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An Update on the Greater Mekong Subregion Program

- **The Greater Mekong Subregion (GMS) Program for Economic Cooperation aims to promote economic growth and development through a range of measures for regional integration**
- **Key actors in the GMS Program include the Asian Development Bank, governments of the Mekong – Cambodia, China, Laos, Myanmar Thailand and Vietnam – and the private sector**
- **The regional integration program has a heavy emphasis on infrastructure development**
- **The GMS Strategic Framework and the Regional Cooperation Strategy Program outline the future directions of the program**
- **The program is being implemented through 11 flagship projects in nine sector areas – agriculture, energy, environment, human resources, investment, tourism, telecommunications, transport and trade**
- **This paper briefly discusses 3 flagship projects – the GMS Economic Corridors, the GMS Energy Strategy and the Biodiversity Corridors Initiative**

What is the Greater Mekong Subregion Program?

Since 1992 the countries of the Greater Mekong Subregion (GMS) – Vietnam, Cambodia, Laos, Myanmar, Thailand and Yunnan and (more recently) Guangxi provinces of China – have been party to a program of regional integration and economic cooperation called the Greater Mekong Subregion Economic Cooperation Program. This program aims to promote development and economic growth in the region and involves a wide array of projects in the areas of Energy, Environment Management, Human Resource Development, Investment, Agriculture, Tourism, Telecommunications, Transport and Trade.

Who owns the GMS? The GMS Identity

The role of the Asian Development Bank

The Asian Development Bank (ADB) has played a crucial role in the establishment of the GMS Program. The bank acts as a:

- **financier**, extending loans and technical assistance,
- **secretariat and coordinator**, facilitating dialogue and cooperation among GMS countries and other stakeholders on both political and operational matters
- provider of **technical and advisory support** for a wide range of activities under the GMS

ADB promotes itself as playing the role of a catalyst and ‘honest broker’ bringing together different stakeholders to achieve consensus on areas of shared concern.

Since the launch of the program in 1992, the ADB has provided US\$1.8 billion in loans for GMS investment projects in the transport, energy, health and tourism sectors. They have also provided US\$148 million in technical assistance, supporting project preparation, technical and financial advice and general coordination functions. The GMS program is one of the most prominent and well-publicised programs of the ADB.

Increasing government ownership

The GMS in its early and formative years was an initiative pushed largely by the ADB. The interest of the GMS governments has strengthened in line with their understanding of the program as a vehicle for economic growth through infrastructure projects. GMS heads of government attended two GMS Summits, the first in Phnom Penh, Cambodia in 2002 and the second in Kunming, China in 2005 and GMS governments have provided about \$US2.1 billion toward 26 GMS projects, since 1992.

The role of China in the GMS

China has played an increasingly prominent role in the GMS program. It hosted the GMS Summit in Kunming in 2005 and has contributed US\$20 million to a Special Fund hosted by the ADB called the ‘People’s Republic of China Regional Cooperation and Poverty Reduction Fund’. The objective of the fund is to promote regional cooperation through strategy development, research and analysis, capacity building, networking and cross learning through workshops and conferences. While technically the fund can be used for all developing member countries of the ADB, it has a priority for the countries of the GMS and the Central Asia Regional Economic Cooperation. The fund indicates the clear commitment and interest of China to take part in regional integration and joint development strategies. Yunnan University also established a GMS Studies Centre in October 2006.

Pushing private sector involvement

An additional and significant player in the GMS program is the private sector. One of the key components of current GMS strategy is private sector development and the ADB has taken an active role in facilitating greater private sector involvement and investment in the program. In recent years the ADB has hosted forums for private investors in Europe, Japan, Singapore and India where companies have been invited to have a ‘first look’ at upcoming investment opportunities in the Mekong subregion. Public-private partnerships are being sought by the ADB to fill a financial shortfall of around US\$10 billion for sub-regional infrastructure construction over the next 10 years. US\$2.6 billion in private sector co-financing for investment projects been generated since 1992.

What are the main activities in the GMS?

GMS Strategic Framework and flagship projects

The GMS Strategic Framework is the document that outlines the goals and objectives of the GMS program over the next ten years. The most recent framework ‘*Building on Success: A Strategic Framework for the Next Ten Years of the Greater Mekong Subregion Economic Cooperation Program*’ identifies five strategic objectives for the years 2004-2014:

1. Strengthen infrastructure linkages with multi-sectoral approach;
2. Facilitate cross-border trade and investment;
3. Enhance private sector participation and improve its competitiveness;
4. Develop human resources and skills competencies

5. Protect the environment and promote the sustainable use of shared natural resources.

The framework also outlines 11 flagship projects to promote linkages between countries and cross border trade and investment. These projects all fall within the nine priority sectors, each of which has its own working group within the ADB. The projects are:

1. North-South Economic Corridor
2. East-West Economic Corridor
3. Southern Economic Corridor
4. Telecommunications Backbone Development
5. Regional Power Interconnection and Trading Arrangements
6. Facilitating Cross-Border Trade and Investment
7. Enhancing Private Sector Participation and Competitiveness
8. Developing Human Resources and Skills Competencies
9. Strategic Environment Framework
10. Flood Control and Water Resource Management
11. GMS Tourism Development

Regional Cooperation Strategy Program 2007-2009

In addition to the Strategic Framework the Bank releases strategy papers outlining short and medium term development plans. These documents are called Regional Cooperation Strategy Programs (RCSP). The 2004-2008 plan framed its vision in terms of three objectives or 'the 3 C's'. These envisaged:

- Enhanced **connectivity**
- Increased **competitiveness**; and
- Greater sense of **community** among the GMS countries.

