b>
08:00 - 08:30	Registration at the MRC Conference Room	
08:30 - 08:40	A. Opening statement	Chairperson of the MRC Joint Committee for 2009/2010
	B. Adoption of agenda	
	Discussion and conclusions	
	C. Joint Development Partners' statement	A donor representative
	Discussion and conclusions	
10:00 – 10:15	<b>Group Photo</b>	
10:15 – 10:45	<b>Coffee break</b> accompanied by an exhibition at the MRC Secretariat Reception Hall	

<b>Time</b>	<b>Agenda Items</b>	<b>Presentation or Statement made by</b>
10:45 – 12:00	D. The MRC Strategic matters, results and follow up to the first MRC Summit, and current developments in the basin  Discussion and conclusions	CEO
	E. Initial complete draft of the Integrated Water Resources Management - based Basin Development Strategy Discussion and conclusions	BDP
	F. Initial draft of the Strategic Plan 2011-2015  Discussion and conclusions	ICCS
	G. Performance Based Management System  Discussion and conclusions	TCU
12:00 -13:30	<b>Lunch (Patoke Lao Derm Restaurant)</b>	
13:30 – 15:40	H. Progress of the implementation of Independent Organisational Review of the MRC Secretariat and the NMCs Discussion and conclusions	HRS
	I. MRC priority funding needs  Discussion and conclusions	ICCS
	J. Donor harmonisation and alignment  Discussion and conclusions	ICCS
15:40 – 16:00	<b>Coffee break</b>	
	K. Topics for next Donor Consultative Group Meeting  Discussion and conclusions, including on other matters relating to strengthening MRC – donor cooperation	A donor representative
	L. Conclusions	
	L.1. Statements	JC Members
17:00	L.2. Closing remarks	Chairperson of the MRC Joint Committee for 2009/2010

Note: All presentations should be kept to a maximum time of 10 minutes in order to have more time for discussion.

**APPENDIX 3**

**OPENING STATEMENT**

**Opening Statement  
by  
Mme. Monemany Nhoibouakong  
Permanent Secretary  
Water Resources & Environment Administration  
Lao National Mekong Committee Secretariat  
Member of the MRC Joint Committee for the Lao PDR  
Chairperson of the MRC Joint Committee for 2009/2010**

***H.E. Mr. Pich Dun***

Alternate Member of the MRC Joint Committee for the Kingdom of Cambodia

***Mr. Phonechaleun Nonthaxay***

Alternate Member of the MRC Joint Committee for the Lao People's Democratic Republic

***Dr. Saksit Tridech***

Member of the MRC Joint Committee for the Kingdom of Thailand

***Dr. Le Duc Trung***

Member of the MRC Joint Committee for the Socialist Republic of Viet Nam

***Excellencies, distinguished delegates from the donor community, ladies and gentlemen,***

On behalf of the Joint Committee of the Mekong River Commission, I've a great honor to welcome representatives from the Member States, our Development Partners, and the staff of the MRC Secretariat to this Informal Donor Meeting with the Joint Committee members.

The Meeting today is one of the MRC milestones, which will provide an opportunity for us to take stock of work and progress including achievements and challenges facing the organisation over the past year. This will also be a platform for setting MRC outlook for the upcoming couple of years. Having said that, we look forward to hearing feedback and expert advice from our Development Partners and open discussion. .

As the MRC Joint Committee Chairperson and Chairperson of this meeting, I look forward to constructive and healthy discussion among the country representatives, Development Partners, and staff of the Secretariat. I particularly encourage you to be frank, straightforward, and open about sharing your ideas.

In this Meeting, we will review the strategic matters and follow up the results of the First MRC Summit and current development facing the Mekong Basin.

In early April, the MRC was just celebrating fifteen year anniversary of its achievements of regional cooperation for sustainable development water and related resources in the Mekong River Basin. At the First MRC Summit in Hua Hin, highest level leaders from the four Member Countries declared commitment to addressing the Mekong Basin's dominant challenges particularly climate change. The reinforced pledge has built on a longstanding and shared commitment to making the development of the Mekong River Basin sustainable by Member Countries, Dialogue Partners, Development Partners and

greater regional partners, such as ASEAN, the World Bank, and the ADB. The recently extended agreement with China to exchange data on water levels upstream during dry season is another remarkable achievement the MRC has succeeded in increasing regional cooperation while it has helped to clear the ambiguity about the impact of large reservoirs in China on the Mekong's lowest record water levels in 50 years. The regional drought, with the severe impacts being felt in south west China and northern Lao PDR and Thailand, has exacerbated the food security of millions of the Mekong people, most of whom farmers and fishers who entirely depend on the river and disrupted the region's waterway transport.

***Excellencies, Distinguished Delegates, Ladies and Gentlemen,***

The MRC is fortunate to have strong support and generous financial support from its Member Countries and Development Partners to execute its mission, which is improving the sustainable development of Mekong water resources. We sincerely believe that with carefully planned and coordinated development of the natural resources, we can meet our shared goal of poverty alleviation as well as regional growth. In so doing, it is vital that the MRC uses the support of our Member Countries and Development Partners wisely to the benefit of the people who rely on the Mekong, and to continuously share information on our progress, achievements and room for improvements.

The MRC is now at the end of the current five-year Strategic Plan period and in the process of formulating the next Strategic Plan 2011-2015. The initial process of the upcoming Strategic Plan has involved wide consultations from the national Mekong committees and line agencies, with a more detail plan being tabled for discussion and inputs from wider stakeholders in September. The MRC seems now well set in implementing the recommendations of the Independent Organisational Review, and we will soon hear the progress toward the implementation. At this meeting we will take stock of the performance of the MRC against the current Strategic Plan, of concerns or areas for improvement as well as well preparation for the upcoming strategic plan 2011-2015.

In implementing the recommendations of the Independent Organisational Review of the MRC Secretariat and NMCs, the MRC has taken solid steps towards increasing riparian ownership and staffing including the detailed process of recruiting riparian CEO. A better monitoring and evaluation system is under way. Importantly, the MRC is improving communications in addressing key development challenges facing the Basin; defining its future core-functions, drafting the Integrated Water Resources Management Strategy; and consolidating funding support.. We will discuss here some of the suggestions and possibilities in this regard, and I hope that we can soon make progress in improving the MRC's work.

After discussing regional cooperation, strategic matters, progress on the Independent Organisational Review, this afternoon we will focus on donor harmonisation and alignment, MRC priority funding needs and topics for next Donor Consultative Group Meeting including matters related to strengthening MRC-donor cooperation. We believe that our work in these areas could be vital to the sustainable development of the basin in the next few years.

In concluding, I would like to take this opportunity to thank my fellow Joint Committee Members, their delegations, and the distinguished representatives of our Development Partners for their efforts in attending and participating today. I urge us all to make best use of this opportunity to guide the MRC at this important time in its existence. I wish the meeting every success and now declare this Informal Donor Meeting open.

Thank you.

## **APPENDIX 4**

# **JOINT DEVELOPMENT PARTNERS' STATEMENT**

**Development Partners Group Statement  
IDM - June 2010**

***Excellencies, Ladies and Gentlemen,***

The Development Partners congratulate the MRC on the recent 1st MRC Summit at Hua Hin in April 2010. We congratulate Thailand on a very successful and professional hosting of the event.

We applauded then and now the leadership shown by the Prime Ministers of the four Lower Mekong countries in recognizing that water resources development is a critical issue for all countries sharing the resources of the Mekong River Basin, and their commitment to continuing to work cooperatively to make wise choices. The Summit underscored the recognition by all the riparian states of the maturity of the Commission as an important regional organization.

We applaud the leaders for the formal invitation to China and Myanmar - MRC's dialogue partners and important regional neighbors - to become full members of your Commission.

Looking to the future, the Development Partners recognize that MRC is in an important transition phase. The initiation of the next strategic plan, the adoption of clear performance targets and the means to measure these, the completion of the riparianisation process, and the definition and implementation of core functions are important opportunities to set the future of the basin. These important institutional transitions are happening against the backdrop of a number of proposals for accelerating basin development.

Development Partners welcome the documentation provided to enable us to enter into an informed discussion with the MRC and its members. We have discussed the zero draft of the Strategic Plan 2011-2015, and congratulate the Secretariat on the development of the draft by staff and country teams, which we believe will provide greater ownership.

We encourage you in the further development of the Strategic Plan 2011 – 2015 to take into account the need for logical links between the core functions, definition of performance targets, and the financial implications for member states. We would welcome to discuss the draft Strategic Plan as it evolves and before it is presented to the MRC Council for approval.

We welcome the discussions on the core functions and of different options to share the tasks between the MRCS and the national line agencies in the member countries. The presentations by other River Basin Organizations at the International Conference in Hua Hin illustrated that different models are possible. The adoption of a new organizational structure would require that the roles and responsibilities of the Mekong River Commission Secretariat, National Mekong Committees and national line agencies are clearly defined. The Strategic Plan 2011-2015 should provide clear guidance and a timeline in this regard.

We appreciate the efforts that have gone into defining the initial indicators. However, clear targets and timelines must be defined. This will facilitate the introduction of a practical performance management system.

We reiterate our request for a more ambitious timeframe for total member country financing of the MRC. To this effect, we would like to see significant and quantifiable progress towards

financial autonomy in the next Strategic Plan. This would include honoring the earlier commitment to financing the Operational Expenses Budget (OEB) by 2014. Moreover, in its endeavor to become a more efficient organization, the MRC should progressively reduce the Management and Administration Fee to bring it in line with other international organizations.

We encourage the MRC to ensure a strengthening of management capacity at the second tier to support the CEO in the efficient operation of the organization as proposed in the organizational review.

Development Partners will continue to harmonize and align to a maximum degree to MRC's strategic priorities and programs to reduce transaction costs. We look forward to developing flexible funding mechanisms to implement the new Strategic Plan.

We understand that the first notification for developments in the mainstream is expected in the immediate future. The strategic environment assessment (SEA) has clearly illuminated some of the major impacts of proposed Lower Mekong mainstream dams. We believe these proposals will be of great interest to a wide constituency and will place MRC at the centre of attention and will be a defining moment for MRC. We look forward to hearing how MRC and its members plan to implement the procedures for Prior Notification, Prior Consultation and Agreement (PNPCA). We encourage the MRC to provide a timely and rigorous participatory and transparent assessment to assist the member countries make sound decisions.

We look forward to a constructive discussion of these and other issues during the course of the day. Thank you for your attention.

## **APPENDIX 5**

### **THE MRC STRATEGIC MATTERS, RESULTS AND FOLLOW UP TO THE FIRST MRC SUMMIT, AND CURRENT DEVELOPMENTS IN THE BASIN**

**NOTE FOR INFORMATION  
MRC STRATEGIC MATTERS, RESULTS AND FOLLOW UP TO THE FIRST MRC  
SUMMIT, AND CURRENT DEVELOPMENTS IN THE BASIN**

**Reaching maturity**

1. The First MRC Summit of April 2010 gave a strong signal of support to the MRC mission at the highest political level and it demonstrated the growing ownership of MRC Member Countries. The MRC Hua Hin Declaration set out the objective of financial autonomy by 2030 and the on-going formulation of the Strategic Plan (SP) 2011-2015 is preparing for this transition with close involvement of all MRC programmes. The framework for this approach is defined under the Core Functions which was approved by the Joint Committee (JC) in July 2009. The Vision and Mission Statement of the organisation has been retained. In line with the recommendations of the Mid-Term Review of the SP 2006-2010, the objectives of the SP 11-15 are being formulated in a way that demonstrates expected outcomes and can be better measured.
2. The second round of national consultations on the Strategic Plan have just ended. Based on lessons learnt from the previous Strategic Plan the new Strategic Plan is prepared using internal resources rather than external consultants. The Strategic Plan should be approved by the MRC Council at the end of the year. In addition to the opportunity we have today to discuss chapters of the preliminary draft that define the overall framework and direction, recognising that key sections on implementation and financing modalities are yet to come. More consultations will take place with Developments Partners (DPs) and other stakeholders when there is a first full draft – hopefully by mid-July. ICCS will further brief you on the timeline.
3. With regards to the linkages between the MRC programmes and the formulation of the Strategic Plan, the Core River Basin Management Functions defined by MRC offer a common framework. The MRC programmes under development are integrating this new approach. Through the Performance Management System (PMS), programmes are identifying their contribution to the Strategic Plan's Specific Goals.
4. Matters that require further discussion under the formulation of the Strategic Plan 2011-2015 are (i) the introduction of organisational level goals in the Goals, (ii) the selection of appropriate indicators to measure results while optimising data collection efforts, (iii) the effective involvement of Line Agencies (LA) as they will have primary responsibilities in implementing some of the MRC River Basin Management Functions, and as part of that, (iv) implementation arrangements and financing responsibilities.
5. As part of setting the path for maturity and autonomy, the MRC is considering an updated institutional model for the organisation. As of today, the MRC Secretariat has more than a hundred and fifty staff whereas most River Basin Organisations (RBO) in the developed world have less than twenty working at their secretariats. MRC does not envisage a downscaling of this magnitude in the foreseeable future, but some reductions will be necessary as some River Basin Management Functions are progressively decentralised to the administration of Member Countries. Regional working groups bodies on specific function might be established.

## Demonstrating Relevance

6. The Basin Development Plan (BDP) has made substantial progress with the development scenarios that are being integrated into the IWRM-based Basin Development Strategy and which address critical issues for the basin. Further discussion is expected before its approval by the MRC Council. All programmes are interacting with BDP on the preparation of this IWRM-based Basin Development Strategy. A broad range of stakeholders are also regularly consulted. In brief, this Strategy outlines the opportunity for sustainable development, thus addressing former criticism that MRC focuses only on environmental protection. As defined in its mandate, there is a clear requirement for MRC to provide a balanced approach.

7. The Strategic Environmental Assessment (SEA) of Mainstream Dams, that is nearing completion, also integrates the impact of dams built or planned in China. The result will be shared at a stakeholder meeting later this month in Ho Chi Minh City. The impact on fisheries was identified as the main sector impacted. Under the 1995 Mekong Agreement, proposed projects on the mainstream would be considered by the MRC on a case by case basis. The IWRM-based Basin Development Strategy and the SEA do provide the necessary overall framework against which any one individual project can be appreciated and assessed to support regional decision making and ensuring that cumulative impacts are taken fully into consideration. The MRCS is preparing itself for processing the different aspects of the Procedure of Notification, Prior Consultation and Agreement (PNPCA) for the first proposed mainstream dam. The mandate of the MRC sets a formal requirement for in-depth consultations with the view towards JC members reaching an agreement.

8. The main developers involved in the region, both from the private and public sector, have been made aware of the requirement under the 1995 Mekong Agreement and the PNPCA. At their request, the MRC has developed a set of criteria against which an individual mainstream dam will be considered by the MRC. These criteria include fish migration, water quality, sediment, freedom of navigation and dam safety. These guidelines were approved by the JC in July 2009. The next step for MRC is to better embed the PNPCA and other procedures within the administrations of the Member Countries. This will be carried out under the Mekong IWRM Project which is a follow up to the Water Utilisation Project.

9. The MRC has also developed a basin wide sustainability assessment tool for dams. Together with ADB and WWF this tool will be tested on tributaries that are transboundary, in the 3S basin involving Cambodia, Lao PDR and Viet Nam.

10. The recent reviews of several MRC programmes (EP, BDP, FMMP, FP etc) have emphasised the need to strengthen the regional relevance of the MRC. This is being translated into useful publications, for example the water quality report card.

11. In regard to cooperation with China and Myanmar, technical cooperation continues to increase steadily. China has made clear that it is ready to increasingly engage at the technical level. China usually participates in MRC meetings organised by programmes on basin planning, flood management, navigation and sustainable hydropower. Similarly, the MRC has been invited to several events in China including the very recent visit to dams on the Lancang. This visit was followed up by an official visit to Beijing for discussions with the Ministry of Foreign Affairs, Ministry of Water Resources and National Energy Administration. Possible next steps of this increased cooperation are being discussed including the request from MRC for exchange of hydro-meteorological data during the dry season in addition to the transfer of data that is already taking place during the flood season.

12. Regarding progress made under the aid effectiveness agenda, it is recognised that programme level support has made very good progress since 2007; however, it still lacks harmonisation. The next step is the preparation of joint modalities of support at programme level and initiation of overall programme support to the whole organisation.

13. Regarding the MRC contribution to poverty reduction, its direct role is recognised in specific areas such as fisheries-based livelihoods and the prevention of loss from floods. At the strategic level, the framework offered by the MRC is supporting the Member Countries in their poverty reduction agenda at national level.

## **APPENDIX 6**

# **INITIAL COMPLETE DRAFT OF THE INTEGRATED WATER RESOURCES MANAGEMENT - BASED BASIN DEVELOPMENT STRATEGY**

## **NOTE FOR INFORMATION**

### **PROGRESS OF THE IWRM-BASED BASIN DEVELOPMENT STRATEGY**

1. At the 16<sup>th</sup> Meeting of the MRC Council (Session 2 – Meeting with the Donor Consultative Group) on 27<sup>th</sup> November 2009, the MRC Council approved the key principles and approach to prepare the IWRM-based Basin Development Strategy (herein after referred to as the Basin Development Strategy or “the Strategy”). The approach is centered on the joint definition by riparian countries and stakeholders of a “Development Space” and associated Strategic Guidance and IWRM Guidelines for water and resources development and management in Lower Mekong Basin (LMB), using the results of the triple bottom line assessment of a range of basin-wide development scenarios. Each scenario presents a plausible level of water resources development in the Mekong River Basin. Figure 1 in the attachment to this Note provides an overview of the approach to prepare the Strategy.

2. The 2<sup>nd</sup> Joint Donor Review of the Basin Development Programme Phase 2 (BDP2)<sup>1</sup> that supports the preparation of the Strategy “welcomed the progress made in preparing the Strategy. The Strategy has taken off on good footing... and has the potential to become the cornerstone in transboundary management in the Mekong Basin”. The Review emphasized the need to complete the definition of the “Development Space” with due consideration of the biodiversity and the preparation of the Strategic Guidance and IWRM guidelines component of the Strategy to ensure development takes place within the boundary of the “Development Space”.

3. At the 1<sup>st</sup> MRC Summit on 5<sup>th</sup> April 2010, the Declaration of the Prime Ministers of the MRC Member Countries prioritized the adoption and implementation of the IWRM-based Basin Development Strategy as a framework for Member Countries to implement their reaffirmed commitment for sustainable and equitable development and management of the Mekong water and related resources.

4. This note provides a summary of results of the basin-wide development scenario assessment, the emerging definition of the “Development Space” that arises from the on-going discussions among LMB countries. The preparation of the complete draft Basin Development Strategy is ongoing, drawing on these two important elements.

#### **I. Summary of scenario assessment results**

5. The assessment of basin-wide development scenarios, with active contribution from Member Countries and MRC Programmes, is being finalized. The results help provide an overarching view of each scenario and comparison among them, taking into account the benefits as well as costs they would bring to each LMB country and their people and the sustainability of the Basin’s ecology. Figure 2 summarizes the scenarios considered.

6. The assessments demonstrate that flow related impacts are largely caused by the ongoing developments in the **Definite Future Scenario** and in particular by the Chinese dams. The large increases in dry season flow will be sufficient to support all the planned consumptive uses in the 20-Year Plan Scenarios (see below). For the first time, discussions on use of water from the Mekong River will be possible without adverse implications for the Delta. At the same time, there will be a significant reduction in flooded areas and wetlands and associated reductions in capture fisheries and increased social disbenefits. A process of

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<sup>1</sup> Jointly carried out by DANIDA, SIDA and AusAID in January 2010

long term geomorphologic adjustment will be induced which, whilst locally significant in some locations in the short term, will become more noticeable after 20 years.

7. While the component projects of the **Definite Future Scenario** are already being implemented and its impacts will occur over the next decades, the IWRM-based Basin Development Strategy will include a range of complementary studies and measures that seek to maximize the opportunities and minimize or convert adverse impacts into benefits.

8. The **20-Year Plan Scenarios** comprise the development plans for each country over the next 20 years (to 2030) and are distinguished principally by different combinations of the 11 mainstream dams under consideration for LMB. All 20-Year Plan Scenarios will cause relatively small incremental flow changes compared to the Definite Future Scenario. Thus the flow related impacts of these scenarios (on flooded areas, wetlands and salinity intrusion) are small.

9. From a water availability point of view, there is enough water re-regulated from the wet to the dry season to satisfy all planned irrigation expansion and other consumptive needs in the 20-Year Plan Scenarios and still provide more dry season water into the delta in Vietnam than exists under the baseline condition. Thus, the present dry season flows in the mainstream (which still generally resembles the natural flow regime) can remain untouched by new development and can be protected for essential environmental and social uses (through the MRC Procedures for Maintenance of Flow on the Mainstream - PMFM).

10. However, the 20-Year Plan Scenarios that include the two mainstream dams in Cambodia will cause considerable decline of capture fisheries compared to the Definite Future Scenario (due to blockage of fish migration by dams). These scenarios also cause substantial negative impacts on environmental hotspots and flagship species and the integrity of the Tonle Sap, and will have localised impacts within specific river reaches. The adverse transboundary impact of the 20-Year Plan Scenario without Cambodian Mainstream Dams (but with the mainstream dams in the Northern and Southern part of Lao PDR) will cause less severe but still significant transboundary impacts. The 20-Year Plan Scenario without Lower Mainstream Dams (i.e. with only mainstream dams in the Northern part of Lao PDR) will cause small adverse transboundary impacts compared to the Definite Future Scenario.

11. The assessments also confirm that the economic benefits from the water resources developments in the various 20-Year Plan Scenarios can be substantial and are mainly derived from the development of hydropower, both on the tributaries and the mainstream. At the same time, these developments also expose potentially up to four million rural people to some risk of loss of livelihood. This requires early definition of mitigation measures, both at transboundary and project specific scale.

12. The **Long-term Development Scenarios** provide valuable insight into the impacts that expanded development may have in the future. With such a long time frame, it is evident that circumstances outside the water sector will change precipitated by socio-economic development. The assessment results indicate that there is sufficient storage potential in the LMB tributaries to meet the needs of continued consumptive uses. Climate change introduces further significant risks, principally to Viet Nam and Cambodia where major challenges in managing increased flooding and saline intrusion are expected to arise.

13. There are inevitable risks and uncertainties associated with the assumptions made in the scenario assessments and with the accuracy of the forecasted impacts. The possible areas of risks and uncertainties have been identified, evaluated and described, so that opportunities and trade-offs can be discussed with knowledge of the degree of reliability of the assessed positive and negative impacts of considered scenarios.

14. Table 1 in the Attachment provides a summary of the magnitude of impacts against selected indicators that emerged from discussions in LMB countries consultations as being

of particular interest. The different economic, environmental and social impacts of the considered scenarios are summarized and presented in Table 2.

15. The interim results of the scenario assessment were posted on the MRC website since February 2010 to call for public early review and inputs. Together with the intensive national consultations in each stage of the assessment, this provides the opportunity to constantly improve the assessment, responding to specific country concerns. The draft final results as presented above will be posted by end June 2010 to prepare for the wider stakeholder discussion at the 3<sup>rd</sup> Regional Stakeholder Forum on BDP, planned for 29-30 July 2010 in Vientiane, Lao PDR.

## II. Discussion of preferred scenarios

16. Through national consultations and meetings of the Regional Technical Working Group (RTWG), preferences of basin-wide development scenarios were indicated, taking into account both national interests and the commitment for mutual benefits and Basin's sustainability.

17. The consultation with River Basin Committees (RBCs) in Northeast Thailand indicated the preference for a free flowing river without mainstream dams but they would not object to developments by other countries, provided that the implications for fish ecology and people livelihoods are thoroughly assessed and at an acceptable level. Thus, the RBC representatives could also accept the 20-Year Plan Scenario without Lower Mainstream Dams without Thai mainstream dams.

18. The Viet Nam national consultation also highlighted that the 20-Year Plan Scenario without Mainstream Dams will cause the least adverse impacts to Viet Nam. However, acknowledging the development aspirations of other countries and assessing the level of impacts, Viet Nam RTWG members ranked the 20-Year Plan Scenario without Lower Mainstream Dams as their first preference for the Basin, followed by the 20-Year Plan Scenario without Cambodian Mainstream Dams.

19. From technical point of view, the Cambodia RTWG members preferred the 20-Year Plan Scenario without Mainstream Dams, followed by the 20-Year Plan Scenario without Lower Mainstream Dams. Cambodia would like to further study the potential of tributary hydropower development, as well as other alternative options for the Cambodia mainstream dams to secure the country's future energy needs. The group has also mentioned that further national consultations and higher level decision making would be required for a final view from the country.

20. While national consultation in Lao PDR explicitly expressed the preference for the 20-Year Plan Scenario with all 11 mainstream dams, it also ranked the 20-Year Plan Scenario without Cambodian Mainstream Dams as the 2<sup>nd</sup> preference, taking into account the acceptable level of impacts, especially on fisheries and possible mitigation measures as well as benefit sharing mechanisms to compensate the loss. The 20-Year Plan Scenario without Lower Mainstream Dams was ranked 3<sup>rd</sup> but with the comment that a proposed mainstream dam project in Southern Lao PDR may soon be submitted to MRC for prior consultation.

21. The RTWG meeting on 7-8<sup>th</sup> June found that comments on the scenario assessment have been adequately addressed and the updated results are generally acceptable with the assumptions used. Further comments and recommendations were provided to continue improving the assessment and presentation of results as well as the preparation of the final report. The meeting, followed by the discussion of the Advisory/Facilitation Group for the IWRM-based Basin Development Strategy, discussed in depth the RTWG members' ranking of scenarios and alternative ways to define the "Development Space", based on consensus on a preferred scenario or agreeable parts of one or more scenarios.

22. It is emerging that the **20-Year Plan Scenario without Lower Mainstream Dams** (and without Thai mainstream dams) could be used to explore an appropriate definition of

the **Development Space**, provided that supporting Strategic Guidance is developed to address agreed conditionality (such as the protection of the Giant Catfish), as well as IWRM guidelines to support sustainable use and management of the Development Space (such as developing institutional and people capacity in line agencies down to sub-basin levels).

### **III. The emerging definition of the “Development Space”**

23. The Development Space is part of the broader Mekong Basin development and management framework, described in the IWRM-based Basin Development Strategy, and aimed at moving water resources development in the Mekong Basin towards sustainable development. The concept and actual identification of the Development Space is still being debated among the various stakeholder groups. The Development Space, which is now emerging as “opportunity space” or “cooperation space”, could be defined as a combination of:

- 1) The potential water resources developments in a preferred scenario (or parts of scenarios), whose transboundary impacts are small and acceptable to all countries. These potential developments are placed within the “development space”, provided that the agreed supporting Strategic Guidance is in place to address any conditions associated to the acceptable scenario.
- 2) Where these potential water resources developments become identified projects, they are negotiated in line with MRC agreed procedures such as the PNPCA and apply appropriate IWRM Guidelines. This process provides transboundary approval for the proposed project.
- 3) As agreed projects, these are developed, in accordance with the Strategic Guidance and IWRM Guidelines, placed within a broader sustainable development framework (such as social and environmental values and safeguards).

24. Each of these three distinct consecutive steps involves data refinement and appropriate stakeholders. It is clear that in agreeing to such as definition of a “Development Space”, countries are not committing to a particular project or set of projects – these must be developed through normal feasibility studies, detailed designs and environmental and social impacts assessments, and then consulted with a view to reaching agreement through the PNPCA as well as satisfying the requirements of national regulatory systems.

25. The definition of the “Development Space” for 5-year period will allow periodic review and adjustment based on new information on the development process and the health of the Mekong Basin, implications of other development factors, as well as more confidence on the acceptable level of transboundary impacts of parts of the 20-Year Plan Scenario that are outside the agreed Development Space.

### **IV. The Panel of Experts**

26. The independent Panel of Experts (POE) of BDP2 has completed the first two missions. The POE found that while on its way towards planning for sustainable development, the BDP2 outputs are fit for purpose. For the first time countries have sufficient information to negotiate national water resource developments with due consideration of their possible impacts on other countries and on the Basin’s ecology.

27. The POE commended the strength of the BDP process that has already led to discussions and negotiations between countries on the preferred level of water resources development, and the strategies and processes to manage the Basin’s water and related resources sustainably. Although the quality of the outputs is generally adequate to achieve the BDP objectives, a few weaknesses have been identified, including the social assessment of the considered development scenarios and the absence of mitigation measures, especially for the Definite Future scenario.

