

The Greater Mekong Subregion (GMS) Economic Cooperation Program

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Presentation to the
Second Global Aid for Trade Review
Geneva, 7 July 2009



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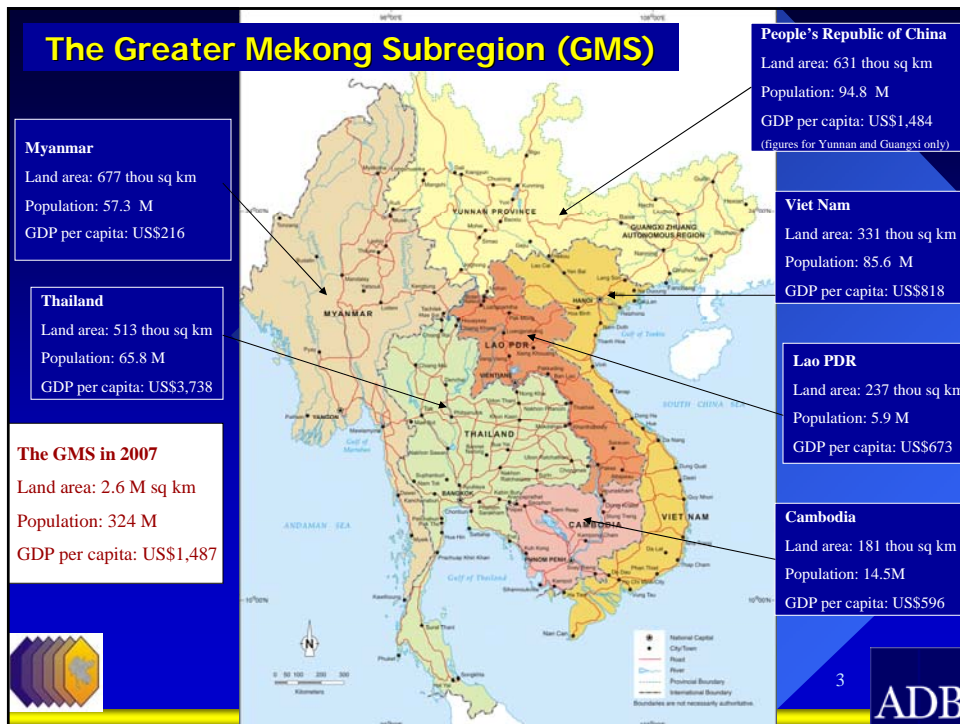
Agenda

- What is GMS ?
- Nature of the GMS program
- GMS strategic priorities : 3 Cs
- GMS projects : mobilization of investment
- GMS projects : key outcomes
- Challenges for GMS going forward



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The GMS Program




- Started in 1992
- Pragmatic and informal
- Promotes mutual trust and goodwill
- Multifaceted role of the ADB
 - Financier
 - Honest broker
 - Coordinator/Secretariat
- Strategic priorities
 - Connectivity
 - Competitiveness
 - Community
- GMS sectors & themes
 - Infrastructure
 - Agriculture & environment
 - Trade facilitation and investment
 - HRD and tourism