The most recently updated regional cooperation strategy for the GMS (GMS) proposes lending totaling US\$1.565 billion over the three years 2007-2009.

Development Matrix

The GMS Development Matrix (DM) is a database of proposed, ongoing and completed projects under the GMS Program. Each project falls under one of 11 flagship programs and the matrix provides information on each project including project description, status, estimated cost, financing plans, implementing agencies and schedule and issues and constraints. The matrix is intended to be used as a tool for mobilising resources. There are over 500 projects currently listed in the development matrix.

What are some examples of GMS flagship projects and issues associated with them?

GMS Economic Corridors

A key feature of the regional integration efforts of

the GMS program has been the development of three 'economic corridors' intended to facilitate greater interconnection of markets between the GMS member countries. The North-South Economic Corridor, the East-West Economic Corridor and the Southern Economic Corridor (see figure 1), all involve infrastructure development in the areas of transport, telecommunication and energy. There are nearly 200 projects associated with these corridors listed in the development matrix.



Figure 1: Economic Corridors of the GMS

Civil society organisations have identified and expressed a range of concerns associated with the construction of economic corridors. These include the impacts on those displaced by roads and other infrastructure, greater flow of cheap goods threatening local markets and producers, the potential for corridors to create increased access to and facilitate illegal trade in, wildlife, timber and other forest products and the increased chances of disease (including HIV/AIDS) transmission and human trafficking.

GMS Energy Strategy (Grid)

The energy sector is a further priority area for the GMS program and the current energy strategy outlines plans to promote greater investment in energy projects and to establish a regional power market and power trading mechanisms. The first stage of the initiative will see the construction and connection of power transmission lines connecting Laos, Thailand, Cambodia and China and this is hoped in the future to connect to larger regional markets including the ASEAN countries.

The energy strategy has been seen as some as a convenient rationale to accelerate hydropower development in the region, with some already highly controversial hydropower projects in China, Burma/Myanmar and Laos proposed to connect to

the grid. Hydropower construction in the region has been heavily criticised due to the wide range of social and environmental impacts it has on local communities and environments. There are also concerns about the economic feasibility of the plans and over burdens of risk not being borne by project investors. Civil society groups have argued that there has not been sufficient attention to alternative options for meeting the regions power needs.

Biodiversity Conservation Corridors Initiative

The biodiversity corridors project is the flagship environmental project of the ADB's core environment program (CEP). The project seeks to establish 'corridors' or strips of land where ecological integrity is restored and protected in accordance with poverty reduction goals. The project has identified nine priority biodiversity landscapes in the GMS and is currently being trialled through the establishment of pilot projects at 5 sites throughout the region (see figure 2). The project is being implemented in cooperation with a range of environmental NGOs and was endorsed by GMS countries in a joint ministerial statement released following a 2005 meeting of the GMS environment ministers.

The biodiversity corridors concept appears to draw on a hybrid terminology of economic corridors and wildlife corridors. There is a sense that these are a kind of compensatory mechanism for the environmental impacts that can be expected from economic corridors, showing that GMS is balanced between economic development and conservation. However, they are clearly not wildlife corridors in the sense of providing contiguous areas of habitat along their length to allow migration and range required for viable populations of threatened large species.

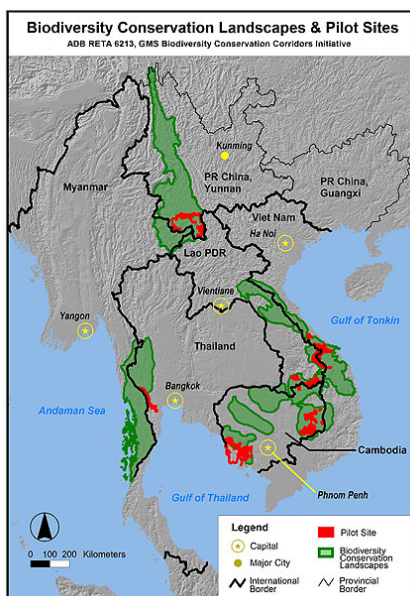


Figure 2: Biodiversity Conservation Corridors and Pilot Sites

While the Biodiversity Corridors Initiative represents an effort to address environmental concerns in the GMS region, the Initiative also compartmentalises environmental responsibility within the GMS program, with environmental corridors running parallel to but operating independent of economic corridors. There remains little serious thought about how to integrate environmental protection and development objectives in the GMS, with the Initiative currently being treated as an off-set to the negative environmental impacts of development.

Overall concerns about the GMS approach

The GMS approach to development has been subject to critique on a number of grounds. With a heavy emphasis on infrastructure and rapid economic growth the program has the potential to undermine sustainable development objectives. The program relies heavily on the exploitation of natural resources, with planning for sustainable outcomes not sufficiently mainstreamed into development practices. The program uncritically assumes that the benefits of economic growth will be shared by all in the region, and will lead to poverty reduction, without sufficiently recognizing potential for the poorest and most marginalized communities to shoulder the cost of rapid development. The ADB has been questioned over its accountability in acting as a major program proponent in the region, and questions about private sector accountability have also been raised. This is particularly the case in light of the lack of civil society involvement in GMS program planning and implementation.

For further information see:

- ADB GMS website:
www.adb.org/gms
- NGO Forum on ADB GMS Program critique 'Mekong In Danger: ADB's Involvement in the Greater Mekong Subregion Program':
<http://www.forum.adb.org/pub/guidebooks/guide.html>

AMRC's Mekong Brief Series

This Brief is the fifth in a series of information sheets to be produced by the Australian Mekong Resource Centre (AMRC), University of Sydney.

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