28. The POE raised concerns about the term “Development Space” as it is too easily perceived as an acceptable “project portfolio”. They suggested the term “Cooperation Space” or “Negotiation Space” to better reflect the “space” concept in providing practical options for the riparian countries to debate opportunities and trade-offs in water related development and to negotiate “deals” that are in the interests of one or more countries, perceived as “fair and equitable”, and maximize basin-wide benefits and minimize basin-wide risks. This recommendation of the POE has been incorporated in the above definition of the “Development space”.

29. The POE considers the continuation of the BDP essential for sustainable development in the Mekong Basin and the centerpiece for the MRC to achieve its mission. The POE advises to expand the BDP beyond its current water related focus to include activities and processes that are not directly related to the water sector but will impact the water sector and thus “sustainable development”.

## **V. Roadmap ahead**

30. The RTWG has identified Strategic Guidance and priority further studies to address the conditions associated with each preferred scenario. These will be further discussed at the national level to facilitate the countries’ consideration of the scenarios, the identification of the Development space and the content of the Basin Development Strategy that all countries can accept.

31. The RTWG and Advisory/Facilitation Group agreed that the RTWG has fulfilled its technical role for the scenario assessment and the definition of the approach for the Strategy. What is required now is the negotiation among the countries for agreement on the Development Space, the Strategic Guidance, Basin Management Processes as well as an implementation plan of the Strategy for its adoption and integration in national policies and plans after MRC Council approval. It was agreed at the 9<sup>th</sup> RTWG meeting that a JC-delegated “negotiation group” will be established with decision makers from key line agencies (such as planning and investment, energy, agriculture and fisheries), NMCSs and the Advisors/Facilitators. TOR for this group is being prepared with a possibility to combine with the working group for the PNPCA, which is also being considered.

32. The ambitious target for the completion and approval of the Strategy at the 17<sup>th</sup> Meeting of the MRC Council in late 2010 remains unchanged. The roadmap is updated, reflecting the discussion progress and new institutional arrangements.

- By end June: Preparation of draft of the most important chapters of the Strategy, namely, Chapter 6 – Transboundary environment, social and economic assessment – which is the summary of the scenario and other assessments such as the SEA of mainstream dam; and Chapter 7 – Basin Development Framework that defines the Development Space, Strategic Guidance for basin development and management and IWRM Guidelines.
- By mid July: National consultations on the draft final results of the scenario assessment, draft final report and draft Chapters 6 – Evaluation of scenarios and Chapter 7 – Basin Development Framework of the Strategy
- By mid July: 1<sup>st</sup> draft complete Strategy would be ready, incorporating comments on Chapters 6 and 7
- 29-30<sup>th</sup> July 2010: 3<sup>rd</sup> Regional Stakeholder Forum on BDP to discuss the scenario assessment results and the 1<sup>st</sup> draft Strategy.
- August: meetings of the JC-delegated “negotiation group” to discuss the draft Strategy taking into consideration the views from the Stakeholder Forum
- August: JC informal discussion

- End August: 32<sup>nd</sup> Meeting of the JC endorses in principle the definition of the Development Space and provides guidance to improve the Strategy
- September: Final mission of the Panel of Expert
- October: Final draft Strategy for JC informal review and discussion
- November: Council's approval of the IWRM-based Basin Development Strategy

**Attachments:**

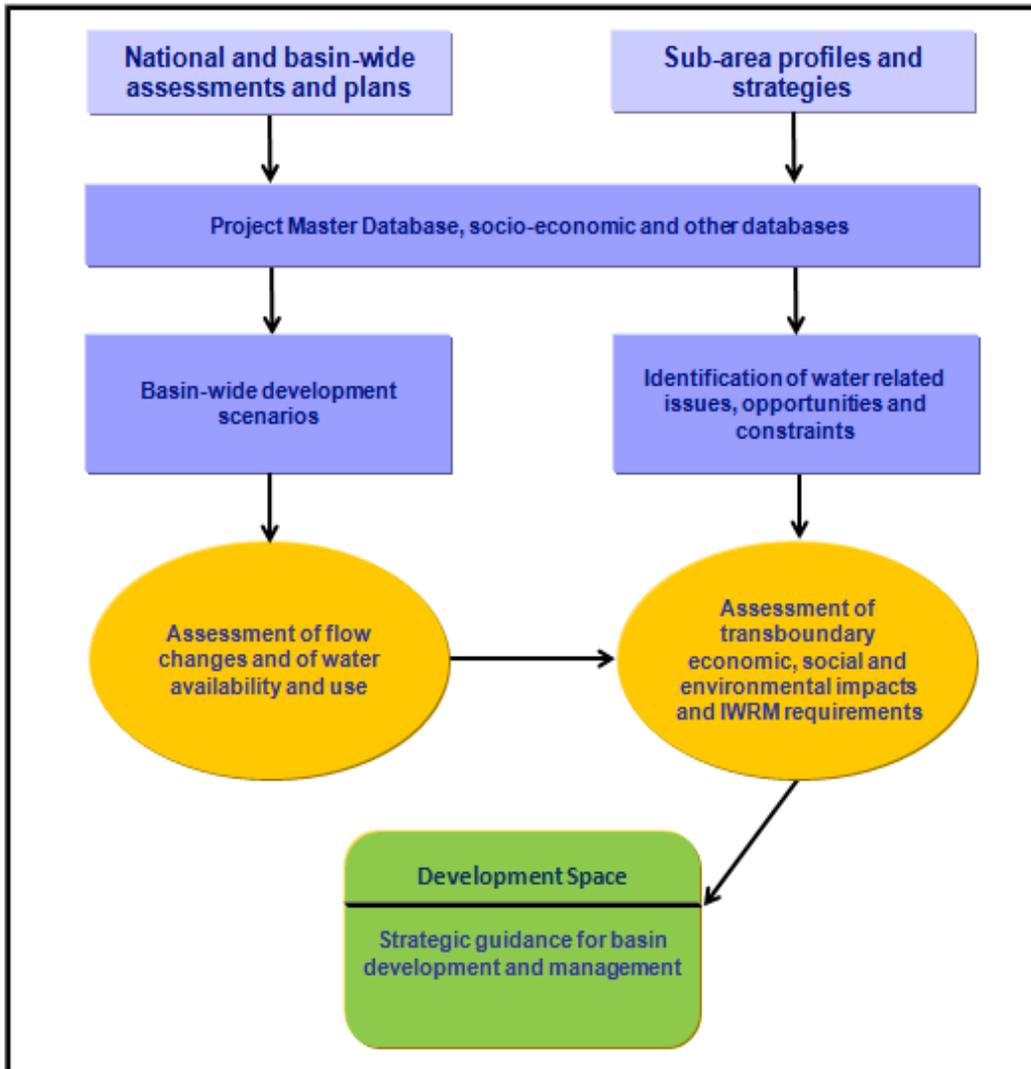
Figure 1: Approach to define the “Development Space” and Strategic Guidance for basin development and management

Figure 2: Scenarios considered

Table 1: Summary of scenario assessment for selected indicators

Table 2: Summary of assessment results for the LMB compared to baseline and Definite Future Scenario

**Figure 1 – Approach to define the “development space” and the strategic guidance for basin development and management**



**Figure 2: Scenarios considered**

No.	Short Title	Full Title	Development Period	Interventions/Projects
<b>Baseline situation</b>				
1	<b>BS</b>	Baseline Scenario		Year 2000 infrastructure including existing HEP dams
<b>Definite future situation</b>				
2	<b>2015-UMD</b>	Upper Mekong Dam Scenario	2000 - 2015	Baseline extended to include the full HEP cascade on the Lancang
3	<b>2015-DF</b>	Definite Future Scenario	2000 - 2015	2015-UMD plus 25 additional HEP dams in LMB and 2008 irrigation and flood measures
<b>Foreseeable future situation</b>				
4.0	<b>2030-20Y</b>	LMB 20-Year Plan Scenario	2010 - 2030	2015 DF plus 11 LMB mainstream dams and planned tributary dams, irrigation, and water supply
4.1	<b>2030-20Y+CC</b>	LMB 20-Year Plan Scenario Climate change	2010 - 2030	As above plus climate change for average year between 2010-30 and 17cm sea level rise
5	<b>2030-20Y-w/o MD</b>	LMB 20-Year Plan Scenario without mainstream dams	2010 - 2030	As above, excluding 11 LMB mainstream dams
6.1	<b>2030-20Y-w/o LMD</b>	LMB 20-Year Plan Scenario with 6 mainstream dams in Northern Lao PDR	2010 - 2030	As above plus 6 LMB mainstream dams in upper LMB
6.2	<b>2030-20Y-w/o TMD</b>	LMB 20-Year Plan Scenario with 9 mainstream dams, excl. Thailand	2010 - 2030	2030-20Y, excluding the two Thai mainstream dams
6.3	<b>2030-20Y-w/o CMD</b>	LMB 20-Year Plan Scenario with 9 mainstream dams, excl. Cambodia	2010-2030	2030-20Y, excluding the two Cambodian mainstream dams
7	<b>2030 – 20Y Flood</b>	Mekong Delta Flood Management Scenario	2010 - 2030	Baseline plus 3 options for flood control in Cambodia and Viet Nam Delta
<b>Long term future situation</b>				
8.0	<b>2060-LTD</b>	LMB Long-term Development Scenario	2030-2060	2030-20Y plus all feasible infrastructure developments in LMB
8.1	<b>2060-LTD+CC2</b>	LMB Long-term Development Scenario Climate change	2030-2060	As above plus climate change for average year between 2030-50 and 30cm sea level rise
9	<b>2060-VHD</b>	LMB Very High Development Scenario	2030-2060	As above, extended to full potential infrastructure developments

**Table 1 - Summary of scenario assessment for selected**

Country and indicator	Definite Future Scenario	20-year plan scenarios						Long term scenarios			
		Without mainstream dams	With 6 mainstream dams in Northern Lao PDR	With 9 mainstream dams, excl Cambodia	With 9 mainstream dams, excl Thailand	With 11 mainstream dams	With 11 mainstream dams and climate change	Long term scenario with 11 mainstream dams	Long term scenario with climate change	Very High Development Scenario	
	3000	5000	6100	6300	6200	4000	4001	8000	8001	9000	
<b>Lao PDR</b>											
Wetland extent	Severity	-3	-3	-3	-3	-3	-3	-1	-3	2	-3
Bank erosion	Severity	1	2	2	-1	-1	-1	-2	-2	-2	-2
Capture fisheries	Severity	-2	-2	-2	-2	-2	-2	-5	-2	-5	-2
Water quality	Severity	-1	-2	-2	-3	-3	-2	-2	-3	-3	-3
Environmental hotspots	Severity		-2	-2	-2	-3	-3	-4	-4	-4	-5
<b>Overall environment impact</b>	Severity	-1	-2	-3	-3	-3	-3	-3	-3	-3	-3
<b>Livelihoods</b>	Severity	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3
<b>Economic production</b>	NPV US\$B	6.8	11.9	17.9	23.0	19.3	23.0	23.0	26.9	26.9	30.1
<b>Other economic impacts</b>	NPV US\$B	-0.2	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.5	-0.4	-0.5
<b>Thailand</b>											
Wetland extent	Severity	-2	-2	-2	-2	-2	-2	-2	-2	1	-2
Bank erosion	Severity	1	2	2	-1	-1	-1	-2	-2	-2	-2
Capture fisheries	Severity	-1	-1	-1	-1	-1	-1	-5	-1	-5	-1
Water quality	Severity	-1	-2	-2	-2	-2	-2	-2	-2	-2	-3
Environmental hotspots	Severity	-1	-2	-3	-3	-3	-3	-3	-4	-4	-5
<b>Overall environment impact</b>	Severity	-1	-2	-2	-3	-3	-3	-3	-3	-3	-3
<b>Livelihoods</b>	Severity	-1	-1	-2	-1	-2	-3	-3	-3	-3	-3
<b>Economic production</b>	NPV US\$B	1.2	2.8	4.1	4.4	4.1	4.6	4.6	5.2	5.2	6.5
<b>Other economic impacts</b>	NPV US\$B	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1	-0.2
<b>Cambodia</b>											
Wetland extent	Severity	-1	-1	-1	-1	-1	-1	-1	-3	-3	-1
Bank erosion	Severity		1	-1		-1	-1	-2	-3	-3	-3
Capture fisheries	Severity	-1	-2	-2	-3	-4	-4	-5	-4	-5	-4
Water quality	Severity		-2	-2	-2	-2	-2	-2	-3	-3	-4
Environmental hotspots	Severity	-1	-2	-2	-3	-3	-3	-3	-3	-3	-5
Tonle Sap wetlands	Severity	-1	-1	-1	-1	-1	-1		-1	-1	-1
<b>Overall environment impact</b>	Severity	-1	-1	-2	-1	-3	-3	-2	-3	-2	-4
<b>Livelihoods</b>	Severity	-1	-2	-3	-2	-4	-3	-3	-4	-4	-4
<b>Economic production</b>	NPV US\$B	1.3	2.2	2.2	2.2	3.9	3.9	3.9	7.3	7.3	15.3
<b>Other economic impacts</b>	NPV US\$B	-0.6	-0.7	-0.8	-1.0	-1.7	-1.7	-1.3	-2.0	-1.8	-2.2
<b>Viet Nam</b>											
Wetland extent	Severity	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Bank erosion	Severity							-1	-3	-3	-3
Capture fisheries	Severity	-1	-1	-2	-3	-4	-4	-5	-4	-5	-4
Water quality	Severity	1	-1	-1	-1	-2	-2	-2	-3	-2	-4
Environmental hotspots	Severity							-2	-2	-5	-5
Salinity intrusion	Severity	1	1	2	1	1	1	-1	1	n/a	1
<b>Overall environment impact</b>	Severity	-1	-1	-1	-1	-1	-1	-1	-3	-2	-3
<b>Livelihoods</b>	Severity	-1	-1	-2	-2	-2	-2	-2	-2	-4	-2
<b>Economic production</b>	NPV US\$B	3.5	3.8	4.0	4.0	4.5	4.5	4.5	5.2	5.2	6.0
<b>Other economic impacts</b>	NPV US\$B	-0.2	-0.1	-0.1	-0.2	-0.4	-0.4	-0.8	-0.5	-0.9	-0.6
<b>LMB overall</b>											
Wetland extent	Severity	-1	-1	-1	-1	-1	-1	-1	-3	-3	-1
Bank erosion	Severity	1	1	1	-1	-1	-1	-2	-3	-3	-3
Capture fisheries	Severity	-1	-1	-2	-2	-3	-3	-5	-3	-5	-3
Water quality	Severity	-0	-2	-2	-2	-2	-2	-2	-3	-2	-3
Environmental hotspots	Severity	-0	-1	-2	-2	-2	-2	-3	-3	-4	-5
Tonle Sap wetlands	Severity	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Salinity intrusion	Severity	1	1	2	1	1	1	-1	1	n/a	1
<b>Overall environment impact</b>	Severity	-1	-2	-2	-2	-3	-3	-2	-3	-3	-3
<b>Livelihoods</b>	Severity	-1	-2	-3	-2	-3	-3	-3	-3	-4	-3
<b>Economic production</b>	NPV US\$B	12.8	20.7	28.1	33.5	31.9	36.0	36.0	44.5	44.5	58.0
<b>Other economic impacts</b>	NPV US\$B	-1.1	-1.1	-1.4	-1.7	-2.6	-2.6	-2.6	-3.0	-3.1	-3.5

**Severity indices**

- 1 Mildly positive
- 2 Positive
- 3 Very positive
- 4 Highly positive
- 5 Extremely positive

- 1 Mildly negative
- 2 Negative
- 3 Severely negative
- 4 Extremely negative
- 5 Catastrophic

- Low
- Medium
- Medium
- High
- High

Note: wetland scores based on percentage loss in country vs country total. LMB score based on total wetland areas.

**Table 2: Summary of assessment results for the LMB compared to baseline**

Summary of scenario assessment  
Incremental values relative to Baseline

Lower Mekong Basin

Specific development objective	Issue	Assessment criteria	Unit	2000		3000		4000		4001		5000		6100		6200		6300		8000		8001		9000			
				2015-UMD	2015-DF	2015-UMD	2015-DF	2030-20Y	2030-20Y+CC	2030-20Y-w/o MD	2030-20Y-w/o LMD	2030-20Y-w/o TMD	2030-20Y-w/o CMD	2060-LTD	2060-LTD+CC	2060-VHD											
<b>1. Economic development</b>																											
1.1 Increase irrigated agricultural production	Irrigable area, production tonnage and value	Incremental area	'000 ha			-275	-7%	1,597	43%	1,597	43%	1,597	43%	1,597	43%	1,597	43%	1,597	43%	2,226	60%	2,226	60%	4,666	125%		
		Crop production	'000 ton					27	97%	27	97%	27	97%	27	97%	27	97%	27	97%	27	97%	43	155%	43	155%	93	333%
		Net economic value	NPV US\$M					1,659		1,659		1,659		1,659		1,659		1,659		1,659		4,267		4,267		16,129	
1.2 Increase hydropower production	Hydropower capacity, power generated and value	Installed capacity	MW			4,946	312%	24,839	1566%	24,839	1566%	10,142	639%	17,641	1112%	21,888	1380%	20,559	1296%	27,521	1735%	27,521	1735%	28,098	1772%		
		Power generated	GWh/yr			35,417	389%	194,136	2135%	194,136	2135%	74,389	818%	136,129	1497%	171,381	1885%	156,630	1723%	206,800	2274%	206,800	2274%	209,735	2307%		
		Net economic value from generation	NPV US\$M			8,350	186%	17,028	379%	17,028	379%	11,069	246%	13,638	303%	15,187	338%	16,410	365%	16,410	365%	21,783	485%	21,783	485%	22,711	505%
		Net economic value from purchased	NPV US\$M			3,142	385%	15,796	1934%	15,796	1934%	6,534	800%	11,364	1392%	13,519	1655%	13,922	1705%	16,082	1969%	16,082	1969%	16,076	1969%		
1.3 Improve navigation	River transport	Navigable days by class	'000 boat-days			0	7%	0	29%	-0	-100%	0	14%	0	18%	0	27%	0	22%	0	56%	-0	-100%	0	63%		
		Net economic value	NPV US\$M			64	35%	64	35%	64	35%	64	35%	64	35%	64	35%	64	35%	64	35%	64	35%	64	35%		
1.4 Decrease damages by floods	Extent and duration of annual flooding by class	Average area flooded annually to max 1.0m depth	'000 ha			-82	-4%	-102	-5%	88	4%	-98	-4%	-100	-4%	-100	-4%	-100	-4%	-122	-5%	211	9%	-141	-6%		
		Average area flooded annually > 1.0m depth	'000 ha			-367	-11%	-465	-14%	485	15%	-453	-14%	-459	-14%	-459	-14%	-459	-14%	-532	-16%	542	17%	-590	-18%		
		Net economic value of flood damage	NPV US\$M			462		377		-273		360		360		360		360		360		408		-296		432	
1.5 Maintain productivity of fishery sector	Capture fisheries and aquaculture production	Annual average capture fish availability	'000 ton			-946		-1,936		-1,936		-732		-952		-1,914		-1,218		-1,818		-1,818		-1,801			
		Annual average aquaculture production	'000 ton			1	52%	1	52%	2	105%	2	105%	2	105%	2	105%	2	105%	2	105%	4	207%	4	207%	6	310%
		Net economic value of capture fish	NPV US\$M			-0	-2%	-0	-7%	-1	-25%	-2	-100%	-0	-10%	-0	-12%	-1	-25%	-0	-16%	-1	-24%	-2	-100%	-1	-23%
		Net economic value of aquaculture production	NPV US\$M			1	52%	1	52%	2	105%	2	105%	2	105%	2	105%	2	105%	2	105%	4	207%	4	207%	6	310%
<b>2. Environmental protection</b>																											
2.1 Maintain water quality and acceptable flow conditions	Water quality	Total pollutant discharge	tonnes / yr					189,447	51%	199,809	54%	199,809	54%	199,809	54%	199,809	54%	199,809	54%	393,559	107%	199,809	54%	570,281	155%		
		Water quality conditions	Severity																								
		Average flow in March	MCM			748	38%	844	43%	1,205	62%	1,214	62%	1,105	56%	1,190	61%	1,189	61%	1,189	61%	1,199	61%	1,229	63%	719	37%
		Average wet season peak daily flow	m3/s			-1,288	-5%	-1,424	-5%	-2,194	-8%	540	2%	-2,175	-8%	-2,080	-8%	-2,191	-8%	-2,136	-8%	-2,617	-10%	91	0%	-2,866	-10%
2.2 Maintain wetland productivity and	Protection of forests around Tonle Sap	Average flow volume entering Tonle Sap	MCM			-2,113	-7%	-2,518	-8%	-4,265	-13%	-1,596	-5%	-3,900	-12%	-3,920	-12%	-3,918	-12%	-3,919	-12%	-5,322	-16%	-2,477	-8%	-5,250	-16%
		Forest, marshes and grasslands flooded at Tonle Sap	'000 ha			-9	-1%	-14	-1%	15	1%	-14	-1%	-14	-1%	-14	-1%	-14	-1%	-19	-2%	-19	-2%	-6	-1%	-29	-3%
		Net economic value	NPV US\$M			-153		-372		-372		-183		-228		-349		-254		-731		-731		-822			
		Productivity of wetland ecosystems	'000 ha			-35	-2%	-48	-3%	35	2%	-47	-3%	-48	-3%	-48	-3%	-48	-3%	-48	-3%	-55	-4%	24	2%	-66	-4%
2.3 Manage salinity intrusion in the Mekong	Impact of salinity intrusion on land use	Area within delta within threshold level of salinity	'000 ha			-240	-13%	-272	-15%	-309	-17%	23	1%	-305	-16%	-319	-17%	-288	-16%	-288	-16%	-299	-16%	-2		-221	-12%
		Net economic value	NPV US\$M			20		27		-2		25		23		21		23		22				-2		16	
2.4 Minimize channel effects on bank erosion and deep pools	River bank erosion	Area at risk to erosion	Severity			Mildly positive		Mildly positive		Mildly negative		Negative		Positive		Positive		Mildly negative		Mildly negative		Negative		Negative		Negative	
		Net economic value	NPV US\$M																								
		Functioning deep pools	No.					-20	-43%	-20	-43%			Mildly negative		-13	-28%	-14	-30%	-18	-38%	-20	-43%	-20	-43%	-20	-43%
2.5 Conservation of biodiversity	Impacts of flow management changes on endangered species	Induced geomorphological changes	Severity			Neutral		Mildly negative		Negative		Negative		Mildly negative		Negative		Negative		Negative		Extremely negative		Extremely negative		Extremely negative	
		Status of river channel habitats	Severity			Neutral		Mildly negative		Negative		Negative		Mildly negative		Negative		Negative		Negative		Extremely negative		Extremely negative		Extremely negative	
		Flagship species	no.			Neutral		Mildly negative		Severely negative		Severely negative		Extremely negative		Negative		Negative		Negative		Extremely negative		Extremely negative		Extremely negative	
		Unaffected environmental hot spots	No.			Neutral		Mildly negative		Severely negative		Severely negative		Negative		Negative		Negative		Negative		Extremely negative		Catastrophic		Catastrophic	
3. Social development	Health, food and income security	Flagship species	Severity			Neutral		Mildly negative		Severely negative		Severely negative		Negative		Negative		Negative		Negative		Severely negative		Severely negative		Extremely negative	
		Biodiversity condition	Severity			Neutral		Mildly negative		Severely negative		Severely negative		Negative		Negative		Negative		Negative		Severely negative		Severely negative		Extremely negative	
		Incremental net economic value of habitat areas	NPV US\$M			-85		-330		-415		-220		-240		-330		-305		-435		-525		-700			
		Incremental net economic value of habitat areas	NPV US\$M			-85		-330		-415		-220		-240		-330		-305		-435		-525		-700			
3.1 Maintain livelihoods of vulnerable resource-users	Health, food and income security	No. of people affected	'000			527		887		4,360		4,360		1,409		2,015		4,359		2,738		4,506		4,810		4,594	
		Severity of impact on health, food and income security	Severity			Mildly negative		Negative		Severely negative		Severely negative		Negative		Severely negative		Severely negative		Negative		Severely negative		Extremely negative		Severely negative	
		Incremental sustainable employment from water resource interventions	'000					212	51%	212	51%	212	51%	212	51%	212	51%	212	51%	212	51%	658	157%	658	157%	1,535	367%
		Agriculture	'000					15		64		72		32		40		60		51		126		126		141	
3.4 Increased employment generation in water related sectors	Incremental sustainable employment from water resource interventions	Fisheries	'000					104		612		612		224		387		534		469		527		527		573	
		Water-related service industries	'000					251		352		352		352		352		352		352		528		528		704	
		Tourism	'000																								
		Overall environment impact	Severity			Mildly negative		Severely negative		Severely negative		Severely negative		Negative		Negative		Severely negative		Negative		Severely negative		Severely negative		Extremely negative	
<b>4. Equitable development</b>																											
4.1 Ensure that all four LMB countries benefit from the development of water and related resources	Aggregate benefits by country	Total net economic value	NPV US\$M			-0	-2%	11,570	599%	34,022	2323%	33,582	2248%	19,132	1072%	26,461	1718%	29,905	2003%	31,702	2089%	41,200	2465%	40,676	2389%	53,596	2485%
		No. of people affected vulnerable to changes	'000			527		887		4,360		4,360		1,409		2,015		4,359		2,738		4,506		4,810		4,594	
		No. of jobs generated	'000					370	89%	1,240	297%	1,248	299%	820	196%	990	237%	1,158	277%	1,084	259%	1,839	440%	1,839	440%	2,954	707%
		Overall environment impact	Severity			Mildly negative		Severely negative		Severely negative		Severely negative		Negative		Negative		Severely negative		Negative		Severely negative		Severely negative		Extremely negative	

## **APPENDIX 7**

# **INITIAL DRAFT OF THE STRATEGIC PLAN 2011-2015**

## **NOTE FOR INFORMATION**

### **PROGRESS ON THE FORMULATION OF THE MRC STRATEGIC PLAN 2011-2015**

#### **Strategic guidance for the Strategic Plan formulation**

1. MRC Member Countries at the Thirtieth Meeting of the Joint Committee held on 29 – 30 July 2009 in Vientiane, Laos PDR agreed that central to the formulation process for the Strategic Plan 2011 to 2015 would be:

- the four categories of MRC Core Functions<sup>2</sup>, of which the seven River Basin Management functions would need to be further defined during the process of the Strategic Plan formulation;
- the IWRM-based Basin Development Strategy being coordinated by the Basin Development Plan Programme, and
- the new Performance Management System (formerly results-based monitoring system)

2. In close connection with the discussions on MRC's core functions under the development of the new Strategic Plan, there was a general discussion on approaches to the long term funding of the MRC. Member Countries at the Thirtieth JC Meeting invited the Secretariat to incorporate the suggestions of funding models into the formulation process of the Strategic Plan 2011-2015. A target date of 2030 for full Member Country financing of the MRC was adopted in the MRC Hua Hin Declaration at the First MRC Summit although Development Partners encouraged MRC to achieve this prior to the target date if possible.

3. The timeline of the formulation process of the Strategic Plan 2011-15 was approved by Member Countries at the Thirtieth Meeting of the Joint Committee, and the revised timeline at the Thirty-first Meeting in March 2010.

#### **National and Regional Consultations**

4. Inputs from a wide range of stakeholders on development context and directions for Mekong basin development were gathered at the Second Basin Development Plan Regional Stakeholder Consultation and Dialogue organized on 15-16 October 2009.

5. National Consultations were organized in all the Member Countries in December 2009 through to February 2010. National inputs were synthesized in national papers which were forwarded to the MRC Secretariat to feed into the formulation of this Strategic Plan.