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GMS Results

Connectivity

1992




-  Roads
-  Telecommunications
-  Power Transmission Line



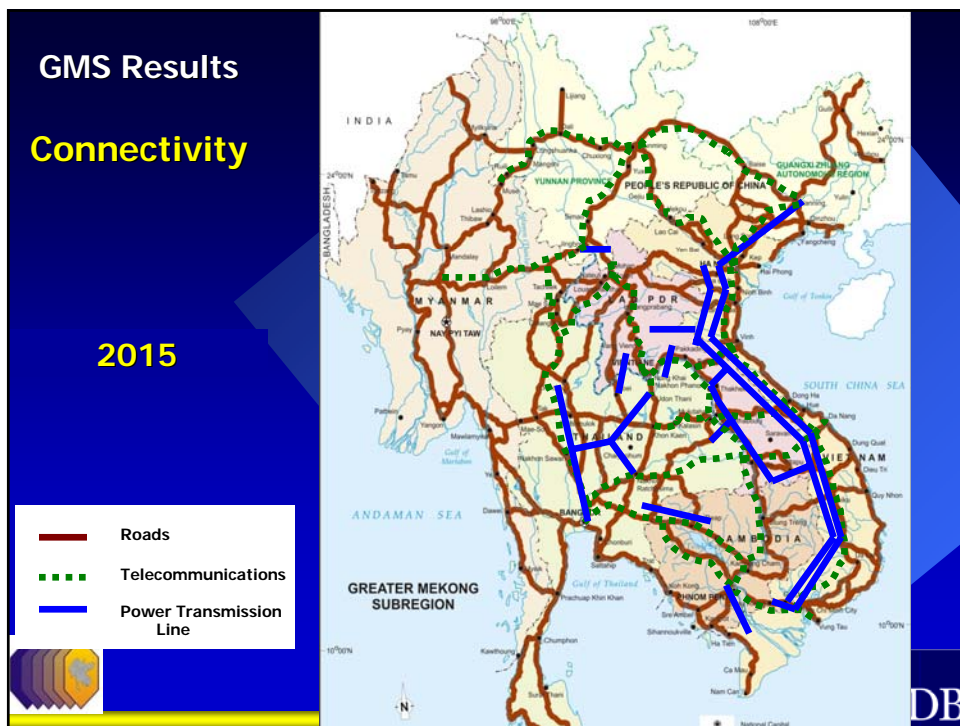
GMS Results

Connectivity

2008

-  Roads
-  Telecommunications
-  Power Transmission Line





Competitiveness

Simplified and enhanced cross-border commerce

- Trade facilitation : moving from transport to trade through cross border transport agreements
- GMS Business Forum : private sector input into subregional investment
- Promoting agricultural exports



Environment and natural resources

Community

Jointly addressing shared concerns

- Communicable disease control
- Promoting safe migration
- Human trafficking prevention
- Promoting GMS as a single tourist destination
- Building capacity for development management



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GMS Projects : Overall investments

- 41 infrastructure projects amounting to US\$11 billion mobilized by ADB by end 2008
 - Transport corridors, airports, railway upgrading
 - Hydropower projects for power exports
 - Tourism infrastructure
 - Communicable disease control
- 179 technical assistance projects amounting to US\$208 million mobilized by ADB by end 2008
 - Project preparation
 - Economic, thematic and sector work
 - Coordination/secretariat support
- Deepening partnerships with governments, donors, academia, civil society, and private sector



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GMS Projects : Some Key Outcomes

Southern Transport Corridor : Phnom Penh-Ho Chi Minh City Highway Improvement Project

- Travel time and cost savings
- Bilateral trade up 40%
- Border crossings up 50%
- Special border economic zones creating jobs

East-West Transport Corridor Project

- Travel time and cost savings
- FDI: US\$18M to US\$200M
- Improved access to schools and safe water
- Poverty down by 35% in Savannakhet

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GMS Projects : Some key outcomes

Rehabilitation of the Railway in Cambodia



•Recent conclusion of a private concession agreement in June 2009 between a private railways operator and the Royal Government of Cambodia – a pioneering PPP project;

•Also provides a key missing link in the Singapore to Kunming rail link (SKRL)

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Singapore-Kunming Rail Link



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GMS Challenges Going Forward

- Shadow of the impact of the global economic crisis
- Continued investments in infrastructure
 - Multimodal transport (road and rail)
 - Energy: power interconnection and rural renewable energy
- Transform transport corridors into economic corridors
 - Transport and trade facilitation, including SPS & logistics
 - Economic corridor towns development project
- Enhanced focus on "soft" areas
 - Communicable disease control
 - Sustainable tourism development
 - Flood and drought management
 - Biodiversity conservation corridors/climate change
- Increased mobilization of private investments for the GMS program, including public-private partnerships

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Thank You

For more information:
on the GMS Program – visit

<http://www.adb.org/gms>

On the midterm review of the GMS strategy
– visit

<http://www.adb.org/documents/reports/mid-term-review-gms/default.asp>



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MIDTERM REVIEW OF THE
GREATER MEKONG SUBREGION
STRATEGIC FRAMEWORK
(2002–2012)



Executive Summary

Significant progress has been made in pursuing the strategic thrusts and priority initiatives of the 10-year (2002–2012) GMS Strategic Framework (GMS–SF) during the first half of its implementation period (2002–2007). The GMS Program (the Program) has indeed accelerated, delivering concrete results and contributing to the shared vision of a prosperous, integrated, and harmonious Mekong subregion. The pragmatic, action-oriented, and results-focused approach of the Program enabled GMS countries to expedite the implementation of high-priority subregional projects and initiatives. It also mobilized an increasing amount of financial assistance from development partners and other important stakeholders.