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<sup>2</sup> A framework of four categories of MRC Core Functions was endorsed by Member Countries at the 29<sup>th</sup> JC Meeting in March 2009. Four categories of core functions include:

- (I) Secretariat Administrative and Management Functions
- (II) River Basin Management Functions, comprised of seven distinct functions:
  - (1) Data acquisition, exchange and monitoring
  - (2) Analysis, modeling and assessment
  - (3) Planning support
  - (4) Forecasting, warning and emergency response
  - (5) Implementing MRC Procedures
  - (6) Promoting dialogue and coordination, and
  - (7) Reporting and dissemination
- (III) Capacity Building and Tools Development Functions
- (IV) Consulting and Advisory Functions

6. The first Regional Consultation on the formulation of the Strategic Plan was held on 16-17 March 2010 in Vientiane, Lao PDR. Results of the regional consultation were:

- (1) Member Country delegations confirmed the relevance of the strategic goals of the previous Strategic Plans and many elements have been retained for this Strategic Plan 2011-2015;
- (2) Member Country delegations concluded that the strategic planning period of 2011-2015 would be the transition for the MRC towards a new implementation modality where more of the MRC's core functions would be progressively implemented by Member Country agencies over the next 2 or three strategic plan cycles;
- (3) Preliminary discussions revolved around what and when functional activities would be transferred for Member Country implementation but the discussions were only based on current national capacities. In connection with this, two principles for the transfer were preliminarily identified, namely (1) national capacities and (2) national financial capability,

7. At the MRC Secretariat and Programme level, there have been several occasions where internal discussions on linkages between MRC-level and Programme-level outcomes have been raised, and preliminary linkages have been identified at an outline level.

8. A thematic paper on organisational structures of other international River Basin Organisations was commissioned and recently circulated to Member Countries to bring in a reference on this regard to the MRC and to help refine the goal and objective statements under this Strategic Plan relating to organisational management and implementation modality. The paper is financially supported by GTZ, and internal review at the MRC Secretariat will be done in parallel with the country meetings in June.

### **Outline of the Key Contents of the MRC Strategic Plan 2011-2015**

9. The Strategic Plan 2011-2015 has a strong emphasis on improved alignment of the MRC operations with its mandated core River Basin Management functions and on improved organizational strategies to ensure an efficient organizational transition of the MRC for implementation of those core functions which in the future can be implemented directly by Member Countries under a coordination framework provided by MRC. It also stresses increased Member Country ownership and full riparianisation of its Secretariat which is set to be completed by the end of 2012. A tentative Table of Contents of the draft Strategic Plan and zero draft of key Chapters covering the role and core functions of MRC (Chapter III) and the long term goal, 5-year goal and specific goals (Chapter IV) are attached to this note (Attachment 1).

10. Extensive dialogue with Member Countries resulted in confirmation of the relevance of the strategic goals of previous Strategic Plans and many elements have been retained for this Strategic Plan 2011-2015. The Specific Goal statements reflect the emphasis on the orientation towards effective use of the Mekong water and related resources for pro-poor development while protecting the environment. In response to lessons identified by the mid-term review of the Strategic Plan 2006-2010, the formulation of specific goal statements has incorporated an outcome orientation to facilitate monitoring and assessment under the MRC's new Performance Management System. This is seen as a major improvement compared with the current Strategic Plan 2006-2010 and is followed through into the process for formulating new phases of MRC programmes.

11. The strategic goals of the MRC for 2011-2015 are formulated in alignment with the three main focus areas of the organisation for this next strategic plan period:

- (1) supporting the implementation of the IWRM-based Basin Development Strategy to address the urgent needs and priorities for integrated management of water and related resources of the Mekong River Basin towards 2030;
- (2) improving the operations of the MRC; and

- (3) transitioning towards the implementation of the MRC core functions and increased member country contribution to the delivery of those functions.

12. The principles underlying the Strategic Plan 2011-2015 include

- **Integrated and coordinated management of the water resources:** The Strategic Directions for IWRM in the Lower Mekong Basin which were approved by the MRC Council in 2005 provide strategic priorities in integrated and coordinated management of water and related resources of the Mekong Basin. These defined strategic priorities are highly relevant for the water management of the Mekong Basin and for guiding MRC's work during this strategic plan period.
- **Increased country ownership and toward financial sustainability of the MRC by 2030:** Beginning with this strategic plan cycle, the MRC starts looking for alternative implementation arrangements that will help reduce costs and sustain the core operations of the Commission. The overall principle in approaching this long-term financing sustainability of the MRC is that the projected long and medium-term financing needs of the MRC will be addressed in relation to the MRC's core functions. This also includes increased uptake and integration of MRC products and services in member country system, and building capacities for MRC staff and Member Country agencies for comprehensive implementation of the 1995 Mekong Agreement and for the transition to future implementation modalities.
- **Pro-poor development:** As a resource management organisation, MRC will promote a balanced development and equitable utilisation of water and related resources of the Mekong Basin for achieving pro-poor development benefits while at the same time protecting the environment. MRC can also play a greater role in facilitating sustainable cross-border trade which will directly contribute to the economic development enhancement thereby further supporting pro-poor development. The MRC will prioritise its resources and efforts in providing the capacity development of the least developed Member Countries. An integration agenda, particularly for capacity development of MRC Member Countries, will be needed to foster this regional integration in the water and related sector
- **Environmental protection, and dealing with climate change impacts:** Coherent regulatory and planning structures and institutions are essential for effective environment protection. MRC's work will help by providing a better understanding of the potential impacts of change and full value of the ecosystems of the Mekong River Basin
- **Enhanced stakeholder participation:** This goes hand in hand with MRC's commitment to greater openness and transparency of its activities. An early and timely involvement of and consultation with wider stakeholders will facilitate understanding, dialogue and promote the sustainable management of water and related resources of the Mekong Basin for multiple generations of the Basin. Increased stakeholder participation in the MRC's programme planning and implementation activities will help MRC to better design its activities that take into account different interests and that will contribute to overall pro-poor development efforts. This will also contribute to building trust and prevent conflicts in water use and development.
- **Strengthened cooperation with upstream Mekong countries:** At the First MRC Summit in April 2010, Member Country Prime Ministers called upon China and Myanmar to be members of the MRC as early as possible. Cooperation between MRC and its two upstream Dialogue Partners has been progressively strengthened to be more than "dialogue" but active cooperation. MRC will continue to improve cooperative partnerships with China and Myanmar for the benefits of both the upstream and downstream people.
- **Strategic partnerships with other regional initiatives:** The MRC considers that the success in sustainably managing the Mekong River Basin should come from a wide range of players that also work on the development front in the Basin. Additionally, the MRC is seen as having an important leveraging

role providing the necessary planning frameworks and groundwork to facilitate sustainable investments in the Basin by other parties, it will be crucial for the MRC to strengthen its effective links with other regional cooperation initiatives to forge for a coordinated management of the Mekong River Basin.

### **Next steps**

13. The preliminary draft of the Strategic Plan 2011-2015 is being consulted with Member Countries during the first two weeks of June through a series of national meetings. Member Country feedback will be reported verbally to Development Partners at the Meeting.

14. Moving more towards implementation arrangements for the new Strategic Plan, there will be extensive dialogue and discussion within MRC over the next few months on the following issues:

- (1) future arrangements for implementing those core River Basin Management functions that will eventually be transferred to country implementation, including the possibility of establishing regional working groups of responsible parties within Member Countries and coordinated by the MRC Secretariat;
- (2) future mechanisms for financial sustainability of the MRC (financially self-sustained by MRC Member Countries by 2030), and
- (3) future arrangements for a more integrated programme structure working towards common MRC outcomes .

15. A first full draft will be prepared by end of July 2010. The draft will then be circulated and discussed at the Thirty-second Meeting of the MRC Joint Committee in August 2010. Consultation with Development Partners on the first full draft will be done by email in parallel with the Country review in mid-August 2010. The later draft incorporating comments will be available for wider consultation with stakeholders. Besides one or two more regional consultations, a Stakeholder Forum focusing on the MRC Strategic Plan 2011-2015 is scheduled in September 2010. The draft Plan is then scheduled to be placed on the MRC website in September until October 2010 for wider stakeholder consultation.

16. Following this consultation process, a revised draft of the Strategic Plan 2011-15 will be forwarded to development partners for comments in August in parallel to the 32<sup>nd</sup> Meeting of the MRC Joint Committee. Written feedback from development partners are expected, and development partners are also invited to participate in the Stakeholder Forum in September 2010 for further consultation.

17. The Strategic Plan 2011-2015 is planned to be submitted for MRC Joint Committee endorsement in October 2010, and MRC Council approval in November 2010.

## **Zero Draft of the MRC Strategic Plan 2011-2015**

- Table of Contents
- Two Key Chapters on Core Functions of the MRC (Chapter III) and Strategic Goals and Results Chain for 2011-2015 (Chapter IV)

### **NOTE TO THE READER:**

Pages are indicative only, as several sections are under development and will be added in the next draft.

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## CHAPTER III ROLE AND CORE FUNCTIONS OF THE MRC

### 3.1 MRC's Core Functions

The 1995 Mekong Agreement characterized the mandates of the MRC that provide the necessary structure for any work activity that could be developed. Additionally, the subsequent Rules of Procedures offer recommendations on the roles of all levels of the MRC governing structure and also the roles of the Member Countries with respect to MRC's core functions. The basic framework of four categories of the core functions of the MRC and the river basin management functions category were endorsed at the Twenty-ninth Meeting of the MRC Joint Committee on 26-27 March 2009 in Nonthaburi, Thailand.

The core functions are now widely accepted as setting the direction and forms for MRC's work in line with the mandate of the 1995 Mekong Agreement. MRC's Divisions and programmes that have been established are the mechanisms to implement the core functions.

The core functions of the MRC are grouped into four categories as listed below, of these the set of River Basin Management functions define the heart of MRC's work in assisting Member Countries to develop and manage the Basin's water resources in a sustainable manner. In the long-term some of these River Basin Management functions will be implemented by Member Countries with a coordination role of the MRC. The precise model and timeframe is yet to be defined, but it is expected that this would be achieved over the next 10-15 years.

This Strategic Plan cycle will be the transition preparing for that shift. It is to note that in the transition period, the leveraging role of MRC to provide the necessary planning frameworks and groundwork to facilitate sustainable investments in the Basin by other parties remains important.

#### **3.1.1 Secretariat Administrative and Management Functions**

These are the functions of a routine and recurrent nature that provide for the management and administration of the MRC activities and support to MRC governance processes as well as support to non-technical processes under the 1995 Mekong Agreement. The MRC's activities to support and promote dialogue and communication among the riparian countries and between them with other stakeholders as well as the reporting and dissemination activities fall under this category of functions as they are instruments for the MRC to implement its Secretariat and Coordination Functions.

These are the functions that are permanent and are arguably the same for all the River Basin Organisations without regard of the specific context and particular issues of the particular River Basin. These will be the base functions that support all the other core functions of the MRC and that are the essential functions of the MRC as a regional and inter-governmental organisation. The scale of resources needed however will reduce over time as more responsibility for implementing the River Basin Management functions is taken over by Member Countries. From the funding perspective, these Secretariat Administrative and Management functions are fully funded by Member Countries and the Management and Administration fee contributed by programme activities.

The Secretariat Administrative and Management functions include:

- (i) *Governance of the MRC*: This is administrative and coordination support for joint decision-making processes. This function includes the secretariat support to the organisation of MRC governance meetings, including with the upper riparian countries and the development partner community, and to the arrangements for dialogue between and amongst the member countries. With this function, MRC centrally provides coordination channels between its governance bodies such as the Council, the Joint Committee, and ad-hoc Task Forces established by the Joint Committee, Donor Consultative Group and Dialogue Meetings as well as to related subcommittees and preparatory meetings. Non-technical processes under the 1995 Agreement relate mainly to support functions for the implementation

and updating of the MRC Procedures and their Technical Guidelines. More than providing a channel for these bodies to work effectively and efficiently together, the MRC also facilitates the working of these bodies to help ease the interaction among these bodies, as well as to promote dialogue and cooperation between and amongst the member countries.

- (ii) *Financial management and procurement services*: Under the 1995 Mekong Agreement, the MRC Secretariat provides financial administration and advice, budget preparation and monitoring, procurement services for the operations of the organisation to the MRC Council and Joint Committee. The MRC Secretariat also drafts and manages the Organisational annual budget for approval by the MRC Council, manages income and expenditure. The MRC is also responsible for acquisition of funding from various sources within and beyond the basin including the acquisition of technical and financial assistance from development partners for its programmes and the projects that stem from the IWRM-based Basin Development Plan. The responsibility and accountability for financial management of the MRC programmes and projects remains with the MRC Secretariat.
- (iii) *Personnel management*: Included is the responsibility of the MRC Joint Committee in reviewing and approving studies and training for the personnel of the riparian member countries involved in Mekong River Basin activities as appropriate and necessary to strengthen the capacity to implement the 1995 Mekong Agreement.
- (iv) *Communications*: MRC provides communication support to its Member Countries, its governance bodies, subcommittees and task forces established by the Joint Committee. Public outreach and communication with MRC stakeholders are also under the core function of the MRC.

**NOTE TO THE READER:**

There is a need to consider new arrangements for implementing some core River Basin Management functions, including possibility of establishing working groups. Aspects related to this consideration will be developed further in the next draft.

### **3.1.2 River Basin Management Functions**

The River Basin Management Functions, as in line with the 1995 Mekong Agreement, have been currently classified into seven groups through which the MRC engages routinely in water resources development and management issues at different scales in the Mekong Basin and across a range of sectors under its mandate.

- (i) *Data acquisition, exchange and monitoring*: Article 5 of the 1995 Mekong Agreement calls for developing the Procedures on Water Utilisation and Inter-basin Diversion. Appropriate data on river flow, domestic and industrial water consumption and irrigation use are needed to monitor water utilisation in the river basin. In accordance with Article 6 and 7 of the 1995 Mekong Agreement, data acquisition, exchange and monitoring provide a transparent foundation for the maintenance of flows on the mainstream and mitigation of any harmful effects to the environment, especially on water quantity and quality, the aquatic conditions including fisheries resources and habitats, sedimentation, and ecological balance of the river system.

Included are the long-term monitoring and research/studies of the Basin's environmental conditions (including aquatic resources, ecological health, biodiversity, and critical habitats such as the Tonle Sap Great Lake), and specific Mekong monitoring such as nautical accessibility including least available depth and navigational risk reduction, shipping statistics, hydrographic charting and regional vessel tracking and monitoring for the effective implementation of the legal frameworks for cross-border navigation with the aim of ensuring promotion of free navigation and facilitating and promoting regional trade through on the Mekong River

mainstream and selected waterways. The monitoring of the Basin's socio-economic conditions will mainly be realised through social impact monitoring and vulnerability assessment, and also indirectly through the maintenance of information and databases gathered from diverse sources including from Member Countries through the implementation of the Procedures for Data and Information Exchange and Sharing (PDIES). This function also includes, for example, the maintenance and strengthening of the water related monitoring stations.

The MRC as the administrative arm of the Member Countries exercises the management of the data and information shared by the riparian countries as well as the Programme-related documents and makes these databases available and accessible to all the Member Countries to support national and regional decision-making processes.

With this function, collection of data and information is primarily undertaken by the individual Member Countries and that the MRC has the primary role as a clearing house managing these databases and as a facilitator in data and information exchange amongst Mekong countries. There are examples where transition towards greater member country implementation has already been made: water quality data acquisition and monitoring are now financed up to seventy-five percent by countries who undertake the collection of data after support from MRC in building this capacity.

(ii) *Analysis, modelling and assessment*:: The assessment function is clearly described in the 1995 Agreement. Article 2 and 30 of the 1995 Agreement provide the mandate for MRC in applying analysis, modeling and assessment tools for investigating future development scenarios, strategic planning processes and the sustainable management of the basin's water resources. Given that the national modelling capacity has been strengthened, and the sector and sub-basin modelling activities are believed to be designated under responsible national institutions, modelling functions would be the first to be gradually transferred to national institutions. Under that scenario, MRC will still retain some modelling capacity, particularly basin-wide modelling, to oversee and support this with foreseeable future.

(iii) *Planning support*: Article 2 of the 1995 Mekong Agreement calls for the formulation of a Basin Development Plan (BDP). This mandate is unique to the MRC with no other regional organisation undertaking development planning at this scale and across such a wide range of sectors. Its key objective is to identify the economic, environmental and social implications of on-going and proposed developments in the Basin, alternative options to national plans, and build shared views and directions for the sustainable development of the Basin's water and related resources. The information generated should then guide national planning and design of projects, and assist in identifying beneficial basin-wide projects and programmes.

The leverage and neutral position of the MRC makes the organisation important in preparing and periodically updating the Basin Development Plan as a basin framework for sustainable development and joint management of the basin water and related resources, in undertaking strategic environmental assessment, and other impact assessments and economic and technical assessments also as complementary to the long-term monitoring functions as listed above, and in providing advisory support in preparing design guidance for regional infrastructure including dam, and irrigation and waterway transport development.

The implementation of other current functional activities relating to sector support was largely considered as being possibly to be undertaken at the country level, though under different transition phases. The activities of the Basin Development Plan Programme that are essentially under the Planning Support core function areas are interwoven throughout the MRC's other core functions.

- (iv) *Forecasting, warning and emergency response*: The forecasting of any possible impacts of the incidents, both naturally occurred and human-induced, that would have trans-boundary consequences when they happen, are largely considered as a required function of the MRC. This includes flood forecasting and drought impact forecasting, and mitigation plans for projected impacts caused by flood and drought incidents, as well as plans for emergency responses to pollution incidents especially the risk of oil spill and the hazards associated with the transport of dangerous goods, and activities related to least available depth forecasting for shipping. Forecasting activities to date have focused mainly on the short and medium term regional flood forecasts. Future activities are being explored in flash flood forecasting, drought forecasting and contingency planning for pollution incidents. Addressing emergency situations is covered in Article 10 of the 1995 Mekong Agreement.
- (v) *Implementing MRC Procedures*: implementation of MRC Procedures function is very unique and specific to the Mekong River Commission and the Mekong River Basin. In accordance with Article 5 - Reasonable and Equitable Utilisation - of the 1995 Agreement, five Procedures have been developed to implement various Articles of the 1995 Agreement. The MRC as the administrative and technical arm of the Member Countries are well placed to provide coordinated support to the Member Countries to develop and implement the approved Procedures that form the basis of the long-term cooperation of the Mekong countries for reasonable and equitable utilisation of the Mekong water including inter-basin diversions, for maintenance of flow on the mainstream and water quality, and for the protection of the environment and ecological balance of the Basin. The implementation of MRC Procedures is prerequisite for basin planning and overall cooperation between and amongst Member Countries.
- (vi) *Promoting dialogue and coordination*: Dialogue on a range of trans-boundary and regional issues is fundamental to many of the provisions of the 1995 Mekong Agreement under the broad areas outlined in Article 1, for the BDP under Article 2, for prevention of harmful effects under Article 7 as well as for coordination and addressing differences and disputes under Article 18 and 24 explaining the functions of the Council and Joint Committee. The 1995 Mekong Agreement also refers to resolution and negotiations and the role of the MRC as facilitator. Article 9 encourages the Commission to use freedom of navigation as a tool to promote regional cooperation and economic development. The MRC is a dialogue platform amongst Member Countries for coordinated cooperation and conflict prevention on trans-boundary water issues, between Member Countries and a wide range of stakeholders through multi-stakeholder consultations on regional activities, promoting the application of the IWRM principles among private sector developers and wider public. In line with the 1995 Mekong Agreement, the MRC also facilitates development and implementation of legal frameworks for cross-border navigation, networks on water and related resources management, and supports initiatives to harmonise national standards and regulations of waterborne transport safety, environmental assessment, IWRM implementation guidelines, etc.
- (vii) *Reporting and dissemination*: Implementation of the 1995 Mekong Agreement requires data and knowledge to inform decision making processes. Under Article 30, the MRC Secretariat needs to maintain databases and conduct studies and assessments as required in order to obtain needed data and information. Reporting and dissemination of knowledge is essential to inform decision making. Dissemination of information will increase in the future and become more publically available in line with MRC's Communications and Disclosure Policy. This function is particularly essential for the MRC as a regional knowledge hub for trans-boundary water resources management as Member Countries aspire it to be.

There is an increasing understanding that these core river basin management functions are still essential for the Mekong River Basin - monitoring, expanding the knowledge base, undertaking analysis, forecasting, planning, reporting and facilitating discussion and

therefore should continue in some form over the life of the Commission. They cover the full range of sectoral areas under the mandate of MRC. As such, the focus on these river basin management functions moves the discussion beyond the prevailing short term emphasis on time-bound programmes, which are currently mainly funded by Development Partners.

### 3.1.3 Capacity Building and Tools Development Functions

These are the functions that provide for continuous capacity building at the MRC Secretariat, Member Country agencies across all themes, and processing capacity and analytic capability as well as support to development of technical related tools and management support tools such as systems analysis, modelling, monitoring, decision support tools, and data and information management which are currently addressed through the IKMP.

Under this Strategic Plan cycle and also the next two or three strategic planning cycles, the transition period for some of the core functions of the MRC to be gradually taken over by Member Countries will require the development of a comprehensive capacity development plan which would need to take the following issues under consideration:

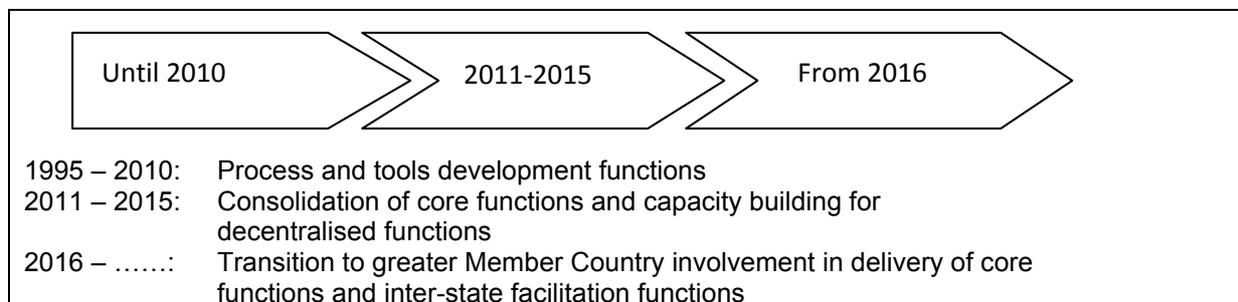
- Targeted needs assessment in key agencies related to future implementation of core functions
- Identifying national capacity gaps in various areas
- Addressing the different levels of national capacities in certain areas

### 3.1.4 Consulting and Advisory Services Functions

These are the functions that make available the technical expertise, databases, modelling capacities, and expert networks of the MRC Secretariat to support studies and assessments related to the Mekong Basin commissioned by others for sustainable water resources development, both at the project level, and at the basin wide and cumulative level. The consulting fees contribute to the overall regular budget of the MRC for its operations.

A process to refine MRC's core functions is on-going. It is part of a parallel process to evaluate delivery mechanisms in the long-term for MRC's core functions and also to identify core functions gaps that MRC is mandated but not yet delivered. This will result in a roadmap for those core functions that will be gradually taken over by Member Countries.

The MRC recognises that over time and with the increasing development status of their basin, river basin organisations performing shift from a development function to a monitoring and inter-state facilitation function. For the Mekong River Basin, monitoring and routine functions will increase in importance over time. However in the transition period, the MRC still has an important leveraging role providing the necessary planning frameworks and groundwork to facilitate sustainable investments in the Basin by other parties.



### 3.2 MRC's roles as recognised by Member Countries

MRC's Member Countries through the national consultations and regional consultations on the formulation of this Strategic Plan have outlined MRC's future role and primary value-added in the management of the Mekong River Basin. What the Member Countries consider as a value-added and essential role of the MRC is the role of the MRC in harmonizing

mutual and equitable benefits shared among the riparian countries, as well as the environmental protection and monitoring functions of the MRC as an inter-governmental organization that works across boundaries and with the riparian countries.

### **3.2.1 MRC's role in poverty reduction**

The MRC Member Countries recognize that while poverty alleviation remains the national socio-economic goal and the main goal of water resources management in the Mekong Basin context, the MRC does not have a direct role in on-the-ground delivery of services to achieve this goal. The policy and strategy advice provided by MRC, however, influence the overall objectives of basin management towards pro-poor outcomes. However, MRC does have a strong facilitating role in promoting regional trade by the use of the transport potential of the Mekong River system.

The individual country sets of MDGs vary widely<sup>3</sup> due to different socio-economic development factors. Member Countries strongly believe that activities undertaken within their national legal framework and socio-economic national plans and policies are the primary means of providing direct pro-poor development support. The regional integrated water resources management mandate of MRC would support the national planning and through this contribute to poverty reduction.

The Countries emphasize MRC's role in contributing indirect benefits to the riparian people through environmental protection aspects and other broader impacts that benefit living conditions. This could be done by fostering Basin planning, promoting cooperation amongst the Mekong riparian countries and providing support to the Countries in developing benefits- and risks-sharing mechanisms to ensure sustainable and equitable development of the Mekong water and related resources. The effective development and implementation of the IWRM strategy is central to this role of the MRC in the Mekong Basin.

Therefore, the stronger emphasis on the adoption and implementation of the IWRM strategy and principles in this Strategic Plan equally means a stronger strategic emphasis on the MDGs. In its current practice, the MRC regularly gathers and updates data and information on the socio-economic conditions of the Mekong River Basin from various sources for the production of the State of the Basin report every five years and as part of the Basin Development Plan formulations.

### **3.2.2 MRC's role in sustainable development of the Mekong River Basin**

The following value statements emanating from the views of the Member Countries on aspects that should drive priorities of the MRC in this strategic plan cycle:

- (ii) The MRC should move toward a more comprehensive implementation of the 1995 Mekong Agreement (through the implementation of its mandated core functions).
- (iii) More tangible results focusing on pro-poor development through sustainable development, greater engaging in facilitating cross-border trade so as to make a real effect on the lives of the people within the basin.
- (iv) Strengthening country ownership of the MRC activities and MRC's value-added.
- (v) Consolidating an integrated water resource management approach.
- (vi) Work of the MRC is complementary to and avoids duplication with other development partners and other regional initiatives.

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<sup>3</sup> Cambodia localized the MDG targets in 2003 to develop the Cambodia MDGs including de-mining, unexploded ordnance and victim assistance targets as part of the CMDGs. While Cambodia is not on track in many critical areas related to food security, education, sustainable social and economic development, Thailand has achieved most of its global MDG targets some 10 years ahead of schedule and has also set its MDG Plus targets which are more ambitious than the global MDG targets.

The MRC needs to play a more supportive role in addressing the strategic planning issues facing the basin and how new emerging challenges and opportunities are seen within the 1995 Mekong Agreement, for example in relation to:

- Accelerated developments of water and related resources in the Mekong River Basin, including hydropower development and possible optimization of multiple-uses;
- Ensuring mutual benefits to all riparian countries;
- Minimizing the harmful effects from natural concurrences & man-made activities
- Balance of the environmental protection and conservation mandate of the MRC compared with the development and utilization of water and related resources of the Mekong River Basin;
- Emerging climate change challenge;

### **Basin planning**

Member Countries consider the work on studying multiple cumulative transboundary impacts of the combined inter-basin and trans-boundary national water resources use and development as a very important area of work for the MRC. Therefore the Basin Development Plan programme is considered as a core and overarching programme of the MRC. It is expected that by end 2010, the Basin Development Plan, comprising of the IWRM-based Basin Development Strategy and basin development Project portfolio would be adopted. For 2011-2015 the MRC should have a role to support and monitor the implementation of and re-adjust and update the Basin Development Plan as well as implement the approved Procedures on water use and development. Planning support role of the MRC is also highly valued, and integration of MRC policies into national policy planning processes is emphasised. Examples of where such planning support has resulted in a development strategy to encourage investment projects financed by others should be replicated.

### **Harmonising benefits and ensuring equity**

There has also been considerable discussion over the MRC's future role, as a trans-boundary agency rather than a "development agency" for the Mekong Basin. This discussion is placed in the connection with the Member Countries' concern that in about 20 years the Basin behaviour would change significantly under the proposed and future developments, there is some uncertainty whether the riparian communities would have equitable benefit sharing and the environment would be improved. These again link to the causes of persistent poverty in the region if not properly addressed. Therefore, in a long-term vision, the role of the MRC would be to focus on promoting harmonising the benefits sharing among the Member Countries and their population groups, and on monitoring the environmental health of the Basin through the strategic environment assessments of proposed hydropower and other major infrastructure investments on the mainstream Mekong.

Member Countries expect the MRC to play a more explicit role in ensuring equity (or socially just, or equitable development) in water use or equitable sharing of benefits and risks in the context of the dynamic water-related regional development (especially of hydropower, irrigation, etc.). This has emerged as one of the most crucial issues that need to be addressed with high priority in the Basin.

- equitable development with respect to being mutually beneficial to the LMB countries and their people;
- equity in water utilisation between upstream and downstream countries, communities;
- equity issues relating to the multiple uses of the river, such as hydropower generation, fisheries (wild capture, aquaculture), navigation, water diversion and dams/reservoirs for irrigated agriculture, tourism, human health (water-borne diseases) due to the effects resulted from other water uses, local culture viability (river cultures)

### **In relation to hydropower development**

It is recognized that with its unique position in cooperation with upstream Mekong countries, MRC is able to carry out the study on optimized scheme of the hydropower cascades in impartial and effective ways (This also implies that MRC promotes intensive application of

the MRC products and tools by the member states) and complete the strategic environment assessment of the hydropower proposed on the Mekong mainstream, carry out sustainability assessment of the proposed investments that would have basin-wide implications, which promotes the equitable and reasonable use of the Mekong water resources.

## CHAPTER IV STRATEGIC PLAN 2011-2015

### 4.1 Principles underlying the Strategic Plan 2011-2015

This Strategic Plan reflects the following principles:

- **Regional integration and economic development enhancement for poverty alleviation and sustained development:** Inspired by the Initiative for ASEAN Integration, the MRC Governments agreed to prioritise resources, funding and capacity building for those Member Countries where poverty is highest and economic need is most urgent. The MRC will prioritise its resources and efforts in providing the capacity development of the least developed Member Countries. An integration agenda particularly for capacity development of MRC Member Countries will be needed to foster this regional integration in the water and related sector.
- **Responsiveness to key development pressures and country needs:** There are at least two aspects associated with this principle. Firstly, it is the accelerated developments of water and related resources in the Basin that will have increasing pressures on the existing uses of the water and implications to regional cooperation where the MRC is responsible for providing timely and science-based policy advice to the countries and the riparian communities and people. Secondly, climatic variability and extremes have posed increased challenges for the Mekong Basin.
- **Sustainability of the organization including increased member country ownership and riparianisation:** MRC's operations can only be sustained by its Member Countries over the time. The rapid economic development of the region will result in greater country responsibility to the comprehensive implementation of the 1995 Mekong Agreement for equitable and sustainable benefits for all the riparian countries. The MRC Secretariat is set to be fully riparianised by 2012, which is in line with the aspiration of Member Countries for a greater ownership of the MRC's activities.
- **Greater openness and transparency:** This will help strengthen the credibility of the MRC. Transparency in management is also an effective practice that helps build trust, confidence and accountability amongst Member Countries and between Member Countries and wider stakeholders of the MRC including the upper riparian countries, development partners and local riparian communities and the general public. Full implementation of the MRC Communications and Disclosures Policy will be one channel towards this.
- **Greater participation of stakeholders:** An early and timely involvement of and consultation with wider stakeholders will facilitate understanding, dialogue and promote the sustainable management of water and related resources of the Mekong Basin for multiple generations of the Basin. Increased stakeholder participation in the MRC's programme planning and implementation activities will help MRC to better design its activities that take into account different interests and that will contribute to overall pro-poor development efforts. This will also contribute to building trust and prevent conflicts in water use and development.
- **Strengthening cross-programme coordination and programme integration towards core functions**
- **Increased uptake of MRC products and services in member country systems:** One way to measure the effectiveness and wider impacts of the MRC's work to the national and regional water governance in the Mekong Basin is through the levels of the integration of the MRC products and policy tools into national planning and decision making. This also exemplifies an increased country ownership of the MRC's activities and outcomes. This also includes improved dissemination of MRC outputs including in local languages.

- **Building capacity of the MRC staff, including national staff of member country agencies** for comprehensive implementation of the 1995 Mekong Agreement, for implementation of the MRC's core functions, and for transitioning towards a decentralised implementation modality of some of the core functions of the MRC.
- **Increased cooperation with other riparian Mekong countries:** Cooperation with the upper riparian countries is essential and crucial for the sustainable management of the Mekong Basin. More comprehensive level of cooperation with China and Myanmar will benefit the overall management of the Mekong River Basin.
- **Complementarity and stronger cooperation with other regional bodies:** The success in sustainably managing the Mekong River Basin should come from a wide range of players that also work on the development front in the Basin.
- **Improving aid effectiveness and donor harmonization** for increased country ownership and better coordinated assistance amongst development partners for sustained development results in the Mekong River Basin and the region.

#### **4.1.1 Integrated and coordinated management of the water resources**

The Strategic Directions for IWRM in the Lower Mekong Basin which were approved by the MRC Council in 2005 provide strategic priorities in integrated and coordinated management of water and related resources of the Mekong Basin. These defined strategic priorities are highly relevant for the water management of the Mekong Basin and for guiding MRC's work during this strategic plan period.

- **Economic development and pro-poor development:** As a resource management organisation, MRC will lend guidance to a balanced development and equitable utilisation of water and related resources of the Mekong Basin that have a poverty alleviation impacts while protecting the environment. On the other hand, MRC can play a greater role in facilitating cross-border trade which will directly contribute to the economic development enhancement thereby supporting the pro-poor development.
- **Integration through basin planning:** Integration and coordination of water resources management in the Mekong River Basin has many dimensions which will be realised through the IWRM-based Basin Development Plan process. This participatory basin-wide planning process integrates economic, social and environmental concerns into all levels of planning and decision making so as to ensure sustainability of water use and to prevent water use conflicts.
- **Social development and equity:** To reduce conflicts and promote socially sustainable development, equity in allocation of water resources and services as well as equitable share of benefits and risks associated with any development interventions should be ensured.
- **Regional cooperation:** to optimise benefits and to minimise the risk of water-related conflicts. Coordination and cooperation with the member countries as well as with the upper riparian countries is high priority for the sustainable management of the water resources of the Mekong River Basin.
- **Trans-boundary Governance:** that promotes harmony, open, transparent, accountable, and participatory management of the water resources of the Mekong River Basin that is more integrated and responsive.
- **Environmental protection:** Lack of coordinated environmental planning is one of the key issues in environment protection in the Lower Mekong Basin. Coherent regulatory and planning structures and institutions are essential for effective environment protection. MRC's work will help by providing a better understanding

- of the potential impacts of change and full value of the ecosystems of the Mekong River Basin.
- **Dealing with climate change impacts:** Dealing with variability due to floods, droughts and climate change is an integral part of water resource management, which impacts on all sectors. To prevent, minimise and mitigate people's suffering and economic loss due to the consequences of climate change exacerbated by human activities, responses must make a balance between adapting the hydrological systems and adapting human systems to fit better with the existing conditions.
  - **Information-based management:** This is to ensure that water resource management decisions are made based on best available information.

#### **4.1.2 Increased country ownership & towards financial sustainability of the MRC by 2030**

The long-term economic outlook is expected to be good in the Mekong region. The economies of Cambodia, Lao PDR, Thailand and Viet Nam have all grown at between six and ten percent per annum every year since the early 1990s, with the exception of the Asian economic crisis in 1997 – 1998. The incidence of poverty has fallen rapidly over the whole Lower Mekong Basin (LMB).

Although there are still some considerable gaps, all of the riparian countries have continued to work towards achieving the Millennium Development Goals, with many of the goals standing a realistic chance of being achieved.

In view of the underlying strong economic projections in the Lower Mekong Basin, the involvement and contributions of MRC Development Partners may not continue at the current level over the long term. There are already signs of the flows of Official Development Assistance (ODA) being shifted to other regions such as Sub Saharan Africa and South Asia where there still remain many development challenges.

Cambodia and Lao PDR, the two “least developed” riparian states, have set national development targets that if achieved will see them become “medium developed” states by either 2015 or 2020 or soon thereafter. Thailand and Viet Nam are already considered “medium developed” by the United Nations.

Also as stated by the Prime Ministers of the MRC Member Countries in a joint statement at the First MRC Summit in April 2010 in Hua Hin, Thailand, the Member Countries “commit to a vision for the MRC to be financially sustained by the Member Countries by 2030.” This means that all the core functions of the MRC that the Commission is mandated to perform will be fully financed by Member Countries in 20 years.

Beginning with this strategic plan cycle, the MRC starts looking for alternative implementation arrangements that will help reduce costs and sustain the routine operations of the Commission. The overall principle in approaching this long-term financing sustainability of the MRC is that the projected long and medium-term financing needs of the MRC will be addressed in relation to the MRC's core functions.

Up to 2010, the regular budget part of which is the Operational Executing Budget currently includes direct donor support to Secretariat Administrative and Management functions, whereas the Core River Basin Management Functions and the Capacity Building and Tools Development functions are funded through the current Technical Cooperation Budget and part of the Associated Technical Cooperation Budget (Figure 1).

Over the next two or three strategic planning cycles, technical monitoring functions that are now mainly funded under the Technical Cooperation Budget will be considered as routine functions of the MRC. Alternatively, technical assistance to the Technical Cooperation Budget from Member Countries could be envisaged along with decentralisation of some

MRC core activities, to selected line agencies. The MRCS is in parallel defining in more detail staffing and other cost implications of the categories for Secretariat Administrative and Management functions and for River Basin Management Functions. This is undertaken in a time horizon consistent with the five year strategic planning cycle of the MRC.

The approach is a combination of ensuring the focus of MRC is directed towards its core functions, delivering parts of the work programme through new arrangements of implementation of core RBM functions, and encouraging cost savings at the MRC Secretariat.

**NOTE FOR THE READER:**

- ASPECTS RELATED TO FUTURE MECHANISM FOR FINANCIAL SUSTAINABILITY WILL BE ADDED IN THE NEXT DRAFT
- ASPECTS RELATED TO FUTURE IMPLEMENTATION ARRANGEMENTS (OF CORE RBM FUNCTIONS) WILL BE FURTHER DEVELOPED IN THE NEXT DRAFT
- IN THE NEXT DRAFT THREE FIGURES WILL BE INCLUDED - NOW, 2016 AND 2030

**Figure 1: MRC's Portfolio (current)**

**Figure 2: MRC's Portfolio (projected, by 2016)**

**Figure 3: MRC's Portfolio (projected, by 2030)**

#### **4.1.3 Pro-poor development**

[TO BE ADDED IN THE NEXT DRAFT]

Through environmental protection  
Basin planning framework ("development space")  
Benefits and risks sharing mechanisms  
Implementation of the IWRM strategy  
Facilitating cross-border and domestic trade

#### **4.1.4 Enhanced Stakeholder/Public Participation**

Stakeholder participation is a fundamental principle of Integrated Water Resource Management (IWRM). MRC's Member Countries are committed to the implementation of the IWRM principles by having adopted the Strategic Directions in IWRM for the LMB in 2005.

The MRC recognises that through involvement of diverse stakeholders actively engaging in relevant and timely trans-boundary issues with the MRC, the MRC would increase its overall transparency and accessibility of information. The MRC would also enhance its decision-making through access to relevant information and experience from local, national and regional actors outside the domain of the MRC. Increased stakeholder engagement would aim to contribute to conflict prevention and sustainability of water resources development and management in the Mekong River Basin. Through broader stakeholder engagement, MRC would enhance the ownership and regional coordination among a wider group of stakeholders and the MRC Member Countries.

Over the previous strategic plan, the MRC has created a number of arenas where general public and civil society organisations and local communities would engage in MRC's work. These include the MRC Communications Strategy and Policy on Disclosure of Data, Information and Knowledge, the Basin Development Plan 2 Stakeholder Participation and Communication Plan (SPCP), and the draft Stakeholder Participation Policy. The MRC will formalise the participation of a wide range of stakeholders in its planning and implementation processes, starting with increased stakeholder participation in MRC's programme planning and implementation.

#### **4.1.5 Strengthened Cooperation with China and Myanmar<sup>4</sup>**

Coordination with MRC's Dialogue Partners is essential for the MRC.

The Prime Ministers of the four MRC Member Countries by adopting the Declaration at the First MRC Summit in Hua Hin, Thailand in April 2010 clearly recognized the importance of cooperation with China and Myanmar. At the Summit, the Prime Ministers also called upon these two countries to become members of the MRC as early as possible.

China and Myanmar have participated in the annual Dialogue Meetings and provided information on the status of upstream developments. Formal procedures and mechanisms have been established to engage these two Dialogue Partners in the responsible management of the Mekong River Basin as the two upper riparian countries. China and Myanmar have been official observers to the MRC governance meetings since 1996.

Information and data sharing and exchange are the most important aspect of the relationship between MRC and China and Myanmar. Cooperation between the MRC and Dialogue Partners on data sharing has started since 2002 under a signed Memorandum of Understanding.

Future cooperation would be to extend the aspects of information sharing and to institutionalize a more extensive information sharing system between MRC and the MRC Dialogue Partners. Cooperation between MRC and China and Myanmar would be extended to also cover the sharing and exchanging of information and data on dam operation, particularly dams upstream on the Lancang River which have to some extent already modified river system, flow conditions, and sediment delivery downstream.

There are also other channels to reinforce the cooperation between the MRC and China and Myanmar, such as through exchange of experts, establishment joint working arrangements, and also development of joint training courses on integrated water resource management.

Increasing cooperation between MRC and the Dialogue Partners has clearly gone well beyond dialogue. The cooperation between MRC and China and Myanmar has been increasingly institutionalized, and the framework for cooperation has also gone beyond simple technical and dialogue. For the period 2011-2015, MRC will continue to strengthen the evolved institutional relationship between MRC and China and Myanmar and promote dialogue on future accession into the MRC.

Besides the institutional arrangements that are specific for the current MRC Member Countries, MRC will seek for other technical and procedural arenas that are of particular relevance for greater China and Myanmar's engagement. For example, improving navigation safety on the Lacang Mekong River was cited as one of the priorities in China-MRC cooperation as stated by China delegation at the MRC Summit 2010.

#### **4.1.6 Strategic partnerships with other regional initiatives**

[TO BE ADDED IN THE NEXT DRAFT]

## **4.2 MRC Mission**

### **MRC Mission**

**The Mission of the MRC is to provide effective support to sustainable management and development of the water and related resources of the Mekong Basin for the countries' mutual benefit and the people's well-being.**

**“To provide effective support”**

<sup>4</sup> Discussions on a new strategy with China are currently underway. Similarly a new strategy will be discussed with Myanmar.

The MRC makes available and accessible to the Mekong stakeholders the knowledge it generates, the information and data it manages, the technical and management skills it develops and its policy advice to inform national and regional decision-making in line with the 1995 Mekong Agreement and the MRC Procedures.

The MRC focuses on the relevance and effectiveness of its support

### **“Sustainable management and development of the water and related resources of the Mekong Basin”**

This is the core of the Mekong cooperation. It defines outcomes for the Mekong Basin, its governments and MRC: the Mekong Basin is sustainably managed, and socially just and ecologically sound development of its resources ensured.

### **“For the countries’ mutual benefit and the people’s well-being”**

This is the core of MRC’s mission. It defines outcomes of the MRC’s work for the riparian countries and riparian people: fair sharing of benefits (and risks) among the upstream and downstream countries and better lives for the people

The MRC pursues its mission with support from the cooperation of the Member Country agencies in carrying out on-the-ground programme and project activities.

### **Areas of emphasis for 2011-2015**

The areas of emphasis during this strategic plan period will become clear on the different levels of the goals presented in the following sections. They are however summarised as listed below, which have been strongly stated by the four Member Country Prime Ministers at the First MRC Summit 2010.

- Implementing the IWRM-based Basin Development Strategy;
- Better integrating sustainability considerations into the development of the Basin’s significant hydropower potential
- Intensifying efforts to effectively manage the risks from flood, drought and sea water intrusion including establishment of forecasting and warning systems across the whole basin, and mitigating the impacts;
- Promoting increased stakeholder participation
- Ensuring effective management of water for agricultural production, particularly as part of drought management strategies
- Monitoring and taking measures to improve water quality in priority areas of the Basin;
- Minimising any deterioration of water quality, loss of wetlands and deforestation, which present risks to biodiversity and peoples’ livelihoods
- Sustaining the existing and future uses of water and related resources, and aquatic biodiversity, wetlands and forests in the Basin;
- Better managing the Basin’s unique natural fisheries;
- Preparing for climate change adaptation measures to minimise poverty and food insecurity among vulnerable communities
- Researching and addressing the threat to livelihoods posed by climate change;
- Facilitating in establishing, harmonizing and implementing an international legal framework that encourages river navigation and trade; and
- Reducing the risks associated with expansion of river transport, and enhancing the waterborne transport potential.

### **4.3 Basin Vision**

*Since 1999 the countries of the Lower Mekong Basin agreed on a shared Vision of the Basin as an **economically prosperous, socially just and environmentally sound Mekong River Basin.***

In line with the national and regional policies and strategies for sustainable development and regional integration, this Vision is reinforced by the shared commitment of the MRC Member Countries to:

- Sustainable development as defined under Agenda 21
- Achievement of United Nations' Millennium Development Goals
- Commitment to regional political and economic cooperation (i.e. ASEAN)
- Focus on poverty alleviation
- Adoption of the Integrated Water Resources Management principles

### **“Economically prosperous”**

**Realizing economic value of the Mekong for multi-generational sustained development:** to achieve reasonable and equitable use of the water and related resources of the Mekong River Basin for the Basin development that achieves an optimal balance between economic, environmental and social dimensions and that is to be enjoyed by the current and future generations of the Basin.

**Efficient use of the water:** To make efficient use and to prevent wasteful use of the Mekong water compliant to the IWRM principles.

**Freedom of navigation:** to ensure freedom of navigation throughout the mainstream of the Mekong River without regard to the territorial boundaries, for transportation and communication to promote regional economic and cultural cooperation

**Protection of the productive capacity of the Mekong resources:** to protect the productive capacity of the Mekong from over-exploitation and pollution. The Mekong, its water, the river system and its biodiversity are important sources for a wide range of economical uses, including fishery and aquatic resources both for capture and aquaculture industries, water-borne transport and trade, river tourism,

**Adapting to climate variability:** to preserve and promote livelihood improvement in the face of increased flood and drought risks associated with climate change and the weather extremes, mitigate and minimize impacts and economic loss due to climate change variability.

### **“Socially just”**

**Intra-basin equity in water use:** to utilize the waters of the Mekong River system in a reasonable and equitable manner by all the Mekong countries.

**Equity of different users of the Mekong River system:** to ensure the equitable sharing of benefits amongst all the users of the water and the related resources of the Mekong River Basin, particularly the poor and children for sustained livelihoods.

**Access to water for basic human needs:** to provide access to sufficient water of adequate quality for basic human needs to all the people of the Basin.

**Cultural and social values:** to respect and preserve the important cultural and heritage values of the Mekong for the people of the Mekong Basin for their cultural identity and pride.

### **“Environmentally sound”**

MRC and its Member Countries recognise the extensive existing use of water and related resources of the Mekong Basin and acknowledge the need to safeguard these resources in the development plans of the future.

**Protection of the environment:** To protect the diverse and productive ecosystem of the Mekong River system from unsustainable development practices such as

deforestation, forest over-exploitation and intensification of agriculture in the Mekong watershed areas.

**Prevention of pollution and any other harmful effects:** to prevent, minimize and mitigate harmful effects that might occur to the environment, especially to the water quantity and quality, the aquatic life and conditions, and ecological balance of the Mekong River Basin.

**Maintenance of flows:** to maintain the flows of the Mekong River at both the wet and dry seasons within the limits which are naturally tolerable so as not to cause any life and economic loss to the riparian people or adverse effects to the ecosystem of the Mekong River.

**Protection of important habitats and biodiversity:** to protect important wetlands and habitats including the Tonle Sap Lake, and the diversity of biological life forms of the Mekong River Basin.

#### **4.4 MRC Vision**

At the First MRC Summit in April 2010 in Hua Hin, Thailand, the Prime Ministers of the four MRC Member Countries have reaffirmed the MRC's Vision with a commitment to make the MRC financially sustained by Member Countries by 2030. The Heads of the four Governments also referred to institutional models adopted by other international river basin organisations and encouraged the MRC to increasingly explore de-centralised implementation modalities for its core river basin management functions.

#### **MRC Vision**

*The Mekong Countries of the Lower Mekong Basin through the MRC commit to a vision for the MRC to be a world-class, financially secure, international River Basin Organisation serving the Mekong Countries to achieve the Basin Vision.*

#### **“World class”**

**Effective and efficient organisation:** Referring to the institutional and organisational development of the MRC to such a level that the Organisation will function effectively and efficiently when benchmarked against other international River Basin Organisations.

**A knowledge-based institution:** The MRC will be a source of Basin knowledge; for information and knowledge backed by latest analytical and management systems for the water-related and environmental resources of the basin; it will be a knowledge base that networks amongst a pool of regional expertise in the areas of water and related resources management.

**Relevance to the sustainable management of the Mekong Basin:** With professional capacity, MRC will provide effective cooperation support and effective services to the development activities of the Member Countries and other stakeholders

#### **“Financially secure”**

MRC's administrative functions and work programme is financially sustained by Member Countries by 2030.

#### **“Serving the Mekong Countries to achieve the Basin Vision”**

The MRC will provide effective coordination support to Member Countries in their efforts to jointly manage the Mekong River Basin.

#### 4.5 Strategic Goals and Result Chain

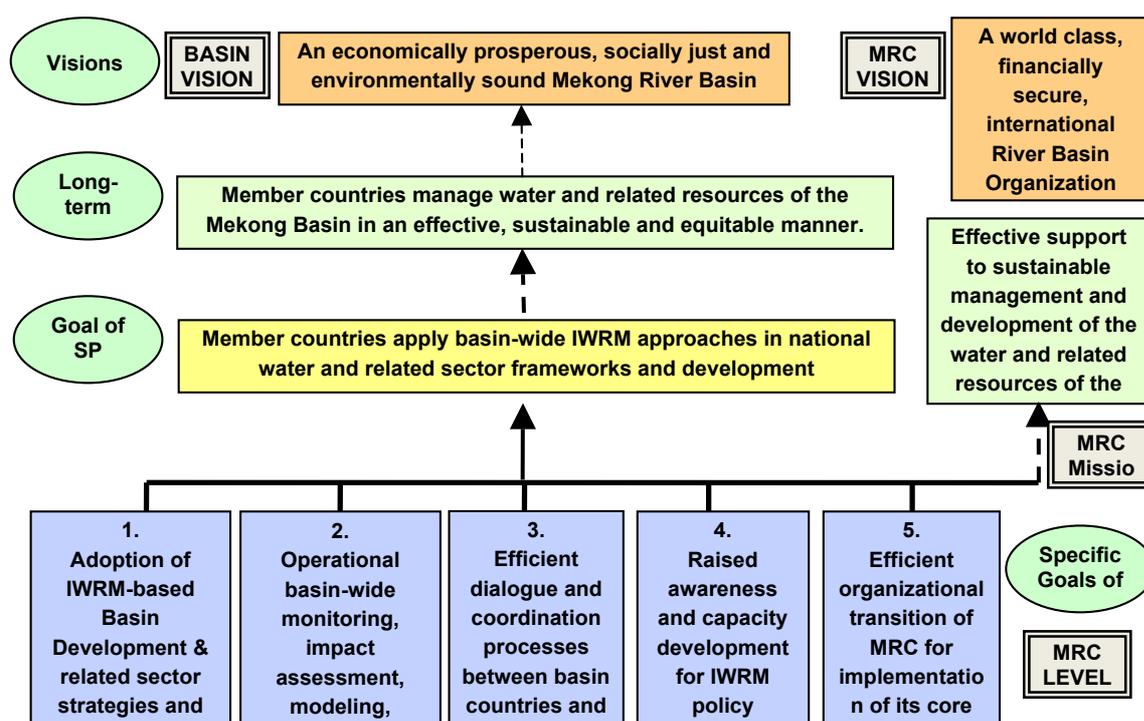
Extensive dialogue with Member Countries resulted in confirmation of the relevance of the strategic goals of previous Strategic Plans and many elements have been retained for this Strategic Plan 2011-2015. The Specific Goal statements reflect the emphasis on the orientation towards effective use of the Mekong water and related resources for poverty alleviation while protecting the environment. The statements of specific goals have been reformulated to incorporate an outcome orientation for ease of monitoring and assessment under the MRC's new Performance Management System.

The strategic goals of the MRC for 2011-2015 are formulated in alignment with the three main focuses of the Organisation for this strategic plan period:

- (1) supporting the implementation of the IWRM-based Basin Development Strategy to address the urgent needs and priorities for integrated management of water and related resources of the Mekong River Basin towards 2030;
- (2) improving the operations of the MRC; and
- (3) transition towards the implementation of the MRC core functions and increased member country contribution to the delivery of MRC's core functions

The following figure presents the results chain of the MRC for the Strategic Plan 2011-2015.

**Figure 4: Goals of the MRC for the Strategic Plan 2011-2015 and Result Chain**



#### MRC Long-term Goal

**Member countries manage water and related resources of the Mekong Basin in an effective, sustainable and equitable manner.**

#### “Member countries manage water and related resources of the Mekong Basin”

The MRC is an inter-governmental organisation, and its primary role is to provide advisory services and coordination support to Member Countries. The primary role of managing the Mekong Basin and the uses of its resources rests with Member Countries.

### “Manage water and related resources”

Utilize the resource in a way that ensures a sustainable balance between development and resource conservation and trans-boundary impacts which meet the needs and interests of the riparian countries equitably;

Water and related resources of the Mekong Basin are defined as to be comprised of the Mekong mainstream river and its tributaries, the associated forest, wetlands, flood plains, and aquatic resources in the watershed areas in the Mekong Basin. The MRC will give attention to the issues that are related to the following resources in the Mekong River Basin:

- Surface water and ground water
- Aquatic resources, including those living such as fish and other aquatic animals and plants, and non-living such as nutrients and sediments
- Wetlands in the Lower Mekong Basin, including lakes, rivers, rice fields, marsh, swamps, flooded forest and estuaries
- Land use and land use change issues in the watershed and catchment areas in the Basin
- Forest in the watershed and catchment areas.

### “In an effective, sustainable and equitable manner”

**Effective:** Recognising multiple users of the Mekong River Basin’s resources

**Sustainable:** The environment is protected so as the natural mechanisms of revitalising the river eco-systems will not be harmed, and the benefits of the Basin will be for multiple generations of the Mekong people.

**Equitable:** Socially just for all users of the Basin, for upper and downstream countries and people.

### Performance Metrics

#### NOTE TO THE READER:

Aspects related to performance metrics and associated indicators to measure MRC’s performance against the defined goals/outcomes, including setting targets for the indicators, will be further developed in the next draft. Some initial suggestions on aspects/areas where the achievement of a particular goal can be monitored and measured are however provided in this draft to stimulate discussion.

The MRC intends to use the following performance measures to gauge its progress in achieving this Goal:

Aspects to measure the Goal achievement, & for indicators to be developed	Description
Implementation of IWRM principles	<ul style="list-style-type: none"><li>• Increase of national investments in projects and programmes applying IWRM guidelines.</li></ul>
Measures taken to reduce or prevent pollution of Mekong River by industries and human settlements	<ul style="list-style-type: none"><li>• Decrease of activities harming the Mekong Basin environment</li></ul>
Environmental Impact Assessment / Strategic environmental Assessment	<ul style="list-style-type: none"><li>• Systematic assessment of environmental impact of major investments in the Mekong River as basis for decision making</li></ul>
Balancing different forms of resource use between the member countries	<ul style="list-style-type: none"><li>• Decision making on development projects with trans-boundary or basin-wide implications effectively and equitably balance the economic benefits and the environmental and social impacts and costs</li></ul>

Coordination and cooperation in managing the resources	<ul style="list-style-type: none"> <li>Processes of negotiation, coordination and cooperation between member countries and their line agencies for implementation of investments and development programmes</li> <li>Number of jointly implemented activities</li> <li>Reduction of complaints from neighbouring countries</li> </ul>
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**Goal for Strategic Plan 2011-2015**

**Member countries apply basin-wide IWRM approaches in national water and related sector frameworks and development programmes.**

**“Member countries apply basin-wide IWRM approaches”**

Strategic directions for the Integrated Water Resources Management in the Lower Mekong Basin, the IWRM-based Basin Development Strategy, associated guidelines for implementation, and IWRM principles are integrated into national water planning and decision making processes; Wider stakeholder participation is one of the cornerstone principles of the IWRM.

**“In national water and related sector framework and development programmes”**

National water and related sector framework: Institutional and regulatory frameworks which include water governance processes, and national water laws, environmental law, regulations, policies and plans that are related to water and related sectors including but not limited to agricultural development, fisheries, forestry, land use management, navigation and waterborne transport and trade, energy (hydropower), and cross-sectoral management, etc.