Since 1992, when the GMS Program started, poverty incidence in the GMS countries has declined significantly. Between 1990 and 2003, the proportion of people living on less than \$1 a day fell from 46% to 33.8% in Cambodia, 33% to 13.4% in the People’s Republic of China, 52.7% to 28.8% in the Lao People’s Democratic Republic, 10.1% to less than 1% in Thailand, and 50.7% to 9.7% in Viet Nam.¹ This declining trend is expected to continue after 2003, considering the robust economic growth of the GMS countries and other developments in the subregion since then. The GMS Program has contributed to this significant achievement, although it has not been possible to quantify the precise impact of the Program due to methodological difficulties and insufficient data.

GMS–SF remains very much valid and serves as a good basis for moving forward

in the next 5 years. It is comprehensive and very relevant with respect to recent subregional, regional, and international developments as well as the formal expansion of the GMS geography. The vision and goals of subregional economic cooperation articulated in the GMS–SF continue to reflect the expectations of GMS countries on the role of the GMS Program in developing the subregion. GMS–SF complements national development efforts of the GMS countries.

Although the extent of implementation of the strategic thrusts of the GMS–SF varies, they remain appropriate for pursuing the vision and goals of the GMS Program. Accordingly, it is not necessary to make changes in the GMS–SF itself. There are, nevertheless, opportunities for fine-tuning the strategic thrusts of the GMS–SF to maximize their development impact and ensure sustainability. This will require some shifts in focus and areas of emphasis.

The GMS Program has made very good progress in the “hardware” aspects of cooperation involving the first strategic thrust of the GMS–SF, but less so in the “software” components of cooperation involving the four other thrusts of the GMS–SF, especially in the measures necessary to enhance competitiveness and in activities addressing social and environmental issues in the GMS. This is not surprising, as the initial phases of the GMS Program had placed substantial emphasis on the need to remove the physical barriers to subregional economic cooperation.

Placing more emphasis on the “software” aspects of subregional cooperation will be essential to achieving the goals and

¹ Comparable data for Myanmar are not available at this time.

objectives of the GMS Program. First, GMS countries need to improve their competitiveness individually and collectively, if they wish to get the most out of increasing globalization and regional economic integration. Second, complementary measures are required to transform improved connectivity into accelerated improvements in livelihoods and poverty reduction. Finally, improved connectivity and mobility of people and goods can have undesirable consequences, such as the transmission of communicable diseases and environmental degradation, which need to be contained and mitigated. This proposed shift in emphasis does not mean less concern about the development of subregional infrastructure. What it calls for is a more balanced approach that maximizes the benefits and minimizes the costs of subregional cooperation and integration.

The adoption of the Core Environment Program in 2005 was a major response to deal with environmental issues in the GMS. Placing more emphasis on the other “soft” aspects of cooperation requires similar efforts in the following areas: (i) investment promotion and trade facilitation, (ii) skills development, (iii) labor migration and prevention of the trafficking of women and children, and (iv) surveillance and control of communicable diseases. At the same time, strengthening the linkages among the sectors and areas of cooperation in the GMS Program to realize synergies and maximize impact will be important.

The progress achieved in implementing the GMS–SF indicates that subregional cooperation has been an effective mechanism for developing the subregion. Consideration, however, needs to be given to the following issues and challenges to help ensure the effectiveness of the GMS–SF in the coming years:

- Recognizing the different levels of development among GMS countries,

requiring special attention to the less advanced member countries;

- Promoting greater ownership and broad-based participation in the GMS Program, requiring closer involvement of local communities and civil society;
- Enhancing efforts to promote private sector participation, requiring more substantial progress in improving the enabling environment for trade and investment;
- Enhancing resource mobilization for GMS development, requiring consideration of alternative means to expand resources for priority subregional programs and projects;
- Linking up more closely with other subregional and regional initiatives, requiring efforts to promote synergy and maximize complementarities;
- Strengthening organizational effectiveness, requiring fine-tuning in the institutional arrangements and mechanisms for managing the GMS Program.

The Review puts forward recommendations that could help address these concerns and improve the overall impact of the GMS–SF. They include recommendations involving the GMS–SF as a whole, as well as those relevant to specific sectors and areas of cooperation.

While there are continuing challenges to GMS development, there are also unprecedented opportunities being opened up by both the progress achieved in the GMS Program and increasing globalization and regional integration. It is, therefore, very timely for GMS countries to consolidate past efforts and seize these opportunities. Continuing strong political commitment by the GMS countries to pursue economic cooperation and integration will be important to enable them to take full advantage of these opportunities.