Development programmes include any technical assistance and investment programmes, initiatives and projects of any scale that will effect / influence water governance in the Basin, and/or the physical characteristics of the Mekong River and its tributaries.

**Performance Metrics**

The MRC intends to use the following performance measures to gauge its progress in achieving this Goal:

<b>Aspects to measure the Goal achievement, &amp; for indicators to be developed</b>	<b>Description</b>
Institutional framework for IWRM	<ul style="list-style-type: none"> <li>National water acts and relevant laws include IWRM principles in line with MRC</li> <li>Environmental laws, policies and plans integrate basin-wide aspects and environmental cooperation mechanisms</li> </ul>
Incorporation of IWRM strategy	<ul style="list-style-type: none"> <li>National strategies incorporate IWRM-based Basin Development Strategy.</li> </ul>
Implementation of IWRM strategy	<ul style="list-style-type: none"> <li></li> </ul>
Investment in IWRM projects	<ul style="list-style-type: none"> <li>Increase of investments in projects at the national level applying IWRM guidelines.</li> </ul>
Relevant water sector programmes	<ul style="list-style-type: none"> <li>Relevant major Water sector programmes in the Mekong River Basin follow principles of IWRM</li> </ul>
IWRM and tributaries	<ul style="list-style-type: none"> <li>Application of IWRM-based Basin Development Strategy to major tributaries.</li> </ul>

## Specific Goal 1

### Adoption of IWRM-based basin development and related sector resources strategies and guidelines for promoting sustainable and equitable development

#### Links to core functions

For the achievement of this Goal all MRC's core functions including the River Basin Management Functions will be implemented:

1. To produce, adopt and implement the basin-wide IWRM directions and guidance (in the form of Strategic Guidance for sustainable basin development, IWRM guidelines for integrated sector development and management and best practices across all areas of water and related resources management in LMB), and
2. To support that these strategies and guidelines are integrated into the national planning processes and implemented in national processes

Below are the linkages between the implementation of the core functions of the MRC and the achievement of this Specific Goal 1.

MRC's core functions	Aspects related to this Specific Goal
<b>I. Secretariat Administrative and Management functions</b>	
	<ul style="list-style-type: none"> <li>• Multi-stakeholder consultations</li> <li>• National &amp; regional consultations</li> </ul>
<b>II. River Basin Management functions</b>	
<u>Function 1:</u> <b>Data acquisition, exchange &amp; monitoring</b>	<ul style="list-style-type: none"> <li>• Data sharing &amp; exchange</li> <li>• Implementing MRC Procedures &amp; technical guidelines</li> <li>• Hydrology / sediment monitoring</li> <li>• Environmental, water quality, aquatic resources monitoring</li> <li>• Fisheries monitoring</li> <li>• Macro socio-economic monitoring</li> <li>• Navigation (vessel tracking &amp; monitoring)</li> </ul>
<u>Function 2:</u> <b>Analysis, Modelling &amp; Assessment</b>	<ul style="list-style-type: none"> <li>• Analytical tools</li> <li>• Assessment &amp; modelling tools</li> <li>• Data analysis</li> </ul>
<u>Function 3:</u> <b>Planning Support</b>	<ul style="list-style-type: none"> <li>• Basin development scenarios development and assessment;</li> <li>• Definition of "development space"</li> <li>• Produce the Strategic Guidance, guidelines</li> <li>• Updating the Basin Development scenarios and impact assessments</li> <li>• Drawing best practices from IWRM demonstration projects</li> <li>• Economic and technical assessments</li> </ul>
<u>Function 4:</u> <b>Forecasting, Warning and Emergency Response</b>	<ul style="list-style-type: none"> <li>• Flood &amp; related data</li> <li>• Lowest Low Water Alerts for navigation</li> <li>• Emergency response to oil pollution from shipping</li> </ul>
<u>Function 5:</u> <b>Implementing MRC Procedures</b>	<ul style="list-style-type: none"> <li>• Implementing MRC Procedures on information &amp; data sharing &amp; exchange to feed into the development of the scenarios;</li> </ul>
<u>Function 6:</u> <b>Promoting dialogue and coordination</b>	<ul style="list-style-type: none"> <li>• Providing a channel and platform for dialogue and negotiation amongst Member Countries in agreeing a defined "development space"</li> </ul>

<b>Function 7: Reporting and dissemination</b>	<ul style="list-style-type: none"> <li>Reporting on the implementation of the IWRM-related strategies and guidelines &amp; dissemination of the results and outputs</li> </ul>
<b>III. Capacity Building and Tools Development functions</b>	
	<ul style="list-style-type: none"> <li>IWRM capacities</li> </ul>

The data and information generated and analysed during the process will feed into the MRC's overarching monitoring systems, knowledge base and toolbox.

### Performance Metrics

The MRC intends to use the following performance measures to gauge its progress in achieving this Goal:

<b>Aspects to measure the Goal achievement, &amp; for indicators to be developed</b>	<b>Description</b>
Basin Development Strategy	<ul style="list-style-type: none"> <li>Action plans for implementation of adopted Basin development Strategy by Member Countries</li> </ul>
Data management	<ul style="list-style-type: none"> <li>MRC's developed basin-wide hydro-meteorological data, monitoring systems are used and sustained by relevant national and regional agencies.</li> </ul>
Incorporation of aspects relating to infrastructure development including hydropower	<ul style="list-style-type: none"> <li>Sustainable infrastructure (including hydropower) aspects are systematically and demonstrably incorporated into sector, sub-basin and Mekong regional planning systems</li> </ul>
Decision making on basin development	<ul style="list-style-type: none"> <li>Decision making on basin developments is based on the use of agreed environmental management tools</li> </ul>

### Specific Goal 2

#### **Operational basin-wide monitoring, impact assessment, modeling, forecasting and knowledge management systems to support effective decision making**

##### **Links to core functions**

For the achievement of this Goal all MRC's core functions including the River Basin Management Functions will be implemented:

1. To generate the knowledge on all physical/hydrologic, biological and socio-economic features of the Basin that are the basis for all informed decisions on the use of the Basin's resources and that are necessary for the MRC to fully implement the 1995 Mekong Agreement and to become a knowledge-based RBO.
2. To further strengthen a modern, comprehensive set of modelling and analytical tools that can simulate a variety of actions and policy decisions that will impact in varying degrees on the social, environmental and economic resources of the basin.
3. To feed the information and knowledge generated into a decision support system that is geared to meet the needs of senior policy and decision makers.
4. To make available and accessible to all stakeholders the information and knowledge generated for informed decision making processes.

Below are the linkages between the implementation of the core functions of the MRC and the achievement of this Specific Goal 2.

<i>MRC's</i>	<i>core</i>	<i>Aspects related to the Specific Goal 2</i>
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<i>functions</i>	
<b>I. Secretariat Administrative and Management functions</b>	
	<ul style="list-style-type: none"> <li>• Reporting &amp; dissemination</li> </ul>
<b>II. River Basin Management functions</b>	
<u>Function 1:</u> <b>Data acquisition, exchange &amp; monitoring</b>	<ul style="list-style-type: none"> <li>• physical/hydrologic, biological &amp; social data</li> <li>• data on proposed investments / water development interventions</li> <li>• Water quality monitoring</li> <li>• Wetlands and biodiversity monitoring</li> <li>• Fisheries (wild)</li> <li>• Social factors</li> <li>• Transport data</li> </ul>
<u>Function 2:</u> <b>Analysis, Modelling &amp; Assessment</b>	<ul style="list-style-type: none"> <li>• Sustainability assessment (for proposed investments)</li> <li>• Trans-boundary impact assessment</li> </ul>
<u>Function 4:</u> <b>Forecasting, Warning and Emergency Response</b>	<ul style="list-style-type: none"> <li>• Navigation safety</li> <li>• Navigation aids system</li> <li>• Oil spill</li> <li>• Flood and drought forecasting</li> </ul>
<u>Function 5:</u> <b>Implementing MRC Procedures</b>	<ul style="list-style-type: none"> <li>• Implementing MRC Procedures</li> </ul>
<u>Function 7:</u> <b>Reporting and dissemination</b>	<ul style="list-style-type: none"> <li>• Reporting and dissemination of results and MRC products to better support effective decision making processes</li> </ul>

### Performance Metrics

The MRC intends to use the following performance measures to gauge its progress in achieving this Goal:

<b>Aspects to measure the Goal achievement, &amp; for indicators to be developed</b>	<b>Description</b>
Data availability / PDIES	<ul style="list-style-type: none"> <li>• Increased and improved data and information exchanges among countries and stakeholders according to PDIES</li> </ul>
Use of data base	<ul style="list-style-type: none"> <li>• MRC's developed or supported databases and management tools used by targeted regional and national agencies and major projects for decision making on basin developments</li> </ul>
Impact assessment	<ul style="list-style-type: none"> <li>• Use of environmental and socio-economic data and information to assess and report on the state and developments in the basin and to support assessment of impacts of basin development:</li> <li>• Assessments accepted and used by Member Country agencies for decision-making</li> </ul>
Sector analysis	<ul style="list-style-type: none"> <li>•</li> </ul>
Modelling tools	<ul style="list-style-type: none"> <li>• MRC-provided modelling tools and related services extensively used by targeted regional and national agencies for planning, forecasting and impact assessment.</li> </ul>
Clients satisfaction	<ul style="list-style-type: none"> <li>• Percentage of clients satisfied with MRC's monitoring, impact assessment, modeling,</li> </ul>

forecasting and knowledge management systems

### Specific Goal 3

#### Efficient dialogue and coordination processes between basin countries and other stakeholders for effective regional cooperation

##### Links to core functions

For the achievement of this Goal all MRC's core functions including the River Basin Management Functions will be implemented:

1. To enhance regional cooperation that helps ensuring harmonised, mutual and just benefits amongst them, by promoting the use of all MRC's developed mechanisms (including Procedures, governance processes, guidelines, policy, etc.)
2. To support harmonisation of the different systems of the national regulations, for example in water transport sector, facilitation of cross border navigation for passengers, trade and tourism, and ensuring the freedom of navigation, etc.

Below are the linkages between the implementation of the core functions of the MRC and the achievement of this Specific Goal 3.

<i>MRC's core functions</i>	<i>Aspects related to the Specific Goal 3</i>
<b>I. Secretariat Administrative and Management functions</b>	
	<ul style="list-style-type: none"> <li>• Institutional framework and governance</li> </ul>
<b>II. River Basin Management functions</b>	
<b>Function 5: Implementing MRC Procedures</b>	<ul style="list-style-type: none"> <li>• Implementing MRC Procedures</li> <li>•</li> </ul>
<b>Function 6: Promoting dialogue and coordination</b>	<ul style="list-style-type: none"> <li>• Conflict prevention mechanisms</li> <li>• Harmonisation of standards</li> <li>• Establishing cross-border agreements</li> <li>• Coordination for dialogue between and among Member Countries, and with upper riparian countries</li> <li>• Coordination for dialogue and communication with all stakeholders</li> </ul>
<b>Function 7: Reporting and dissemination</b>	<ul style="list-style-type: none"> <li>• Reporting and dissemination for effective regional cooperation</li> </ul>

##### Performance Metrics

The MRC intends to use the following performance measures to gauge its progress in achieving this Goal:

Aspects to measure the Goal achievement, & for indicators to be developed	Description
PNPCA	<ul style="list-style-type: none"> <li>• PNPCA fully implemented for major infrastructure projects planned in 2011-2015</li> </ul>
Governance processes	<ul style="list-style-type: none"> <li>• MRC Governance processes of decisions recognised in Member countries</li> </ul>
Stakeholder participation	<ul style="list-style-type: none"> <li>• Governments of Mekong countries increasingly engage wider range of stakeholders in national and basin planning and decision making on</li> </ul>

	Mekong water related resources.
Regional and national dialogue	<ul style="list-style-type: none"> <li>Improved dialogue among the key stakeholder</li> </ul>
Facilitation of trans-boundary cooperation	<ul style="list-style-type: none"> <li>MRC role for facilitating trans-boundary cooperation recognised</li> </ul>

### Specific Goal 4

### Raised awareness and capacity development for IWRM policy adoption and implementation

#### Links to core functions

For the achievement of this Goal all MRC's core functions including the River Basin Management Functions will be implemented:

- To improve national water related institutional and human resource capacities at all levels preparing for the transition towards a more decentralised implementation modality (of some of the River Basin Management functions) and self sustained MRC by Member Countries in 2030.
- To develop a full suite of human resource strategies (for the MRC at all levels including capacities for Member Country agencies) that will support a smooth transitioning of the MRC to a new implementation model

Below are the linkages between the implementation of the core functions of the MRC and the achievement of this Specific Goal 4.

<i>MRC's core functions</i>	<i>Aspects related to the Specific Goal</i>
<b>II. River Basin Management functions</b>	
<u>All 7 functions</u>	<ul style="list-style-type: none"> <li>Institutional capacities (national and regional working / expert groups)</li> <li>Technical capacities</li> <li>Management competencies</li> </ul>
<b>III. Capacity Building and Tools Development functions</b>	
	<ul style="list-style-type: none"> <li>Comprehensive capacity development strategies and action plans</li> <li>Integration roadmap and action plan (human resources related)</li> <li>Integrated water resource management capacities</li> <li>Organisational management skills</li> <li>Human resource management skills</li> <li>Financial management skills for IWRM</li> <li>Negotiation skills</li> <li>Communication and outreach skills</li> </ul>

#### Performance Metrics

The MRC intends to use the following performance measures to gauge its progress in achieving this Goal:

#### Aspects to measure the Goal achievement, & for indicators to be developed

Increase in awareness	<ul style="list-style-type: none"> <li>Increased awareness of key issues for</li> </ul>
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	sustainable water resources management.
Capacity building mechanism	<ul style="list-style-type: none"> <li>• Effective, integrated and sustainable capacity building mechanism established and functioning</li> </ul>
Knowledge hub for IWRM in the Mekong River Basin and the region	<ul style="list-style-type: none"> <li>• MRC is recognised by other regional organisations as a knowledge hub</li> </ul>
Improved capacity	<ul style="list-style-type: none"> <li>• Improved capacity for regional environmental cooperation</li> <li>• Relevant national line agencies, NMC Secretariats and stakeholders have the capacity and institutional mechanisms to institutionalize the BDP in national planning and decision making.</li> <li>• MRC, NMCs and prioritized national agency staff have the necessary technical competencies to integrate IWRM principles into policy making, planning and implementation</li> </ul>
Gender mainstreaming	<ul style="list-style-type: none"> <li>• Gender aspects effectively integrated into IWRM work of national agencies.</li> </ul>

### Specific Goal 5

#### Efficient organizational transition of MRC for implementation of selected core functions and full riparianisation of its Secretariat

This Goal is a specific response to the need of preparing the Organisation for a smooth transition towards a more efficient, effective, and relevant International RBO. It's considered vital for MRC to prepare itself well for long-term institutional and financial viability when the Organisation has now faced with a number of important organisational questions, such as how best to ensure the Organisation's financial viability and sustainability by 2030, MRC's relevance to the growing focus on sustainable and coordinated development both at national and Basin levels.

This Goal also relates to the riparianisation of the executive management of the MRC Secretariat by 2011, and the beginning of the operations of the MRC under the co-hosted locations of the MRC Secretariat. The resultant institutional arrangements/improvement of the MRC Secretariat must be to ensure the Secretariat's professionalism, neutrality, impartiality and sustainability.

#### The organisational change and adaptation process aims

1. To successfully manage the transition towards a fully riparianised MRC Secretariat (MRCS's executive management)
2. To improve MRC's internal management and reporting systems that support the achievement of the MRC strategic goals in a way that proactively moves the MRC toward core river basin management functions;
3. To develop and implement a transparent results-based monitoring and reporting system
4. To prepare a detail Roadmap for the transitioning of the MRC toward a decentralised mode of implementation modality, the elements of which should include financial sustainability (by Member Countries by 2030), capacity development at all levels, and addressing the different levels of development of the MRC's Member Countries

5. To ensure the professionalism of the MRC as a world-class international knowledge-based hub for integrated water resources management in the Mekong River Basin and in the region
6. To ensure mutual trust and cooperation amongst all the four Member Countries as well as between the Member Countries and the upper riparian countries
7. To ensure the integrated and coordinated programme approach well functions in the context of the co-hosting locations.

### Links to core functions

Below are the linkages between the implementation of the core functions of the MRC and the achievement of this Specific Goal.

<i>MRC's core functions</i>	<i>Aspects related to the Specific Goal 5</i>	
<b>I. Secretariat Administrative and Management functions</b>		
	<ul style="list-style-type: none"> <li>• Organisational management</li> <li>• Institutional management</li> </ul>	
<b>II. River Basin Management functions</b>		
<u>Function 1:</u> <b>Data acquisition, exchange and monitoring</b>	<ul style="list-style-type: none"> <li>• Programme implementation under new implementation approach</li> </ul>	
<u>Function 2:</u> <b>Analysis, modelling and assessment</b>		
<u>Function 3:</u> <b>Planning support</b>		
<u>Function 4:</u> <b>Forecasting, warning and emergency response</b>		
<u>Function 5:</u> <b>Implementing MRC Procedures</b>		<ul style="list-style-type: none"> <li>• Implementation of the approved MRC policies to support the transition</li> </ul>
<u>Function 6:</u> <b>Promoting dialogue and coordination</b>		<ul style="list-style-type: none"> <li>• Promoting dialogue and coordination for strengthened cooperation over the transition period</li> <li>•</li> </ul>
<u>Function 7:</u> <b>Reporting and dissemination</b>		
<b>III. Capacity Building and Tools Development functions</b>		
	<ul style="list-style-type: none"> <li>• Capacity building for MRCS staff and Member Country agencies to implement the core functions</li> <li>• Integrated capacity building roadmap/agenda for the transition</li> </ul>	

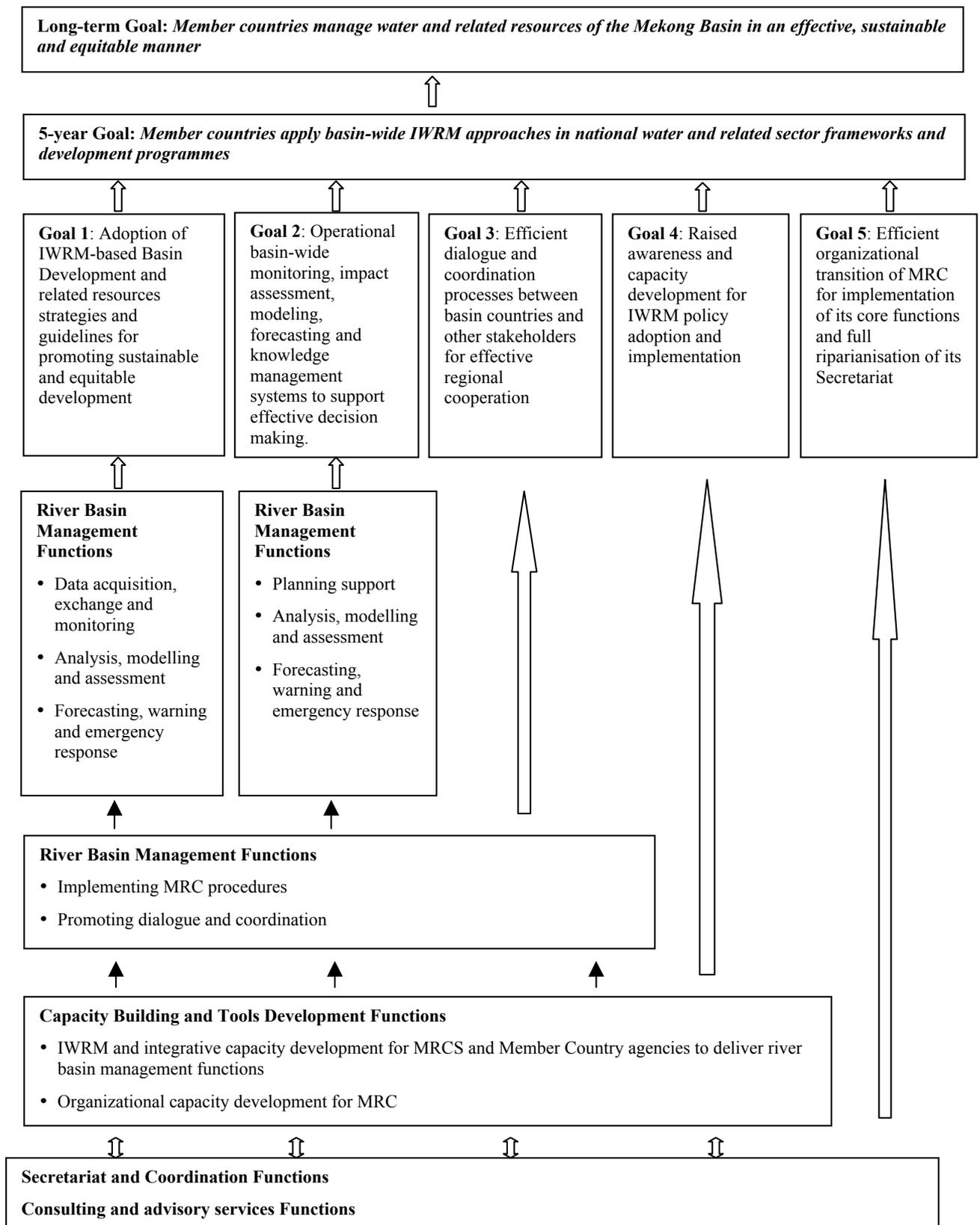
### Performance Metrics

The MRC intends to use the following performance measures to gauge its progress in achieving this Goal:

<b>Aspects to measure the Goal achievement, &amp; for indicators to be developed</b>	<b>Description</b>
Riparianisation of the MRC Secretariat	<ul style="list-style-type: none"> <li>• Full riparianisation of the MRC Secretariat</li> </ul>
Capacity for effective coordination and support	<ul style="list-style-type: none"> <li>• MRC and NMCs (including their</li> </ul>

	Secretariats) have the necessary organizational capability to effectively coordinate and support the achievement of MRC objectives
Implementation of core functions	<ul style="list-style-type: none"> <li>• Systematic implementation of core functions by MRCS and Member countries</li> </ul>
Sharing of responsibilities	<ul style="list-style-type: none"> <li>• Increased quantity and improved quality of activities performed by relevant national line agencies, NMCs and other stakeholders in member countries</li> </ul>
Perception of MRC	<ul style="list-style-type: none"> <li>• Improved perception by relevant national line agencies, NMCs and stakeholders of MRC and its activities</li> </ul>

**Figure 5: Linkages between the MRC core functions and strategic goals 2011-2015**



--- END OF CHAPTER IV ---

## **APPENDIX 8**

# **PERFORMANCE BASED MANAGEMENT SYSTEM**

## **NOTE FOR INFORMATION**

### **PERFORMANCE BASED MANAGEMENT SYSTEM**

14. Following agreement in 2008 to establish a results-based monitoring system at MRC, the progress made since the last Informal Donor Meeting includes:

- Concluding Phase I of the process with the consulting firm by October 2009
- Third Technical Peer Review Group Mission, 26-30 October 2009
- Internal consolidation of the process among five pilot programmes and review of MRC policy directions
- Commencing Phase II of the Process aligned with formulation of the Strategic Plan 2011-15 from March 2010

15. The Phase 1 consultant team tasked with developing the MRC results-based monitoring system conducted a two week mission in August - September 2009 to clarify and consolidate the logframes and data monitoring and management plans of the five pilot programme BDP, FP, ICBP, IKMP and ISH and to draft the first sample results chain for the MRC Strategic Plan level.

16. The 3rd Technical Peer Review Group (TPRG) Mission, involving one expert in performance management systems from AusAID and one from GTZ, took place from 26 - 30 October, 2009 to review the quality of and/or the situation with development of each of the key products from the consultancy contract. These key products include:

- The MRC Results-Based M&E Policy Document (Guiding Principles)
- The Guidance Manual
- A suggested training programme and indicative costs
- A Prototype IT model
- Proposal for linkage with MRC Strategic Plan and M&E
- Proposal for Phase 2

17. One of the recommendations made by the TPRG during this mission was to change the approach from the "Results Based M&E System" to better reflect what is being proposed as a broader performance management. Internationally there is considerable variability in what is meant by the term "Results Based" and in some cases it has amounted to little more than a simple system for monitoring results achieved. The TPRG proposed to use the term Performance Management System (PMS) to include performance monitoring, performance evaluation, and institutional learning and ongoing performance improvement. The TPRG also helped revise the early drafts of the Guiding Principles document which was later on circulated for comments within MRCS and Member Countries in late May 2010 (see Attachment).

18. Since late 2009, the Technical Coordination Unit (TCU) has been working closely with ICBP, responsible for managing the fund from AusAID and GTZ to support this process to make detailed plans for Phase II. One international consultant and one regional consultant were recruited and contracted by GTZ in early 2010 to start the second Phase. Phase II commenced in March with the integration of discussions on the PMS in the regional consultation on the formulation of Strategic Plan 2011-2015 (see Agenda Item F). The involvement of the consultants in the SP meeting provided the consultants with an

opportunity to become acquainted with the perspectives and needs of the MRC Member Countries and to also meet with key MRC staff and be up-dated on the progress of the 5 pilot programmes as well as gaining familiarity with the plans of those programmes that are currently preparing new programme documents for their next funding cycles. The outcome of this assignment resulted in a revised draft results chain for the 2011-2015 SP which has linked MRC's core river basin management functions to the five specific goals of the SP. In addition, the consultants contributed to the further elaboration of the roadmap for all activities related to PMS.

19. During the week of 10 May 2010, the two consultants facilitated a 2 day workshop to introduce PMS concepts and principles and its application to MRC in a regional workshop attended by senior officials from the MRC Member Countries. This was an opportunity to introduce the concepts and detail of the PMS to the Member Countries which will play a key role in the development and implementation of the PMS. Discussions during the workshop focused on the draft results chain and indicators for the Strategic Plan 2011-2015 to ensure that the new SP is fully aligned with PMS principles.

### **Next steps**

20. Phase 1 of this exercise is concluded. GTZ and AusAID have indicated their willingness to continue their support for Phase 2, which started in early 2010. The Guiding Principles document has been reviewed within the MRCS and circulated to the countries for comments. Following feedback from the countries, the next draft will also be circulated to MRC's Development Partners in July 2010.

21. The five pilot programmes from the first phase achieved various levels of development of their results chains and data monitoring and management plans and are therefore now at various stages of application of outcome monitoring.

- The Basin Development Plan is applying the performance management system as designed during the pilot phase and using the findings in the progress reports.
- The Fisheries Programme has started to collect the data related to the monitoring of Output 1, which deals with 'Generation and Dissemination of Fisheries Information'. In determining the usefulness of information products, an electronic survey system was initiated, which was innovative for the Programme. The learning from the development of the performance management system for Phase 2 of the Fisheries Programme has now been applied to the development of the Fisheries Programme Phase 3, which is expected to be implemented from January 2011 onwards.
- The assessment of outcomes from capacity building processes will take place approximately 6-12 months after the capacity building initiatives have taken place. The ICBP staff member responsible for the monitoring of outcomes of the programme joined the team in early June and the programme expects to start data collection from August this year.
- The IKMP are focused on the development of the next phase of the programme and are using the learning from the pilot phase of the PMS to ensure that the results chain, indicators and data sources are appropriately designed and planned.
- The ISH is planning to further develop the indicators and data sources to complete the design of the performance management system and is planning a review workshop to assess progress with the process to date.

22. MRCS is currently drafting ToRs for consultants for the various activities of the performance management system including some significant system development tasks:

- Awareness raising of the system among NMC Secretariats and relevant line agencies
- Consolidation of the application of PMS in the 5 pilot programmes through to about the middle of 2010,
- A proposed combined programming manual for MRC that integrates guidance on PMS into an updated MRC planning cycle and programme document by the end of 2010.

23. Initial steps will also be taken to roll out the system to other non-pilot programmes during 2010. In some cases this will be done as part of the formulation process for the next phase of the programmes, e.g. FMMP and EP. In the case of CCAI and MIWRMP, planning frameworks were already produced in 2009 as part of their appraisal processes and they will be reviewed to ensure consistency with the new system.

24. MRCS is committed to ensuring that future development of MRC Performance Management System will be fully integrated into the formulation process of the Strategic Plan 2011-2015.

## **Performance Management at the MRC Guiding Principles**

4th April, 2010

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## Rationale for performance management<sup>5</sup> system

1. The Mekong River Commission (MRC) has committed itself to being an efficient and effective organisation and needs to be able to demonstrate this to both its Member Countries and its Development Partners. It also needs to demonstrate that it is continually improving its performance.
2. It is important that the MRC is able to demonstrate and improve both the organisation's performance and the programmes' performance. It follows that it will be important that the individual programmes are able to demonstrate consistency with and contribution to the MRC's strategic plan objectives and its core functions.
3. The provision of readily available and reliable quantitative and qualitative data on performance builds mutual trust between the Secretariat, Member Countries and Development Partners. It provides a common understanding of the potential constraints and opportunities, and as such becomes a starting point for future joint action.
4. In establishing a performance management system the MRC is committing itself to a system which not only assesses evidence of results achieved, but also
  - reviews the programming context to demonstrate the continued relevance and priority of its work;
  - considers the likely sustainability of what has been achieved;
  - assesses the efficiency of management arrangements; and
  - recognises the need for feedback systems on the lessons learnt about what is actually working in order to adapt to changing contexts and promote ongoing improvement by promptly applying this information.

## Underlying principles of performance management

5. Of the range of possible principles of performance management, the following are most relevant to the MRC:
  - *Continuous Learning* – For ongoing improvement of performance, it is important to know what is working and what is not, why, what are the implications and then to ensure the application of that knowledge. For this learning to occur it is important to recognise that it must be supported by a corporate learning culture. That is: (i) a climate of trust and openness where failure is tolerated but a lack of preparedness to be open or to be contested by peers and colleagues is not; (ii) a commitment to monitoring, reviewing, evaluating and learning from experience and to show evidence of ongoing improvement is considered as important as delivering quality outputs; and (iii) a commitment by staff and management to learning and personnel development.
  - *Accountability* - Ensuring (i) the resources are used where agreed, (ii) the resources are invested in the highest priorities, (iii) the resources are efficiently managed such that the outputs delivered with those resources are of adequate quantity, quality and timeliness, (iv) the programme achieves adequate results for the resources involved, and (v) the results are likely to be sustainable . This requires the capacity to report adequately with reliable and credible performance information.
  - *Contestability* - Appropriate arrangements need to be in place to allow for critical review of performance management processes and the information provided. A structured internal peer review process combined with periodic external reviews shall provide a workable balance between self-assessment and independent assessment.

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<sup>5</sup> Performance management is being defined as being able to demonstrate the relevance, effectiveness, impact, management efficiency and sustainability of the organisation as a whole and its individual programmes

- *Stakeholder participation* - Reviews of MRC performance, whether at the overall organisational level or at programme level, will involve relevant stakeholders so as to enable a range of perspectives to be obtained. In the medium term it also implies the harmonisation of reporting to Development Partners and pragmatic alignment with MRC Member Country systems where applicable.
- *Transparency* - This applies to what the MRC is trying to achieve and to how it assesses performance. It is recognised that management and implementation arrangements need to promote integrity and transparency. Whilst it is acknowledged that not all internally produced performance reports and related analytical material will be shared with all external stakeholders, MRC commits in line with its Disclosure Policy, to being open with external stakeholders regarding its true performance and the reasons identified for this.
- *Efficiency of the system* - The concepts of appropriate simplicity and adequate management utility are incorporated into a combined notion of “fit for purpose”.

## **Main criteria for performance management at MRC**

6. The MRC’s performance management system will include a mixture of regular and periodic processes which address the following areas:

- *Relevance* – “*Is the MRC doing the most important things?*” Information on the extent to which the interventions of MRC programmes are consistent with Member Country needs and beneficiaries requirements, with national and MRC strategic plans, with opportunities to improve performance, and if the objectives of the different interventions are still appropriate given changes in broader context directly related to what the MRC is doing.
- *Effectiveness* - “*Is the MRC achieving its objectives?*” Indices/indicators depicting evidence of the MRC achieving its planned results and, if the contributions are meaningful, to furthering the national and the regional agendas.
- *Impacts* - “*Are there tangible benefits or undesirable consequences for the people of the Mekong River basin?*” Through periodic impact evaluations, assessments will be made of the socio-economic and environment effects on the people of the Mekong River basin.
- *Efficiency* - “*Is MRC following good practice processes, are results achieved at reasonable costs?*” Information to indicate whether good practice processes have been followed, confirming the cost effectiveness, and indicating if resources have been spent in an economical way.
- *Sustainability* – “*Will the changes/results be maintained and be replicated?*” The key factors promoting and militating against sustainability are recognised and evidence of following an approach to address these factors.
- *Lessons learnt or recommended improvements* – “*What should be done differently?*” Evidence of what is working, what is not, why, what should be done differently and whether MRC is learning and acting on recommendations to improve its approaches.

## **Key elements of the MRC performance management system**

7. The MRC performance management system builds on the existing MRC governance structures and processes. This system comprises a number of:

- methodological tools (e.g. the use of sequentially tracking the steps in bringing about change encapsulated in results chains – see para 0),
- processes (e.g. performance management information collection and analysis, i.e., six-monthly performance management reviews, evaluation and reporting)
- support systems/structure (the ‘Information System’, a web-based IT system covering aspects of data management and institutional learning).

### *Clarifying results chains*

8. Results chains are the programmatic logic that explain how expected results are to be achieved, including the detailed causal relationships from activity to impact level, the underlying assumptions and who is responsible for what.
- The MRC Strategic Plan presents an organisation-level results chain, which starting from the specific SP goals and moving downwards, constructs chains of related intermediate outcomes and outputs.
  - The relevance and contribution of all programmes implemented by MRC will be demonstrated by clarifying the link between their results chains to the organisation through the results chain of the Strategic Plan.
  - All programmes implemented by MRC will have their own clearly defined results chains.

### *Performance management information*

9. Performance management information can take many forms but it is often thought of as quantitative indicators and qualitative information. The MRC will ensure that it has an appropriate balance between these two basic categories of performance management information, the information is reliable and it will be pragmatic in determining both what it collects and how it collects this information.

## **Performance monitoring at Organisation level based on the Strategic Plan**

10. The 1995 Mekong Agreement established the framework and mechanisms for pursuing a coherent strategy of integrated water resources management in the Lower Mekong Basin. Within this framework, the MRC uses the instrument of Strategic Plans, covering five year periods, to prioritise key result areas under the Agreement reflecting the prevailing context and challenges facing the Basin for that period.

11. In summary, the performance management system at the MRC Strategic Plan level is comprised of:

- a. an annual assessment of progress with implementing the Strategic Plan conducted by senior staff of the MRC system and related organisations, including a set of questions addressing the fulfilment of MRC's core functions which underpin the Strategic Plan (see para 0),
- b. a focus group approach to consolidate individual assessments (see para 0),
- c. discussion of the consolidated results of the assessment included in the agenda of MRC Council Meetings and its documentation into a standardised report (e.g. an 'MRC performance report card'), and
- d. an organisation-wide annual performance management report (see para 0)
- e. an assessment of the State of the Basin (see para 15).

12. A combined score card and focus group approach would be employed to assess change at the Strategic Plan level. On an annual basis (i) MRC Joint Committee members and senior NMCS staff and selected senior staff from country line agencies relevant to MRC's work,(ii) representatives from development partners, partner organisations and other river basin organisations against which MRC could be benchmarked, as well as (iii) MRC Secretariat senior staff, would score progress against a set of predefined questions. Additionally a comment field would allow recording of success stories, critical issues, etc.

13. A focus group discussion e.g. held some weeks before the Preparatory Joint Committee Meeting of the annual MRC Council Meeting, would consolidate the individual assessments and in particular reconcile outlier scores. The consolidated assessment would subsequently be presented to the Council Meeting and documented in a standardised concise report (e.g. a 'performance report card' on implementation of MRC's Strategic Plan).

14. MRC level performance reporting
  - f. MRC will produce a summary overall organisation annual performance management report which will be based largely on the performance management reports of the Strategic Plan and programme levels.
  - g. The timing of MRC annual performance management review processes will be determined in such a way that their results can be effectively used in institution-wide and programme-level planning processes.
  
15. A State of the Basin report will analyse available information on major environmental, social and economic changes in the Mekong Basin every 5 years and document the contribution of the Mekong River Commission to these changes.

## **Performance monitoring at MRC Programme level**

16. In summary, the performance management system at the programme-level is comprised of: (i) performance management information collection and analysis processes, (ii) six-monthly performance management reviews and reports, (iii) periodic independent evaluations, and (iv) performance management database. The reports prepared under the performance management system will gradually replace other formats of reporting prepared for development partners or steering committee bodies.
  
17. Performance management data collection and analysis processes
  - a. All results indicators and monitoring questions will be recorded in the Data Monitoring and Management Plan (DMMP) for each programme. This Plan will document frequency of collection, who is responsible for collection and analysis etc.
  - b. Data collection methods will be selected in order to generate sufficiently reliable information whilst not being too demanding of the resources of MRC and its partner institutions.
  
18. Six-monthly performance management reviews
  - a. The performance of MRC at the programme level will be assessed on a six-monthly basis.
  - b. These performance management reviews will reflect on evidence of continued relevance, results achieved and hence a judgement about effectiveness in achieving stated objectives, likely sustainability of those results achieved, efficiency of implementation management, and lessons learnt or recommendations for improved performance and evidence of implementation of those recommendations.
  - c. All relevant MRC institutional bodies and units which are not constituted as programmes but which contribute to the achievement of MRC outputs and outcomes (for example Corporate Services Sections and the Technical Coordination Unit), will review and report on their performance on at least an annual basis.
  - d. All MRC programmes and units engaging in performance management reviews will ensure the respect of the principles of transparency, stakeholder participation and contestability through: (i) the use of independent facilitators and the participation of appropriate peer reviewers and relevant stakeholders during the performance management reviews at the end of the year; and (ii) the subsequent sharing of the resulting reports with those involved.
  - e. The results of performance management reviews will be communicated via the use of common MRC-wide reporting formats, and all performance information will be recorded on the MRC Performance Management System database.
  
19. Periodic independent evaluations
  - a. The MRC is defining evaluation as periodic (i.e., not every year), involving a greater degree of independence of the evaluation team / consultants or contestability. Such evaluations will seek to not only evaluate relevance, effectiveness, sustainability and efficiency but also evidence of results and impacts. These studies will also seek to draw out broader lessons for strategic, policy, and future programme development and implementation.

b. These independent evaluations of MRC programmes and the MRC strategy are expected to be conducted around the mid-point of a programme cycle and then again close to its completion to inform subsequent programme or strategic plan development. Every programme should undergo such an independent evaluation at least once every three years. Senior management will establish a system to ensure that this is happening.

c. Independent external evaluations will be conducted in conformity with the MRC evaluation policy which establishes how they will be planned, managed, implemented, made available to interested stakeholders and followed-up on. Further more detailed guidance will be developed on good practice evaluation and senior management will again monitor conformity with this policy. This would involve negotiating with development partners to conduct joint evaluation exercises, that may involve other development partners, and to align with the existing MRC evaluation system, rather than conducting separate evaluations.

d. All significant results arising from independent evaluations will be recorded in the MRC Performance Management System database. The Executive Summaries of these documents will be made publicly available through the MRC website.

#### 20. Six-monthly performance management reporting

a. All MRC programmes and relevant operational units will produce biannual performance management reports (at mid-year and year-end) based on the results of the performance management reviews and on those of the periodic independent evaluations. These reports will address relevance, effectiveness, sustainability, efficiency of management and recommendations for performance improvement. They will be produced as close as possible to the mid-year and year-end points whilst permitting their contents to be used in the finalization of annual activity plans. Such reports will be separate to progress reports on activity implementation and budget expenditure.

b. Programme-level performance management reports will be produced for internal MRC use only and will comply with the system's principles of transparency, contestability, stakeholder participation, external accountability and enabling of organisational learning. An Executive Summary version will be produced for communicating to external stakeholders and a public report will be produced annually explaining the contribution of programmes to the achievement of the goals of the MRC's Strategic Plan.

#### 21. Performance management database

a. One centralized performance management database will be established to ensure the systematic storing, management and retrieval of performance management information at both programme and overall MRC levels. Initially designed as a simple system, its complexity and utility will evolve over time and be driven by programme and overall MRC management needs.

b. All programmes and operational units of MRC are required to update the system on a 6-monthly basis and to produce biannual performance reports using the system. However, they will be encouraged to make other appropriate data adjustments on a more regular basis.

c. Evidence of results achieved and progress towards stated objectives will be stored and analysed against the objective structure of the individual programme and strategic plan results chain. Recording and storing of evidence of progress towards objectives and associated results achieved will happen through a standard input report completed every 6 months.

d. Other performance management information will be stored in the 6-monthly reports for manual analysis into the annual MRC strategic plan performance management report and independent evaluations. Over time it is envisaged that increasing amounts of the performance management information will be automatically analysed through the increasingly sophisticated database and its reports.

e. All recommendations arising from performance management reviews or independent evaluations will be logged onto a Management Action Sheet, and the

review of these by senior management and the implementation of those which are agreed with will be regularly monitored and reported on.

f. It is intended that good performing programmes prepare brief case-studies which clearly contextualize and communicate the effectiveness and efficiency of strategies employed and accompanying lessons learned. Example of good practice process or standard tools that others can learn from will also be made available.

g. The Executive Summaries of all programme and MRC-level performance management reports and independent evaluations will be made available via the MRC website.

h. All detailed performance management reports, independent evaluations and accompanying Executive Summaries will be made available on the MRC intranet.

## **Performance management system implementation arrangements**

### **22. System management and support**

a. Following the establishment and testing of the Performance Management System, the MRC will finance its continued implementation from its regular operational budget.

b. The day to day coordination of the Performance Management System is the responsibility of an M&E specialist working within the Technical Coordination Unit (TCU). During the first two years of implementing the system, the TCU is assisted in this by the Performance Management System Coordination Group which consists of a small number of staff from programmes and corporate services and advisory staff and divisional directors. The Technical Coordination Advisor will act as Secretary to the System Coordination Group.

c. The System Coordination Group will report to the MRC Joint Committee on progress and performance achieved in the establishment and successful operation of the system on an annual basis, and to the MRC CEO at least on a 6-monthly basis.

### **23. MRC Performance Management System quality assurance**

The development and operation of the Performance Management System will be independently reviewed on a periodic basis by external independent peer reviewers who will make recommendations to senior management regarding its further refinement. The frequency of review may reduce over time as the new system becomes established.

## Annex - Glossary of Terms

1. **Result.** A result is a describable or measurable change that is derived from a cause and effect relationship. It can be desirable or undesirable in nature.
2. **Results chain.** The results chain is the sequence of expected results which describes a development intervention (project or programme) starting with outputs delivered (i.e., the immediate outcome observed), intermediate and logically sequential outcomes to be achieved, moving up to increasingly higher-level impacts to which the intervention contributes with its outcomes.
3. **Logical Framework.** The Logical Framework is a simple summary of a project or programme's expected results chain, combined with a summary monitoring framework for the results, and incorporating a risk analysis. Various formats exist for 'Logframes' but they normally consist of four rows starting with the goal or ultimate desired outcome of the intervention and ending (at the lowest level) with either the intervention's outputs or activities.
4. **Goal.** An ultimate level of objective immediately above that of the main programme/project objective (or purpose) which links the programme/project to a wider set of strategies being undertaken to address a specific significant development problem.) Achieving the Goal will generally involve a wide range of programme or project interventions and each programme may only play a contributing role to achievement of the Goal.
5. **Overall Objective/Purpose.** The overall objective or purpose of a particular development intervention is the main objective which the intervention is intended to achieve. It describes the improved 'development state' that the programme intends to accomplish by the end of programme implementation and by doing so makes it clear what development problem the project will address. Whilst it is good practice to seek to limit an intervention's results chain to only one overall objective or purpose, a programme or project may have more than one of these.
6. **Intermediate Outcomes.** Intermediate outcomes are the results brought about by the successful delivery of the programme or project's outputs. They describe the use stakeholders make of the available outputs. There may be one or more levels of intermediate outcomes generated by one output.
7. **Outputs.** Outputs or immediate outcomes are the physical and/or tangible goods and/or services delivered by a programme. They are the first level of change that can be observed, e.g., a new system introduced. The outputs are necessary and sufficient to achieve the programme's intermediate outcomes and ultimately its overall objective or purpose. Outputs are largely within the control of the programme or project management to deliver.
8. **Activities** are the groups of tasks carried out using project inputs to produce the desired outputs.
9. **Baseline data.** The set of conditions existing at the outset of a program/project. Results will be measured or assessed against such baseline data.
10. **Performance information.** This maybe on a quantitative indicator nature or qualitative information. The information may be about the relevance, effectiveness, impacts, sustainability, management efficiency and lessons learnt or recommendations for improving performance.
11. **Quantitative indicators.** Measures of quantity, including statistical statements. These are specific performance measures chosen because they provide valid, useful, practical and comparable measures of progress towards achieving expected results.

12. Monitoring and evaluation questions. Questions to generate judgments and perceptions derived from subjective analysis.
13. Performance management assessments. These include both regular self-assessments and periodic independent evaluations. The largely but not totally self-assessment performance management reviews by programme branches/units, comprising programme, project or institutional monitoring, operational reviews, 6-monthly reporting, institutional assessments and special studies. These are supplemented by periodic more independent evaluations of performance.

## **APPENDIX 9**

# **PROGRESS OF THE IMPLEMENTATION OF INDEPENDENT ORGANISATIONAL REVIEW OF THE MRC SECRETARIAT AND THE NMCS**

## **NOTE FOR INFORMATION**

### **PROGRESS OF THE IMPLEMENTATION OF INDEPENDENT ORGANISATIONAL REVIEW OF THE MRC SECRETARIAT AND THE NMC'S**

1. This briefing note follows the same structure used in the Assessment Report<sup>6</sup> of Progress in Implementing Reforms after the Independent Organisational, Financial and Institutional Review of the MRCS and NMCs undertaken in November 2006. The note is to provide information on the overall and specific progress on the implementation of the remaining recommendations against the implementation progress reported at the last Informal Donor Meeting on 18-19 June 2009 and subsequently updated at the final meeting of the Joint Contact Group on 02 October 2009 :

- (i) overall progress on the implementation of Independent Organisational Review, including Recommendations 13, 17, and 23 (on Disclosure Policy, a coordinated approach to programming, and long-term funding requirements respectively)
- (ii) progress on stakeholder participation (Recommendation 37)
- (iii) progress on specifying roles and responsibilities of the MRCS, NMCs/NMCSs and Line Agencies (Recommendations 2, 10)
- (iv) progress on riparianisation and Human Resources matters (Recommendations 5, 26, 27, 28, 30, 34, and 35), and
- (v) permanent location of MRCS and the co-hosted location matters (Recommendations 31, 32)

#### **I. Overall Progress on the Implementation of Independent Organisational Review**

2. The Independent Organisational, Financial and Institutional Review of MRCS and the National Mekong Committees (the Organisational Review) was initiated by the MRC Member Countries and the MRC Development Partners towards the end of 2006 in order to help MRC meet the organisational and strategic challenges that the institution would be facing in the future.

3. The MRC Joint Committee, at its Special Session on 27 June 2007 agreed on most of the recommendations and actions presented in the Organisational Review report (three recommendations were not accepted at that time).

4. To follow-up the implementation of recommendations, the Joint Committee established a Task Force on the MRC Secretariat Organisational Structure. A Joint Contact Group was also set-up consisting of MRC Member Countries representatives and Development Partners representatives with the aim to monitor the progress of implementation of the Independent Organisational Review.

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<sup>6</sup> Assessment of Progress in Implementing Reforms After the Independent Organisational, Financial and Institutional Review of the MRCS and NMCS, November 2006, dated February 2009, by Mr. Nigel Hawkesworth.

5. Implementation of the recommendations started in July 2007. It was agreed at the 4<sup>th</sup> meeting of the Joint Contact Group on 7 October 2008 to commission an external consultant to assess the progress in implementing the recommendations of the Organisational Review.

6. The conclusion of the assessment consultancy is that there had been reasonable progress in addressing the recommendations of the Organisational Review. All of the recommendations had been seriously considered by the Joint Contact Group and the MRC. The consultancy reaffirmed the difficulties to determine the stage of completion for some recommendations. They considered that some recommendations are completed as they have been through the stages of consideration, formulation and revisions of proposals, final decision-making, and start of implementation. Twenty recommendations are in this category. For example, the recommendation 16 on “Developing and implementing a monitoring and evaluation strategy”, the recommendation 21 on “adjusting DSA rates downwards to 75% of the UN rates” and recommendation 38 on “formalising collaborative partnerships with research organisations” were completed. The remaining recommendations have been considered by the Joint Committee, but completion was dependent on further work under implementation. To coordinate actions and provide an overview on the process, an Organisational Review Road Map was established presenting a work schedule for each recommendation.

7. To date, actions have been taken on all of the recommendations accepted for implementation by the Joint Committee. The assessment team recommended that the Thirtieth Joint Committee Meeting would be an appropriate deadline for final decisions on all recommendations. In February 2009, the Joint Contact Group Meeting agreed on this proposal and suggested to include also those recommendations which were not previously agreed or partly amended by the Joint Committee (Recommendations 11, 12, and 26), and that all decisions should be made before the process for the Strategic Plan 2011-2015 would start, so that this planning process would have a clear basis and framework.

8. Final actions are now being taken for the remaining recommendations as outlined in the following paragraphs. Concerning the recommendations on the Human Resources Management (recommendations 5, 26, 27, 28, 30, 34, and 35), a consultant was contracted in April 2010 to undertake a global review of MRC Human Resources policies and procedures and provide proposals and guidelines. Recommendation 23 on the full funding of the MRC’s Operational Expenses Budget (OEB) by Member Countries by 2014 is being considered based on the approved categories of MRC core functions by the Twenty-ninth Joint Committee held 26-27 March 2009, although a longer timeframe will be required for transition to full Member Country funding of the programme budget. Through the MRC Hua Hin Declaration, the Heads of Government have committed to a vision for the MRC to be financially sustained by Member Countries by 2030. The process will be outlined in the Strategic Plan 2011-2015.

9. During these three years of Organisational Review implementation, nine Task Force meetings, six Joint Contact Group meetings, two Special Sessions (in 2007 and 2009) and one Informal Session (2008) of the Joint Committee have been held to oversee this process. The consultancy team found that the result achieved is an encouraging sign of a growing openness and willingness to dialogue on the part of MRC as a whole and to implement reforms. Given the significant progress made and status of remaining items, it was agreed that the suggested exit strategy to terminate meetings of the Task Force and Joint Contact Group be implemented and routine monitoring of remaining tasks under the Independent Organisational Review be undertaken by the existing governance bodies and partnership meetings.

## **II. Progress on Communications Strategy and Disclosure Policy (Recommendation 13)**

10. The Communications Strategy and Disclosure Policy was approved at the Thirtieth Joint Committee Meeting (29 September 2009). Under its framework, a number of communication materials have been developed, the MRC has increasingly engaged and liaised with the media on critical issues, and more documents are available from the MRC website including the Minutes of MRC governance meeting, draft consultant's reports and presentations of regional meetings. A report of completed and planned activities under the Communication Strategy and Disclosure Policy is available at the MRCS.

## **III. Progress on Stakeholder Participation (Recommendation 37)**

11. A draft MRC policy for stakeholder engagement at governance level was developed in early 2009 in connection with a number of policy relevant processes with regard to stakeholder engagement at the MRC, including the Basin Development Plan's Stakeholder Participation and Communication Plan (SPCP).

12. The MRC, in adopting a long term process for the approval of the Stakeholder Engagement Policy, will enhance a broad consultation of stakeholders and Member Country ownership. Furthermore, the major MRC governance processes, such as the formulation of the Strategic Plan 2011-2015 will be used as an experimental phase for finalising the mechanism proposal for implementing the Policy. The draft Policy has been reviewed by MRC Member Countries (Joint Committee in March 2009, July 2009 and March 2010, Task Force Meeting in April and October 2009, Regional Consultation in June 2009)

13. The draft Policy was tabled for stakeholder consultations in the four Member Countries in parallel with the formulation process of the Strategic Plan 2011-2015 in late December 2009 and January 2010.

14. At the Thirty-first Meeting of the Joint Committee on 2-3 March 2010 in Luang Prabang, Cambodia, Thailand and Viet Nam endorsed the principles of this draft Policy. Further consultation with Lao PDR is being undertaken and clarification provided on a number of the terms.

15. The first Annual Multi-stakeholder Forum is planned in September 2010 to obtain inputs to the draft Policy and draft Strategic Plan 2011-2015.

16. A proposal of implementation plan for the draft Policy is being prepared and to be submitted to the Thirty-second Joint Committee Meeting in August 2010 for comments.

## **IV. Progress on Identifying Common Guidelines on Roles and Responsibilities of the MRCS, NMCs/NMCSs and Line Agencies (Recommendations 2, 10)**

17. At the Seventh Task Force Meeting, held on 19 May 2009, Vientiane, Lao PDR, a presentation of the consultancy's methodology and timeframe was made.

18. In June 2009, the draft Analysis Report providing a summary and an analysis of the problems to be addressed in the proposed Guidelines was submitted to Member Countries and Development Partners for comment via email and also by hard copy during the Informal Donor Meeting held on 18 June 2009, in Vientiane, Lao PDR. The Secretariat compiled the comments received, and the consultants revised the Report, for further review.

19. According to the agreed timeframe, the consultants had already started to work on the next steps of the consultancy and sent two sets of draft proposed Guidelines to the MRC Secretariat in August 2009 (NB: *First Draft*) covering the consultant's recommendations on:

- i. the Role and Responsibilities of MRCS, NMCs, NMC Secretariats and Line Agencies in MRC's work at Strategic and Operational Level and,
- ii. the Role and Responsibilities of MRCS, NMCs, NMC Secretariats and Line Agencies in Relation to Programme Implementation.

20. At its Ninth Meeting held in Vientiane on 1 October 2009, the Task Force commented on the revised draft Analysis Report noting that the comments for the earlier version of the draft Analysis Report were not fully taken into account in the final draft version. The Meeting agreed to hold national consultations possibly back to back with the national consultations on the Strategic Plan in order to get comments on the final draft Report and the two proposed Guidelines.

21. While the draft Analysis Report intended to provide a summary and an analysis of the problems to be addressed in the two proposed Guidelines, it is important to note that the Analysis Report is a background document that carries an independent interpretation and evaluation by the commissioned consultants of the interviews and comments given by the respondents including staff from the NMC Secretariats and the MRC programmes. Therefore, it was considered that this would be presented to the Joint Committee for information but was not an appropriate form of document for Joint Committee and Council approval.

22. The Joint Contact Group at its Sixth Meeting held on 24 November 2009, in Hua Hin, noted that more time was required for national discussions and for the Member Countries to comment on the draft Guidelines. The MRCS indicated that it did not consider these draft Guidelines, in their current form to comply with the ToR and suggested that the documents require considerably more work, for instance to better reflect the role of MRC Governance bodies, e.g. Joint Committee, in project identification. The drafts were however shared with the Task Force and the Joint Contact Group members in their current form to stimulate discussion.

23. The comments and discussions made by the Task Force and the Joint Contact Group in the respective meetings held in October and November 2009 were subsequently forwarded to the consultants. The consultants revised the draft proposed Guidelines and further combined the two sets as one single document called Discussion Paper on Common Guidelines to facilitate further discussion by the Member Countries. The revised Discussion Paper was sent to the MRC Secretariat on 19 December 2009 (NB: *Second Draft*).

24. As agreed by the Task Force at its Ninth Meeting, discussion on the proposed Guidelines was included in the agenda of the Strategic Plan National Consultations in December 2009 and January 2010 for Member Countries. The MRC Secretariat received comments for the proposed Guidelines from Viet Nam in December 2009. These together with comments from the Task Force and the Joint Contact Group were then forwarded to the consultant. The consultant subsequently revised the draft Guidelines and submitted the revised draft on 14 February 2010 (NB: *Third Draft*).

25. The draft proposed Guidelines were put up for discussion by the Member Countries at the First Regional Consultation on the formulation of the MRC Strategic Plan for 2011-2015 which was held in Vientiane on 16-17 March 2010. Continuing with the discussions at the Regional Consultation on the MRC's long-term core river basin management functions and the MRC transition towards a sustainable riparianised MRC as well as to a gradually decentralised implementation of some of the core RBM functions, the Country Delegations acknowledged the similarity and diversity in mandates and functions of the four NMCs. At this Regional Consultation, concerns were again raised on the format of the document presented as a "Discussion paper" rather than "Guidelines". The MRC Secretariat is in the opinion that "Guidelines" could still be considered as a set of guidance to help the MRC bodies including NMCs/NMCSs and related national line agencies in determining a course of actions in relation to MRC's work. As agreed by the Country Delegations at this Consultation, the Member Countries agreed to forward to the MRC Secretariat their detailed comments in writing by 12 April 2010 for finalisation.

26. Subsequently, Lao PDR forwarded to the MRC Secretariat on 23 March 2010 the summary report of Lao National Consultation on the draft Guidelines which was held on 24 February 2010 by the LNMC. Viet Nam also sent further comments for the Third Draft of the proposed Guidelines to the MRC Secretariat on 20 April 2010. All the comments from Lao

PDR and Viet Nam, and an excerpt of the Regional Consultation summary report containing the country discussions and reflections on the draft Guidelines which were subsequently forwarded to the consultant. The consultant revised the draft Guidelines and submitted to the MRC Secretariat the revised version on 19 April 2010 (NB: *Fourth Draft*).

27. The Fourth Draft has addressed the earlier comments received from the Task Force, the Countries and the donors, and also made several significant improvements, such as:

- Introduction to harmonised roles and responsibilities of the NMCs and NMC Secretariats and the presentation of all the relevant functional areas of the NMCs and NMC Secretariats from the best available practices of these national bodies;
- The first attempt to provide a preliminary definition of “coordination” and therefore what “coordination” role of the NMCs in the MRC’s work at national level should mean. Though this would still need further improvement;
- Proposal to translate the Rules of Procedures into the Four Riparian languages to better disseminate the governance rules of MRC.

28. Notably, the proposed Guidelines in their current form provide some new provisions on decentralisation of the core functions of the MRC. The draft Guidelines now start to foresee what changes will be needed as MRC moves towards a different modality for implementation of some of its core functions. It is however important to note that Member Countries need to discuss a more precise definition of the future procedures for core function delivery before such new provisions would be sufficiently considered. The work in this report can be viewed as a starting point to that discussion.

29. The Task Force at its Tenth Meeting held in Vientiane on 21 May 2010 agreed/decided/recommended the following steps:

- Put the draft proposed Guidelines temporarily on hold and the discussion would be taken up again when the draft Strategic Plan for 2011-2015 is endorsed by the Joint Committee;
- Have the Rules of Procedures informally translated into the four Riparian languages to better disseminate the governance rules of the MRC.

#### **V. Progress on Riparianisation and Human Resources matters (Recommendations 5, 26, 27, 28, 30, 34 and 35)**

30. The Independent Organizational, Financial, and Institutional Review of MRCS and the National Mekong Committees made the following recommendations related to human resources:

- Recommendation 5: Applying a uniform contract system by MRCS for NMCS Staff.
- Recommendation 26: Reviewing the staff selection process and opening recruitment to civil society as well as government.
- Recommendation 27: Developing NMCS orientation packages for MRCS staff as complementary to the orientation package developed by MRCS.
- Recommendation 28: Reviewing the MRCS staff appraisal system, basing it more on a competency analysis for individual staff members, and developing an orientation programme for all supervisors.
- Recommendation 30: Formulating a formal grievance procedure.
- Recommendation 35: Developing a unified salary structure for MRCS that is appropriate for the region.

31. As reported to the Preparatory Meeting of the MRC Joint Committee for the Sixteenth Meeting of the MRC Council on 25 November 2009 the Secretariat was in negotiation with

the first ranked service provider to provide necessary consultancy services to address the remaining recommendations. Some delays were experienced as financial negotiations with the consultancy firm were complex and additional funds needed to be identified before the Secretariat could commit to the contract.

32. After fund allocation was confirmed through the Trust Fund contribution of the Government of Denmark, the Secretariat contracted the selected consulting firm to proceed with the works required and work commenced on 26 April 2010. The consultants have completed the first mission to MRCS and held meetings with Member Countries on June 17 on the sidelines of the IDM. Initial findings and recommendations are tentatively scheduled to be delivered by 1 July 2010.

33. On the formulation of formal grievance procedures, the Secretariat prepared a draft grievance policy and procedures and submitted it to the MRCS Staff Association for consultation. The MRCS Staff Association considered the draft and provided comments in August 2009. Subsequently, the draft was sent to legal advisors to ensure that the policy and procedures are in line with legal requirements of Cambodia and Lao PDR, host countries of the MRCS. Comments of the legal advisors have been addressed in a revised version of the Policy. In addition, the grievance policy is also under review by the newly recruited consulting firm as part of their overall scope of work.

34. With regard to recommendation 34, implementing key recommendation of the “riparianisation roadmap”, appointing riparian Chiefs of FAS and ICCS, and a riparian Chief Executive Officer (CEO) the Secretariat has processed the riparianisation of these positions generally in accordance with the roadmap. The riparian Chief of FAS was mobilised on 1 June 2009 and riparian Chief of ICCS on March 2010. The job description and recruitment process including selection criteria for the first riparian CEO has been agreed by the Task Force and Joint Committee and a vacancy announcement of the position has been made on 7 June 2010. The successful candidate is expected to be identified and recruited in Q4 2010 allowing time for mobilisation in early 2011 and a sufficient handover period with the incumbent CEO. The riparian CEO will assume full responsibilities for the position on 29 March 2011.

## **VI. Permanent Co-hosted Location of the MRCS (Recommendations 31, 32)**

35. The decision of the MRC Council on the Permanent Location of the MRC Secretariat was taken at its Sixteenth Meeting in Hua Hin, Thailand on 26 November 2009.

36. As agreed, the location of Divisions and programmes under the co-hosted location is shown in Table 1. The Council agreed that the implementation of the co-hosted location decision would be effective from 1 July 2010, with some programmes moving later as agreed by the MRC Council (see paragraph 40). The Office of the Secretariat in Phnom Penh (OSP) and the Office of the Secretariat in Vientiane (OSV) will be formally established on 1 July 2010.

**Table 1: Location of Divisions and programmes under co-hosted arrangement**

	<b>Office of the Secretariat in Vientiane (OSV)</b>	<b>Office of the Secretariat in Phnom Penh (OSP)</b>
Divisions and programmes	Planning Division ~ BDP ~ M-IWRMP ~ ISH ~ WSMP (GTZ)  Environment Division ~ EP ~ CCAI  Human Resources Section ~ ICBP <sup>7</sup>	Technical Support Division ~ FMMP ~ IKMP  Operations Division ~ AIP ~ NAP ~ DM-P ~ FP  Human Resources Section ~ ICBP Unit

37. In preparing the detailed proposal, the Secretariat also started to prepare for enhanced communication facilities and plan, with the view of maintaining internal coordination.

38. A Head of Office will be assigned in the Office of the Secretariat in Phnom Penh. It was agreed that this would be a concurrent position assigned to one of the two Directors in OSP, and therefore there would be no, or very limited, additional costs associated with this position. The assignment of Directors to the Divisions will be rotated on a regular basis, approximately on a three year timeframe. MRC Governance meetings would rotate between OSP and OSV (as indicated in the table below).

<i>Meeting</i>	<i>Location</i>
Joint Committee (March)	Country of JC Chair
Informal Donor Meeting	Secretariat – rotated between Phnom Penh and Vientiane
Joint Committee (July) and Dialogue Partners Meeting	Secretariat – rotated between Phnom Penh and Vientiane
Council Meeting and Donor Consultative Meeting	Country of Council Chair
JC Special Sessions	Secretariat – rotated between Phnom Penh and Vientiane
Task Force Meetings, Joint Contact Group Meetings	Secretariat – rotated between Phnom Penh and Vientiane

39. In order to prepare for timely and effective implementation of the decision on the permanent co-hosted location of the Secretariat and ensure the future smooth operation of the Secretariat working in two locations, the Secretariat has set up two Task Forces: the Task Force on Logistics and Administration (TF-LA) and the Task Force on Human Resources (TF-HR).

40. Pursuant to item (iii) in paragraph 2, the Joint Committee at its Preparatory Meeting

<sup>7</sup> Note that MRC is currently considering a proposal to reassign responsibility for ICBP from HRS to Planning Division. The proposal was tabled for discussion at the Tenth Meeting of the Task Force and is now being considered by members of the ICBP Steering Committee.

for the Thirty-First Meeting of the Joint Committee held in Luang Prabang on 1 March 2010 agreed on the following schedule for the relocation of staff to OSP:

Directors OPD and TSD:	30 June 2010
AIP and NAP:	30 June 2010
IKMP:	31 October 2010
FP:	13 December 2010

## **APPENDIX 10**

# **MRC PRIORITY FUNDING NEEDS**

## **NOTE FOR INFORMATION MRC PRIORITY FUNDING NEEDS**

### **I. MRC's Current Funding Situation**

25. The focus of this briefing paper is to outline MRC's funding situation and identify areas where future support is required particularly for the new strategic planning cycle of the MRC (2011-2015). As the current Strategic Plan 2006-2010 of the MRC will end in December this year, the MRC has started to prepare a new Strategic Plan for the organisation from 2011-2015 (see Agenda F). The highlight of the Strategic Plan for 2011-2015 is the re-orientation of the MRC's activities around its core functions and a progressive increase of direct countries support so that the implementation of some of the MRC's core functions would be gradually shifted to Member Countries over the next two or three strategic planning cycles. This progressive shifting in MRC programme implementation modality and transfer from donor support is being integrated in the MRC's existing programme structure, which will be further strengthened in the next 5 years.

26. Following the Sixteenth Meeting of the MRC Council and the Joint Meeting with the MRC Donor Consultative Group, held in November 2009, and in line with the approved Work Programme 2010, the MRC's ongoing programmes, initiative and projects are of five to ten years duration over different periods of time (see figure 1). Multi-year funding required for the implementation of the current Work Programme 2010 under the Technical Cooperation Budget amounts to a total of approximately US\$ 155.5 million over 12 years from 2003 to 2015. This figure covers different periods for different programmes and subsequent sections of this briefing note will further clarify MRC funding needs. The MRC funding situation on programmes and budget is provided in the MRC Work Programme 2010 on page 17.

27. The estimated multi-year funding needs of MRC programmes for the next strategic planning cycle are provided in Table 1 below. Many Programmes whose current phases will end at the end of 2010 are still under formulation process of new phases. Therefore the funding needs identified are based on a combination of the existing documents, a forecast based on current expenditure levels, and future level of activities expected with the progressive concentration of MRC's programmes around MRC core functions. The Programmes that are currently under formulation process of new phases include: BDP, EP, FMMP, DMP, AIP, FP, PMS<sup>8</sup>, and WMTF. Estimated funding needs for 2011-2015 for all MRC programmes and projects amount to approximately USD 71 million or \$19 million per year.

28. With the recent evolution of the Euro-US Dollar exchange rate, several commitments have been re-estimated, leading, in some cases, to a decrease of the Funded and Committed figures in comparison with the values provided in the MRC Work Programme 2010.

29. The table below provide budget and funding needs only for the Technical Cooperation Budget which is directly managed by the MRC Secretariat. The Associated Technical Cooperation Budget is reported in the MRC Work Programme 2010 and in the Funding the MRc Programmes 2010 and Beyond: Programme Outline.

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<sup>8</sup> The Performance Management System is not a programme but has been identified separately as a tool under Core Function III Capacity Building and Tools Development Functions. Once the system is fully established and capacity built, it will be integrated in and implemented by all programmes and central management most probably under the regular budget.

**Table 1: MRC Estimated Technical Cooperation Budget Funding Needs for 2011-2015**

(in US\$ 1,000)

Programme	Estimated Technical Cooperation Budget	Funded and Committed	of which from other programmes	Estimated Funding needs
BDP	10,500	-	570	10,500
EP	11,000	4,430	930	6,570
CCAI	13,000	4,930	2,230	8,070
IKMP	15,400	11,380	820	4,020
ICBP	7,800	5,050	320	2,750
M-IWRMP	10,690	10,690	-	-
FMMP	10,000	-	-	10,000
DMP	2,200 <sup>9</sup>	-	-	2,000
AIP	4,950	280	-	4,670
NAP	8,000	2,400	-	5,600
ISH	12,500	6,000	-	6,500
FP	12,500	5,000	-	7,500
PMS	1,000	-	-	1,000
WMTF	3,000	840	-	2,160
<b>Total</b>	<b>122,340</b>	<b>51,000</b>	<b>4,870</b>	<b>71,340</b>

30. The next section provides brief outlines of the MRC Programmes' main objectives, immediate outcomes and the funding situation and funding needs as they currently stand although these should be considered preliminary for those programmes currently formulating new phases and subject to change.. More details of the programmes are provided in the accompanied "Funding the MRC Programmes – 2010 and Beyond" document.

## II. Current Progress on MRC's Programmes with New Phases under Formulation

31. Since the discussion and instruction of the Thirty-first Meeting of the MRC Joint Committee held during 2-3 March 2010 in Luang Prabang, Lao PDR, a number of programmes, particularly whose current phases are ending at the end of 2010, are currently formulating their next phase. A summary of initial drafts of these next phases of the MRC programmes are listed below: It should be noted that some/all of these programmes will be

<sup>9</sup> This is only the budget for the Start-up Project. The full programme budget amounts USD 13.6 million.

presented to the MRC Joint Committee (JC) for approval at the next JC Meeting in August 2010.

### **Preparation for the Basin Development Plan Programme Phase 3**

32. Long term basin planning is an essential on-going need to respond to global developments, national water planning and development, increasing private sector investments and demand from stakeholder groups, who are demanding a greater, on-going involvement in the basin wide planning and management activities. Long term basin planning is already strongly supported through 1) the highest level political commitment to working together to achieve sustainable integrated water resources management (MRC Summit Declaration), 2) the explicit recognition by the member countries of the need to integrate national and regional water related planning to achieve the goal of sustainable and equitable water resources development in the LMB; 3) the increasingly recognized role of the basin planning as the framework for trans-boundary water cooperation to build trust and coordination, and to guide coordinated and balanced development; and 4) Explicit recognition of the need to regularly update the IWRM-based Basin Development Strategy to guide water and related resources development in the LMB in the rapidly changing regional context. A core basin planning function will be a priority in MRC's future role to "facilitate" the integrated and coordinated basin planning process while countries "drive" it

33. The **Goal** of the basin planning in 2011-2015 is synonymous with Goal 1 of the MRC Strategic Plan 2011-2015 that is "*Adoption of IWRM-based basin development and related sector strategies, guidelines and tools for the sustainable and equitable use of the Mekong water and related resources*".

To achieve this Goal, the following **Intermediate Outcomes (IO)** are sought:

- **IO 1:** Member countries and stakeholders implement, regularly report on and update the IWRM-based Basin Development Strategy, elaborated by sector/program strategic information.
- **IO 2:** National line agencies and other river basin management functions incorporate and implement the data enhancement and analysis needs identified to support the basin planning.
- **IO 3:** Governments of Mekong countries enhance dialogue and coordination and increasingly engage stakeholders in national and basin planning and decision making on Mekong water related resources.
- **IO 4:** Relevant national line agencies, NMCSs and stakeholders have the capacity and institutional mechanisms to institutionalize the BDP (i.e. the basin planning process) in national planning and decision making.

34. The basin planning support function (RBM function 3), which will be delivered through the BDP, will provide data needs and guidance for analysis and assessment under RBM function 2 while contribute significantly to promoting dialogue and coordination (RBM function 6) and implementing MRC procedures (RBM function 5).

35. It is estimated that the budget requirement for the next five years would be US\$ 10 million, mainly to:

- IO 1: Support the implementation of the IWRM-based Basin Development Strategy, with focus on 1) strategic studies and the development and application of IWRM guidelines, which go beyond capacity of MRC sector programmes and 2) institutional capacity development,
- IO 4: The identification and pilot implementation of new institutional arrangements i.e. Working Groups to transition to core basin planning function and
- Capacity development of line agencies, NMCSs and concerned provincial authorities for the implementation of the Basin Development Strategy and gradual integration of the BDP process in national planning.

### **Preparation for the Environment Programme 2011-2015**

36. The Environment Programme has been ongoing and supported by donors, primarily Denmark and Sweden, since 1996. The current phase of the Environment Programme is a five year programme from 2006-2010. It has a planned budget at US\$ 17,2 million and has received US\$ 10,489 million of funding support from AFD, Danida, Netherlands, Sida and the Water Management Trust Fund.

37. In line with the re-focus of the MRC toward its core river basin functions for the long-term sustainability of the organisation and following discussions with Member Countries in late 2008, and recommendations of the MRC Mid-term Review and the recent joint donor review of the Environment Programme 2006-2010 by Danida and Sida in January 2010, the following aspects are being considered in the formulation of the new programme phase:

- Sustainable environmental monitoring with full country ownership and operation with a regional and transboundary synthesis at MRC level
- Strong linkages with national environment activities for mutual benefits.
- Taking the lead and reaching out to fill gaps of environmental knowledge and associated capacity building together with national and regional partners.
- Emerging issues like climate change impacts on the environment and ecosystems, toxic chemicals and other emerging pressures.
- Improved national capacity for regional environmental collaboration including capacity building of institutions and national line agencies to be fully responsive towards regional collaboration including upper riparian Countries.
- Increased awareness, understanding and participation, which also involves increased dissemination of results and publication of key findings in riparian languages.
- Considerations are particularly paid to the impacts of the Environment Programme to aspects relating to poverty reduction, gender mainstreaming, and climate change

38. The **overall Goal** of the Environment Programme 2011-2015 is the MRC Strategic Plan (SP) Goal: "*Member countries apply basin-wide IWRM approaches in national water and related sector frameworks and development programmes*". The **Objective** of the Environment Programme: "*Basin management and development in the Lower Mekong Basin is guided by up to date environmental and social knowledge and efficient environmental management cooperation mechanisms*" responds to this Goal by providing environmental and social data and knowledge and efficient environmental cooperation mechanisms as necessary supporting instruments for the application of basin-wide IWRM approaches at national and regional level.

39. Four outcomes have been initially identified to achieve this objective by combining the use of monitoring information (outcome 1) and cooperation mechanisms (outcome 2) with capacity building and awareness raising (outcome 4) while proactively considering appropriate responses to the rapid changes of the Mekong River Basin (outcome 3):

- **Outcome 1: Environmental monitoring, assessment and reporting.** Environmental and socioeconomic data and information are used to assess and report on the state and developments in the basin and to support assessment and mitigation of impacts of basin developments.
- **Outcome 2: Environmental management tools.** Decision making on basin developments is based on the use of agreed environmental management tools
- **Outcome 3: Emerging environmental issues.** Capacity to respond to emerging issues is established through research and outreach activities engaging national and regional stakeholders.
- **Outcome 4: Capacity building.** Improved capacity for regional environmental cooperation and increased awareness on environmental issues in the LMB

40. A target sum at US\$ 11 million is considered necessary for each outcome and its

outputs and activities for the five year implementation period. Initial funds are available from support provided by AFD (2009-2012), support from AusAID through the MIWRM project, funding from the Sida 2010 extension budget and climate change funding and funding that has been committed from Danida to support the Environment Programme 2011-2015. The tentative funding picture pending agreement with Sida on transfer of funds and agreement with Danida is shown in the Table 2 below indicating a funding gap at US\$ 6,575 million.

**Table 2: Environment Programme funding for 2011-2015 committed by 2010**

Funding committed	US\$
AusAID to MIWRM (2011-2014)	925,000
Danida	2,000,000
AFD (2009-2013)	525,000
Sida transfer from 2007-2010 agreement (est.)	440,000
Sida transfer Climate Change (est.)	540,000

### Preparation for the Fisheries Programme 2011-2015

41. From the early 1960s, plans of the Mekong Committee aimed at addressing the issue of impacts of dams on migratory fish, and mitigating measures such as reservoir fisheries and aquaculture development (Pantulu 1972). Following a "Review of the Fishery Sector in the Lower Mekong Basin" (1992), the Fisheries Programme started as a series of projects organised under separate funding agreements with Danida in 1994. In 2000, under a new agreement with Danida, FP was transformed into a comprehensive sector programme.

42. Fisheries Programme 2001-2005 (FP1) was largely concerned with raising awareness on the size, nature and condition of the LMB fisheries and developing the capacity of national agencies and the MRC to manage the fishery in a sustainable manner. The Fisheries Programme 2006-2010 (FP2), jointly funded by Danida and Sida, continued most of FP1 activities with a particularly emphasis on formulating, promoting and funding, and facilitating the implementation of a basin-wide strategy for the preservation and development of Mekong fish resources.

43. In 2008, a Danida/Sida Mid-term Review clearly recognized the need for a third phase of the Fisheries Programme with the main focus to be on "*consolidation and institutionalisation of the information, lessons learned and processes initiated*". Two priority areas for FP 2011-2015 were identified during the Review:

- Systematic anchoring and strengthening of the tools and processes ensuring a progressive convergence towards sustainable processes for regional fisheries development, and
- Systematic anchoring of information developed by FP1&2 based on an audience oriented (purpose) consolidation and 'distillation' of scientific data, lessons learned and outcomes.

44. The design of FP 2011-2015 has also taken into account the relevance of its overall structure and activities in alignment with the reorientation of the MRC towards implementation of its core functions and the progressive shift towards increased country implementation of some of the MRC's core functions.

45. The **Goal** of the Programme is: "Riparian governments and other stakeholders make sustainable and effective use of the Mekong's fisheries resources to alleviate poverty while protecting the environment". The Programme **Objective** is: "*Regional and national organizations implement measures for sustainable fisheries development and improved rural livelihoods*". At this stage of programme formulation, four **Intermediate Outcomes** have been identified to contribute to the FP Programme Objective as follows:

- Outcome 1: Riparian organizations have a good, science-based understanding of the situation of fisheries in the Region;
- Outcome 2: Key stakeholders maintain a high level of regional and national dialogue, as well as dialogues between sectors and programmes relevant to fisheries within a basin-wide IWRM framework, and guide the implementation of suitable measures to maintain fisheries sustainability;
- Outcome 3: Riparian organizations monitor, and provide and promote the use of information on status and trends in fisheries and aquaculture management and development;
- Outcome 4: National and local agencies and fishing communities have the capacity necessary for improving fisheries management and development

46. The total budget to cover FP 2011-2015 is US\$12,500,000 of which US\$ 10,312,500 is expected from external contributions. The contribution (in cash and kind) by the riparian Governments to the programme budget is 12.5% in 2011 increasing by 2.5% per year to 2015. The allocations are derived from the experiences gained in FP1 and 2 of running the programme across the four countries. Spending levels of FP in 2006-2010 has been in the range of 2.1 million USD/year including 11% MRCS overhead.

### **Preparation for the Information and Knowledge Management programme 2011-2015**

47. The Information and Knowledge Management programme (IKMP) was designed as a cross cutting programme of the MRC which provides information and knowledge services to other programmes as well as to National Mekong Committees and line agencies. As it was formulated in December 2006 through the approval of the MRC Council, IKMP's objective is to build a solid foundation of data, information and knowledge products, systems and services that supports the goal of the Mekong River Commission. The activities of IKMP have been carried out within funding from the governments of Finland, France and Australia with a total of US\$ 14,114,000.

48. As current phase of IKMP is going to end in December 2010, when almost key products and services of IKMP are still considered as the needs in the MRC, IKMP 2011-2015 is formulated, in order to:

- Consolidate the outputs/achievements from phase I and sustain the results of IKMP.
- Continuously provide services and capacity building; transfer knowledge to line agencies from member countries in modeling, river monitoring, database management etc which are still considered as "knowledge gaps" in the region.
- Take the lead in the implementation and delivery of two of the seven River Basin Management Functions that are identified in the next Strategic Plan (SP) of the MRC 2011-2015, including the functions of "Data Acquisition, Exchange and Monitoring" and "Analysis, Modeling and Assessment".

49. The overarching goal of IKMP 2011-2015 is *"Improved performance of MRC, National Mekong Committees (NMCs) and relevant line agencies in understanding the Mekong River and its related resources, and in developing and implementing appropriate policies, programmes and projects which effectively incorporate IWRM approaches"*.

50. The development objective of the Information and Knowledge Management Programme 2011-2015 is to *"effectively support MRC programmes, NMCs and relevant line agencies on the development and management of water and related resources in Mekong Basin through providing accurate and timely data, information and knowledge for planning and programme implementation work"*.

51. A number of activities and projects already ongoing will be continued. With the implementation of five basic components in 2011-2015, the IKMP is intended to run over a period of five years (2011-2015) with a budget of US\$ 15.4 million (US\$ 1.7 million are already available from the current phase, US\$ 0.8 million will be transferred from M-IWRMP, US\$ 8.8 million is expected from Finland, US\$ 0.5 million from France). Funding needs for

the IKMP 2011-2015 amounts for US\$ 4 million.

### **Agriculture and Irrigation Programme (AIP)**

52. The Council of MRC during its 16th Meeting in November 2009 made a decision on the co-hosting of the Secretariat in Vientiane and Phnom Penh, and division of Agriculture, Irrigation and Forestry Programme (AIFP) into two parts, Agriculture and Irrigation (AIP) and Watershed Management. AIP, which will start its work at Phnom Penh Office in July 2010, has started Programme formulation for 2011-2015, with a focus on the agricultural water management.

53. During the review of the MRC's role in agriculture in 2009, it was stressed that closer linkages between basin-wide water resource planning and national agricultural sector management and planning is important. MRC's BDP has developed IWRM-based basin development planning process, adaptation of which in national water and related sector frameworks would be a goal of MRC Strategic Plan 2011-2015. With the fact that agriculture sector is the largest water user in the Basin, AIP would also focus on IWRM-based agricultural water management and planning in the Member Countries in the next five years.

54. Another issue to be considered is the increased importance of food security. In order to feed the increased world population, food production must be increased by about 70% by 2050. Since Thailand and Viet Nam are major rice exporter in the world on the one hand, and poverty and malnutrition still remains in the Region on the other hand, this provides great challenges and opportunities to the sector. Improving water use efficiency, preparing the severe drought caused by climate change would also be key challenges for the coming years.

55. Taking into account such issues and challenges, new AIP Programme could include following items

- Better understanding of agricultural water use by updating basic information and data on agricultural water use, assessing and analyzing key issues such as drought preparedness, impacts of agricultural water management on food security and poverty reduction, etc
- Promoting IWRM-based project formulation and national sector planning by developing IWRM-based guidance other relevant tools and support in implementing the agricultural elements of the IWRM-based Basin Development Strategy coordinated by BDP.
- Capacity building to the concerned line agencies to adopt IWRM-based water management and planning in national frameworks

56. Estimated funding needs for AIP for the period 2011-2015 is approximately US\$ 4,950,000. A concept for AIP will be discussed with Member Countries in the coming few months and detailed activities are identified later on.

### **Flood Management and Mitigation Programme (FMMP)**

57. The Regional Flood Management and Mitigation Center (RFMMC) products and services are directly based on the MRC FMMP Strategy (November 2001) and the FMMP (2004-2010), as agreed by the MRC Member Countries. Functionally, the RFMMC provides routine mainstream flood and flash flood forecasting services, and flood mapping products. The research and development unit aims at further developing RFMMC's products and services for the Mekong mainstream, but also increasingly for tributaries in the LMB; flood risk assessment; trans-boundary flood impact assessment; flood information for disaster preparedness and land management.

58. The **Development Objective** of the Programme is that people's suffering and economic losses due to floods are avoided, minimized or mitigated, while preserving the environmental benefits of floods. The **immediate objectives** of the programme as currently defined are to:

- (1) execute routine functions of the RFMMC (CF=Core functions: Operate, maintain and sustain Regional Flood Management and Mitigation Center);
- (2) carry out research and development (SF=Support functions: Carry out flood research and development programme, aimed at promoting, improving and disseminating products and services to the MRC member countries, regional organization/agencies and private sector partners), i.c. promote, improve and disseminate products and services of the RFMMC aimed at reducing vulnerability of societies to floods, promoting & practicing flood risk reduction through structural intervention and flood proofing;
- (3) strengthen cooperation and enhance capacities of the MRC in addressing differences in transboundary flood issues;
- (4) strengthen competence in flood preparedness and flood mitigation at each management level;
- (5) improve land use planning integrated into floodplain management and mitigation in the LMB;
- (6) carry out dedicated hydrologic and hydrodynamic simulations for medium term and long term, including regarding climate change flood impact and adaptation

59. Programme **Outputs** include operational mainstream flood forecasting; operational flash flood guidance; preparation & dissemination of mainstream and tributary flood warning products, as well as flash flood warning products (Core functions), and Specified Products and Services t.b.d (Support functions).

60. A consultancy to help formulate FMMP 2011-2015 will start in mid June. A total budget of US\$ 15,000,000 is estimated for the operations of the RFMMC over the period from 2011-2015 including US\$ 10 million from Technical Cooperation Budget and USD 5 million from Associated Technical Cooperation Budget. Potential development partners contributing to the Programme include ADB, EC, Japan, the USA and the Netherlands..

### **Drought Management Programme (DMP)**

61. Recent drought conditions (1999, 2003 to 2005 and current 2010) experienced in the Lower Mekong Basin have drawn considerable public response. Impacts throughout the region have confirmed that drought, amongst all recurring natural hazards, has the potential for the greatest socio-economic impact. Consultation with the MRC Member Countries confirmed the need and urgency for a regional approach to drought monitoring, forecasting, management and mitigation.

62. The DMP Start-up Project (2011-2013) aims for more effective use of the Mekong's water and related resources to reduce vulnerability of people and water related resource systems to severe drought conditions.

63. **Immediate Objectives** of the Project are to establish effective drought awareness, preparedness, planning and management mechanisms in the Lower Mekong Basin supported by the best available tools and know-how, and facilitate implementation of high priority national and regional programmes, and multi-purpose projects. The proposed DMP is to be implemented through five programme components:

- C1. Drought forecasting;
- C2. Drought impact assessment;
- C3. Drought management policy;
- C4. Drought preparedness and mitigation measures;
- C5. Programme management.

64. For the start-up of the Project, a budget of US\$ 2.2 million is identified, while for the whole programme a total budget of US\$ 13.6 million is estimated. An initial scoping phase funded directly by Member Countries is ongoing and will define the scope of the DMP in more detail and its relationship with FMMP on forecasting issues, CCAI on climate change adaptation and AIP on agricultural drought management.

### III. On-going Programmes with Defined Needs beyond 2010

#### Climate Change Adaptation Initiative (CCAI)

65. Climate change is a cross-cutting issue that affects many aspects of the basin including the hydrological regime, environment, ecology, fisheries, agriculture, hydropower generation and social well-being of people living in the basin. In this sense, almost all programmes within MRC will be influenced by climate change, and existing capacities and earlier experience within MRC can contribute to address climate change. As an inter-governmental river basin organisation, MRC has the mandate and capacity to help countries in the LMB to develop tools and policy frameworks on assessing the impacts and adaptation strategies on climate change, share data and information to address regional and local impacts from climate change, and to develop mechanisms to mitigate these impacts.

66. Development **Objective** of the CCAI is for an economically prosperous, socially just and environmentally sound Mekong River Basin responsive and adapting to the challenges induced by climate change

67. Climate change adaptation planning and implementation is guided by improved strategies and plans at various levels and in priority locations throughout the Lower Mekong Basin. Programme **outcomes** are:

- Outcome 1: Climate Change Adaptation Planning and Implementation
- Outcome 2: Improved Capacity to Manage and Adapt to Climate Change
- Outcome 3: Strategies and Plans for Climate Change Adaptation
- Outcome 4: Regional Exchange, Collaboration and Learning

68. A total budget of US\$ 15 million is identified for the CCAI over the period of 2009-2015, of which US\$ 7 million has been committed by Australia, Finland, Sweden and Denmark. Over the forthcoming strategic planning cycle 2011-2015, the funding needs for CCAI amounts USD 8 million.

#### Navigation Programme (NAP)

69. MRC's Navigation Programme aims to promote freedom of navigation and increase international trade opportunities for the MRC member countries' mutual benefit, and to assist in coordination and cooperation in developing effective and safe waterborne transport in a sustainable and protective manner for the waterway environment.

70. **Immediate objectives** of the Navigation Programme include:

- Legal Objective: Establish an appropriate legal foundation and navigation regime for International Mekong Navigation, and ensure its implementation and sustainability.
- Trade, Transport and Safety Objective (Physical and Non-Physical): Reduction of nonphysical and physical barriers - Integrating navigation in the regional transport network - Reduction of navigation-related accidents.
- Environmental Objective: To promote the concept of "clean" river transportation, focusing on strategic prevention of environmental damage from waterway infrastructures/works or from shipping or port accidents rather than remedying or combating the impacts.
- Social Objective: Distributing benefits from navigation to the riparian people – Improve water transportation during floods - Increase river-based employment.

C.1. - Socio-Economic Analysis and Regional Transport Planning;

C.2. - Legal Framework for Cross Border Navigation;

C.3. - Traffic Safety and Environmental Sustainability;

C.4. - Information, Promotion and Coordination;

C.5. - Institutional Development;

71. The total estimated budget for the NAP over the five years from 2006 to 2010 is US\$ 20.4 million, of which contribution of US\$ 1.01 million has been funded by Australia, and USD 10.8 million has been supported by Belgium.

72. Over the next strategic planning cycle 2011-2015, Belgium is supporting the Programme with USD 2.2 million. The funding gap for NAP is estimated at USD 5.6 million.

### **Initiative on Sustainable Hydropower**

73. The ISH as a cross-cutting development initiative that recognizes the multi-disciplinary nature of sustainability. It is designed to imbed activities essential to sustainable hydropower in other MRC programs and aims to identify and initiate new activities that catalyze and reinforce activities of Members relevant to the development and management of hydropower in sustainable ways.

74. Key aspects of the ISH **immediate objectives** are:

- To contribute to the value and mission of the MRC as a regional river basin organization, facilitating communication and exchange of information, opinions and experience between Member Countries and Dialogue Partners;
- To ensure sustainable hydropower development and management is on the agenda;
- To raise awareness among all stakeholders of the benefits/challenges and the practical implications for practices in hydropower policy/planning, regulation and the sort of actions needed at each step of the project cycle from site selection and planning-licensing to design and adaptive management in operation;
- To encourage partnership approaches involving all stakeholders;
- To be consistent with the MRC Strategic Plans;
- To coordinate with other MRC Programmes and integration of hydropower sector planning into the BDP process;
- To articulate the benefits of a basin-wide approach focusing on long-term sustainability of hydropower development in accordance with the procedures of the 1995 Mekong Agreement; and
- To prepare and launch the different activities under the four component parts of the ISH work plan and secure financing partners.

75. The ISH is a new initiative authorize by the Joint Committee in 2008. The work plan 2008-2011 formally approved in July 2009 was \$7.3 million. The average annual funding level based on 2008-2009 average, was \$2.5 million/yr. US\$ 12.5 million is estimated for 2011-2015 (to be reviewed during Programme preparation), of which US\$ 6 million has been committed by Belgium and Finland Integration Fund. The funding need over the forthcoming strategic planning cycle 2011-2015 amounts for USD 6.5 million.

### **Integrated Capacity Building Programme**

76. Focusing on two major areas, (1) cross-cutting (integrative) competencies related to IWRM and (2) key competencies essential for the effective and efficient functioning of the the organisation, ICBP (2009-2013) has the **development objective** that is MRC and prioritized Member Country agencies demonstrate an increased level of capacity to contribute to MRC objectives.

77. To develop improve the capacity of MRC, NMC and line agency staff, four **immediate objectives** were set up:

- C.1. IWRM Competencies: The MRC, NMCs and prioritised national agencies have the necessary technical competencies<sup>4</sup> to integrate IWRM principles into policy making, planning and implementation.

- C.2. Organisational Development Competencies: The MRC and NMCs (including their Secretariats) have the necessary organisational capability<sup>5</sup> to effectively coordinate and support the achievement of MRC objectives.
- C.3. Gender Mainstreaming in Water Resources Management: Gender is mainstreamed within the MRCS, and the national agencies integrate gender aspects more effectively into their IWRM work.
- C.4. Capacity Building Integration and Sustainability: An effective integrated and sustainable capacity building mechanism is established and functioning to support the work of the MRC.
- C.5. Programme management and communication: to ensure effective and efficient programme management and communication

78. The total budget for the ICBP over the four years from 2009 to 2013 is US\$ 8.08 million, of which contribution of US\$ 6.92 million has been committed by Australia, Finland and New Zealand. The figure below shows the funding need gaps of the ICBP.

### **Mekong Integrated Water Resources Management Project (M-IWRMP)**

79. M-IWRM Project aims to improve the enabling framework and capacity for IWRM in the LMB Countries and strengthen the MRC's basin-wide role as a facilitator of significant water resources development, guided by the IWRM principles.

80. The project will implement a coherent set of activities under three components - regional, national, and transboundary components:

- **Regional component:** A regional enabling framework with water resources planning tools, procedures and guidelines, process and capacity is in place to effectively implement the 1995 Mekong Agreement
- **National component:** Strengthened IWRM in LMB countries through support to policy, institutional and capacity development and integrated river basin planning
- **Transboundary Component:** IWRM principles applied at the transboundary project level, contributing to poverty reduction and demonstrating mechanisms for joint planning and implementation of projects identified as part of the MRC-led basin development planning process

81. Australia and the World Bank Policy and Human Resources Development (PHRD) are currently supporting project preparation and formulation. A total of US\$ 76.5 million is estimated for the whole project life from 2009 to 2014 including both Technical Cooperation Budget (TCB) and Associated TCB. US\$ 1.6 million has been secured for the project preparation and formulation. US\$ 5.8 million has been provided by AusAID for the regional component . US\$ 70.5 million is committed for the project implementation.

## **APPENDIX 11**

# **DONOR HARMONISATION AND ALIGNMENT**

## **NOTE FOR INFORMATION**

### **DONOR HARMONISATION AND ALIGNMENT**

1. There is now an international recognition that management of different donor procedures bears a high cost in aid management. For example, meeting multiple donor requirements employs a significant proportion of administrative capacity. This is why it is important to look at how aid can be delivered more effectively through simplifying and harmonising donor procedures. The Development Assistance Committee (DAC) of the OECD set up a special task force that led to the Paris Declaration on Aid Effectiveness<sup>10</sup> that was supported by over one hundred Ministers, Heads of Agencies from Development Partners and Developing Countries.

2. In line with this international commitment, the Aid Effectiveness process was initiated at the MRC in June 2007 with the launch of a Roadmap and of the MRC Modular Funding Agreement.

3. With the current strategic cycle reaching completion this year and the on-going preparation of the Strategic Plan 2011-2015, it is the right time to critically review the aid effectiveness process at the MRC and to propose new directions for the upcoming strategic plan cycle.

#### **I. Progress on the Aid Effectiveness Roadmap**

4. The underlying principle of the Paris Declaration assumes that, based on mutual trust, a common understanding of the strategic directions and policies, and a strong monitoring system, it becomes possible for Development Partners (DP) to progressively downscale operational level control. DP would thus have more time to devote to strategic level directions and overall transaction costs can be reduced. For this to happen, regular consultation at the strategic level are required (in MRC's case through the Donor Consultative Group and Informal Donor Meeting) and robust management systems at operational, organizational and financial level are an important pre-requisite.

5. The MRC Roadmap was developed in 2007 based on this overall approach including strategic level elements to be agreed upon by both DP and the MRC and a set of requirements to be fulfilled by MRC and DP respectively. Table 1 below provides an introduction to the MRC Roadmap and a brief overview of progress made.

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<sup>10</sup> High Level Forum – Paris, 2 March 2005

6. Table 1: Progress under the Aid Effectiveness Roadmap:

<b>Commitment categories</b>	<b>Guiding Principle under the Paris Declaration</b>	<b>MRC Roadmap</b>	<b>Progress</b>
Strategic framework agreed upon by MRC and DP	Ownership: Recipient Organization exercises effective leadership over their development policies, and strategies and co-ordinate development actions	Strategic Plan 2005-2010	Approved in 2006 The Mid-Term Review has outlined the limitations of the SP to serve as a common framework to guide and monitor MRC work. The formulation of SP 11-15, involving DPs, is addressing this recommendation of the Review.
Commitments under MRC leadership Reliable operational, organizational and financial management systems	Managing for Results: Managing resources and improving decision-making for results Mutual Accountability: Donors and Recipient Organization are accountable for development results	Administrative and Financial Manuals	Approved in 2006 and continuously updated and improved
		Organisational Review	Near completion (26 recommendations completed out of the 36 agreed and actions underway on remainder)
		Performance Management System (previously referred to as M&E)	Being implemented for pilot programmes. Guiding principles developed and integrated into SP 2011-15 formulation Overall system to be operational from 2011
Commitments under DP leadership Downscaling of operational level control through greater use of MRC systems	Alignment: Donors base their overall support on MRC's development strategies, institutions and procedures Harmonisation: Donors' actions are more harmonised, transparent and collectively effective	Joint Reporting per Programme	Reports/Programme 2006: 5.4; 2007:3.9; 2008: 2.7; 2009: 2.5
		Standard Funding Agreement	Proportion of active funding agreements 01-2008: 23%; 11-2009: 42%
		Water Management Trust Fund	2006: USD 0.2 Million 2010: USD 2.2 Million
		Joint Programme Support <sup>11</sup> BDP from 2008 ICBP from 2009	Could not be achieved due to timing issues and administrative restrictions identified by DP headquarters or legal departments.
		Overall MRC Work Programme Support	No progress.

<sup>11</sup> This item was not part of the original Roadmap. It has been introduced by the Joint Contact Group in 2008

## **II. Lessons learnt and possible improvements of Aid Effectiveness at MRC**

7. Significant progress has been made under the MRC Roadmap, in particular in terms of decreasing transaction costs at programme level. The average number of individual progress reports to DPs has decreased significantly in parallel with the progressive uptake of the Modular Funding Agreement which is a vehicle for joint reporting, joint DP review and utilisation of MRC administrative and financial systems.

8. Since the Roadmap was first introduced, project level support - under which specific activities are selected by DP - has reduced while programme level support has become more common.

9. However, programme level support is not yet well harmonised and attempts to move from programme level support to overall MRC-level Work Programme Support (budget support) have not yet materialised.

### **II.1. Strengthening MRC Ownership**

10. The consultant report on Aid Effectiveness for MRC: Improving Harmonization and Alignment<sup>12</sup> has identified some of the major constraints weighing on taking forward the aid effectiveness agenda at the MRC. The main recommendation of this report is that strengthening harmonisation and alignment should be addressed principally through action to ensure first that there is strengthened ownership of MRC's programme by MRC's members including through greater riparianisation, and second that MRC's structure and mode and operations are to be based on a model that is sustainable with less reliance on international technical cooperation (TC) and a greater proportion of Member Country funding of agreed and clearly defined core functions.

11. The First MRC Summit of 5 April 2010, held on the occasion of the Fifteenth MRC anniversary, provides a signal in that direction as Member Country ownership has been reaffirmed at the highest political level. Through the adopted MRC Hua Hin Declaration, Heads of Government reaffirmed at the highest level of political commitment to the implementation of the Mekong Agreement. The Heads of Government have also committed to a vision for the MRC to be financially sustained by Member Countries by 2030.

12. The four categories of MRC Core Functions and in particular the seven River Basin Management Functions approved by the Joint Committee in March 2009, offer the framework within which the MRC is looking for alternative implementation arrangements that will help reduce costs and ensure the sustainability of routine operations of the Commission. Under the forthcoming Strategic Plan 2011-15, the overall principle in approaching this long-term financing sustainability of the MRC is that the projected long and medium-term financing needs of the MRC will be addressed in relation to the MRC's core functions.

### **II.2. Monitoring Performance**

13. Another of the lessons learnt from the Roadmap and an important condition to improve aid effectiveness at MRC, is the need for a strong system to ensure monitoring and management of MRC performance. The development of MRC's Performance Management System (PMS - see Agenda G) has taken longer than first expected, but is now being fully integrated at both the overall organisational level and the programme level. The programme level is being implemented for the pilot programmes. The system is progressively being extended to all MRC programmes. At the strategic level, detailed goals and a results chain are being developed as part of the MRC Strategic Plan 2011-2015 in order to be able to measure, monitor and evaluate the actual implementation of the Plan. This is a major improvement in comparison to the Strategic Plan 2006-2010 which lacked such a framework.

### **II.3. Programme Support Harmonization**

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<sup>12</sup> Oxford Policy Management - October 2009

14. The DP made a joint Statement at the First MRC Summit in April 2010 reaffirming their commitment towards the principles of Aid Effectiveness: *"In line with the Paris Declaration on Aid Effectiveness, development partners continue their commitment to harmonise and coordinate their support to the MRC. We note that most Development Partner support to the MRC is now provided as programmatic funding. Increasingly, pooled-financing and other joint approaches are the dominant modality of support to the MRC. This reflects confidence by Development Partners in MRC's ability to plan, implement, manage and monitor its programs."*

15. Whereas programme level support has indeed increased, harmonisation of programme level support and *"other joint approaches"* have not made significant progress. The few attempts<sup>13</sup> to set-up a multi-donor framework agreement towards one programme have not succeeded despite significant efforts made by DP desk officers. In several cases, this was due to timing issues and administrative restrictions identified by DP headquarters or legal departments.

16. For the DP commitment to donor alignment made at the Summit to take effect within the forthcoming strategic planning cycle, there is a need to mainstream harmonisation and alignment efforts. However, at this stage and with past experience, it is not clear that this will be possible in practice.

17. Based on lessons learnt from agreements concluded in the past years, several recommendations can be drawn to serve as guidelines when discussing new funding agreements. These guidelines could serve as a reference for both DP and the MRC. Some recommendations can also be translated into indicators to monitor under the new revised Roadmap for Aid Effectiveness (*Roadmap suggestions in italic*) as detailed in Table 2.

Table 2: Recommendations for harmonisation of programme level support

<b>Criteria</b>	<b>Comments / Suggestions for the Revised MRC Aid Effectiveness Roadmap</b>
Joint reporting	As outlined in this briefing note (Section I), most DP are supporting joint reporting. The Modular Funding Agreement of MRC set out joint progress report and fully aligned schedule.  This joint approach is encouraged to be continued in future funding agreement.

<sup>13</sup> Australia, Denmark and Sweden for BDP and Australia and New Zealand for ICBP

<b>Criteria</b>	<b>Comments / Suggestions for the Revised MRC Aid Effectiveness Roadmap</b>
Joint review mission	<p>Joint review mission is another avenue for harmonised joint programme support and this approach is already supported by several DP. Some DPs require separate consultation on a more or less regular basis<sup>14</sup>.</p> <p><i>In the revised Roadmap, it is suggested to monitor any specific DP requirement for programme review.</i></p>
MRC administrative and financial systems	<p>AusAID commissioned an assessment of the MRC's procurement systems in 2009. The positive assessment of the MRC procurement systems was based not only on the rules in place which provide a clear policy of competitive procurement but also on the efficient practices in place and the capacity and motivation of the people involved in the procurement function.</p> <p>Except with some DPs<sup>15</sup>, most MRC funding agreements are based on MRC administrative and financial systems. The Modular Funding Agreement refers explicitly to the MRC Manuals that codify administrative and financial rules and provides a strong basis for harmonised programme level support.</p> <p>In the continuity of progress made so far, the use of MRC systems will continue to be encouraged under future funding agreements. MRC has applied to the EC to undertake a 'four pillars assessment' which if concluded successfully, will enable implementation of their support using MRC procedures.</p>
Agreement currency	<p>To reduce the risk of exchange rate fluctuation and associated administrative burden, most DPs prefer funding agreements with financial commitment formulated in national currency.</p> <p>Whereas the Modular Funding Agreement allows for such flexibility, different currencies is an example of limited harmonization of joint programme support.</p> <p>To the extent feasible, the MRC encourages DPs to commit support in USD which is the currency of the MRC financial system.</p> <p><i>It is suggested in the revised Roadmap to monitor the main currency in funding agreement.</i></p>
Reference document under the funding agreement	<p>Even under programme level support, it is common practice in funding agreements to refer to the project proposal that covers only the contribution from the donor when this contribution is smaller than the programme budget. The budget of the project description amounts the DP's contribution and the proposed activities are a subset of the activities proposed in the Programme Document. When another DP is willing to support the same programme, then another project description is to be prepared.</p> <p>A more harmonized programme support suggests that different DP could refer to the same document: (i) The Programme Document provides the multi-year framework, and (ii) the annual MRC Work Programme provides a report for the previous year and a detailed plan of activities for the year ahead.</p>

<b>Criteria</b>	<b>Comments / Suggestions for the Revised MRC Aid Effectiveness Roadmap</b>
Number of Supported Programmes / Agreement	<p>To reduce administrative burden, some DPs prefer to group several programmes under the same funding agreement. It is then more difficult for another DP to contribute at programme level in a fully harmonised way. This is one of the lessons learnt from the unsuccessful attempt on joint programme support to BDP. One of the three DPs had several different programmes under the same funding agreement which made its revision more complex.</p> <p>To allow better multi-donor support to a programme, it is recommended that</p>

<sup>14</sup> For instance, Sweden conduct regular annual consultation as commissioned under the funding agreement.

<sup>15</sup> France-AFD, Germany, ADB, EU-ECHO, World Bank

	<p>DPs will favour one programme supported under individual funding agreement.</p> <p><i>A suggestion for the revised MRC Roadmap is to monitor the number of programme supported under individual funding agreements.</i></p>
Period Synchronization	<p>The validity period of a funding agreement is dependent on the DP funding cycle whereas the programme duration is often synchronised with the MRC strategic planning cycle. Synchronization of the two cycles might be challenging although it could bring several benefits to both DP and the MRC in terms of aid effectiveness. A better synchronisation would allow several DPs to join their effort from the beginning. It is also providing the MRC with better visibility and aid predictability for the programme implementation.</p> <p><i>Under the revised MRC Roadmap, it is suggested to monitor the synchronisation between programme duration and agreement validity.</i></p>
Aid predictability	<p>Aid predictability is one of the criteria identified by OECD-DAC. Some agreements refer to yearly financial approval. To the extent feasible, the funding should be secured on a multi-year basis which is already the case with of most DP supporting the MRC.</p>
Aid is untied No parallel implementation structures	<p>Within the MRC context, there is only one DP<sup>16</sup> conducting tied and self-managed Technical Assistance. This DP has committed to fully align its contributions to the new Strategic Plan, provided it has clearly defined outcomes with measurable indicators, tackles the implementation of the core functions and makes use of conceptual linkages with the newly established performance management system of the MRC. These conditions should hopefully be levied under the next Strategic Plan.</p>

18. The table above is a first attempt to provide practical recommendations for harmonisation of programme support at the MRC. Comments from DP and importantly from legal department in DP's Headquarter are called upon in order for these recommendations become a common and practical set of guidelines for future funding agreement. On this basis will the Roadmap be revised.

#### **II.4. Overall Work Programme Support**

19. As identified in the initial Roadmap, a higher level of alignment would be at the level of the organisation itself (equivalent to budget support). It is clearly understood that the right conditions need to be in place (i.e. strengthened Member Country political and financial commitment and an operational Performance Management System) before it can take place. Once in place, DPs could envisage moving from programme level support to overall Work Programme Support.

20. Preparation of the MRC Work Programme is a requirement under the 1995 Mekong Agreement. Each year, the overall Work Programme is approved by the MRC Council. It provides for each individual MRC programme a progress report for the previous year and the plan for the year ahead. Its format was improved in 2008 by introducing an output-based approach. It will be further improved once the Performance Management System is fully operational and integrated in the document.

21. The Report on Aid Effectiveness for MRC: Improving Harmonization and Alignment shows that 70% of DPs view the annual Work Programme as a largely satisfactory basis for alignment whereas 30% of DPs views the document as not yet satisfactory. At the time the assessment was carried out (January 2009) the concern expressed by DP was about the weakness of reporting in the absence of a results framework. With the development of the MRC Performance Management System (Section II.2 above) and its integration in the MRC Work Programme, this concern should be appropriately addressed from 2011 or 2012.

<sup>16</sup> Germany

22. The Report on Aid Effectiveness for MRC: Improving Harmonization and Alignment made some recommendations for key areas for action including the preparation of the Overall Work Programme Support: *"Working with a group of willing development partners to develop a more detailed framework for Overall Programme Support, conceived as a flexible basket funding arrangement that can be used to support those elements of MRC's core functions that are not initially funded by member states contributions, and to ensure that key priorities that are not otherwise funded are met. The existence of such a funding arrangement should be an element in the next Strategic Plan, and its relationship to the BDP should be clarified."*

23. The same Report also suggests the establishment of a single financing arrangement that covers the whole programme of MRC, as has been done for the Nile Basin Initiative (NBI) and is envisaged for the Niger Basin Authority (NBA). In the case of the NBI, the majority of aid is channelled through the Nile Basin Trust Fund (NBTF) which was established in 2003 and which is managed by the World Bank until such time as it can be transferred to a regional institution.

24. In an MRC context, such a trust fund can also be envisaged. Given the level of maturity of the organisation including its well established fiduciary and administrative procedures and in line with the Member Country ownership principle, such a fund should be managed by the MRC Secretariat on behalf of the MRC and subject to appropriate oversight and audit arrangements.

25. The MRCS suggests developing a draft ToR for the MRC Work Programme Trust Fund<sup>17</sup> to progressively encompass donor support for the whole organisation. The main guiding documents for utilisation of such a Trust Fund would be a revised MRC Work Programme based on the PMS and the document prepared annually by MRC - Funding the MRC Programmes - within which priority funding gaps are identified for each programme.

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<sup>17</sup> Initially this would be separate from the existing Water Management Trust Fund which has a separate scope and approval procedure, but over time, consideration would be given to whether there is a need to maintain a separate WMTF or merge it into the new Work Programme Trust Fund.

**APPENDIX 12**

**CLOSING STATEMENT**

**Closing Statement  
by  
Mme. Monemany Nhoibouakong  
Permanent Secretary  
Water Resources & Environment Administration  
Lao National Mekong Committee Secretariat  
Member of the MRC Joint Committee for the Lao PDR  
Chairperson of the MRC Joint Committee for 2009/2010**

***H.E. Mr. Pich Dun***

Alternate Member of the MRC Joint Committee for the Kingdom of Cambodia

***Mr. Phonechaleun Nonthaxay***

Alternate Member of the MRC Joint Committee for the Lao People's Democratic Republic

***Dr. Le Duc Trung***

Member of the MRC Joint Committee for the Socialist Republic of Viet Nam

***Excellencies, distinguished delegates from the donor community, ladies and gentlemen,***

We have now come to the end of our Meeting. I think that you will agree with that that we have enjoyed a series of healthy and useful discussions and a spirited sense of cooperation among our Member Countries, Development Partners and donor community.

Today we have made good progress on several important points that are essential to the work of the Mekong River Commission, the MRC Secretariat and the National Mekong Committees. I personally feel that we have made good progress on all the areas tabled for this Meeting's review. We have heard from the Member Countries as well as our Development Partners, and have received their valued inputs. The MRC is founded on the principle of cooperation and dialogue, and as such events such as this are vital to our function and the role we have played in growth of our countries as well as the sustainable development of the Mekong River Basin. In light of this, I am quite sure you all are keen to include these inputs in our work programme as we are preparing the next five year strategic period 2011-2015.

Yesterday we had valuable talks on ways of enhancing donor harmonisation and forging stronger cooperation with our donors, which is a regionally significant area that can help achieve effective delivery of development assistance.

Today we have reviewed the achievements of the MRC over the last year as it approaches the end of the current Strategic Plan. We have had the chance to progress on the preparation and development of upcoming Strategic Plan 2011-2015, IWRM Strategy and Performance-Based Management System, currently under way as well as priority funding needs.

We have discussed the implementation of the recommendations of the Independent Organisational Review and worked out ways of implementing them.

If the MRC as a river basin organisation is promote the role in the process of Mekong Basin development, it needs to be equipped with sound knowledge and expertise. And if such Programmes as Basin Development Plan, Fisheries, Climate Change and Hydropower are to meet their technical challenges and deliver their services and products, we will need the continued generous support of our Development Partners.

***Excellencies, distinguished delegates, ladies and gentlemen,***

I believe the MRC can fulfil the role we have discussed here today. Once again, I would like to extend heartfelt gratitude to all our donors for your faith and support.

In concluding, allow me to thank the MRCS CEO, Mr Jeremy Bird, the staff of the Lao National Mekong Committee and the staff of the Secretariat for their hard work in preparation for this Meeting.

With this, I would like to declare the Informal Donor Meeting closed, and I wish all our ambassadors and distinguished delegates a safe journey home.

Thank you very much.