

**SUMMARY
OF
MINUTES OF THE FORTY-SEVENTH MEETING
OF THE MRC JOINT COMMITTEE
MEKONG RIVER COMMISSION
28-29 AUGUST 2018, VIENTIANE, LAO PDR**

GENERAL

1. The Joint Committee of the MRC (the Joint Committee/JC) held its Forty-Seventh Meeting (hereinafter referred to as “The Meeting”), on 28-29 August 2018 in Vientiane, Lao PDR. The proposed Agenda items include the following (**Appendix No.1**: Provisional Agenda):

- Report on progress since the 46th Meeting of the MRC Joint Committee by the Chief Executive Officer of the MRC Secretariat
- MRC Financial Report (Basket Fund, Earmarked Fund, and Administrative Reserve Fund)
- Progress on Decentralization and 2018 Mid-term Review
- Report on Cooperation with Dialogue Partners, Development Partners, and other partners including other regional and international organizations
- Report on the implementation of the IWRM-based Basin Development Strategy 2016-2020
 - Review of the implementation of the National Indicative Plans and NIP Annual Work Plans (by each MC)
 - Implementation of the Joint Projects (by MRCS)
- Progress on the Review and Update of Sustainable Hydropower Development Strategy for the Lower Mekong Basin
- Activities/Actions to Follow up on Siem Reap Declaration
- Discussion on MRC’s meetings
- Implementation of the MRC Procedures and Joint Platform– Joint Action Plan for the Pak Beng Hydropower Project (PBHPP), Review Report on Xayaburi Design Changes, PNPCA Commentary, Revised ToR for Joint Platform, and Pak Lay PNPCA PC Process
- Consideration and Guidance towards the Finalisation and Approval of the Design Guidance 2018
- Finalization of the TbEIA Technical Guidelines
- Report on Hydrological Conditions of Lower Mekong Basin
- Uptake plan for the implementation of the Study on Sustainable Management and Development of the Mekong River including Impacts by Mainstream Hydropower Projects
- Discussion on and Approval of the Audit Committee’s Charter
- Draft AWP 2019

2. On 28 August 2018, the JC held a Private Meeting to discuss issues of mutual concern and benefits prior to the Meeting.

Statement by the Chairperson of the MRC Joint Committee for 2018

3. The Chairperson of the MRC Joint Committee (JC) for 2018 expressed his delight in welcoming all the Delegates to the 47th JC Meeting. Acknowledging enormous challenges lying ahead, the Chairperson was fully convinced that all the obstacles to the MRC sustainable development will soon be overcome through the immense efforts by the Member Countries and MRC Development Partners, thus strengthening the MRC to be a more resilient, efficient and outstanding river basin organization as they all continue their journey further down the road to be self-sufficient

and self-sustaining. As he was going through all the agenda items for today's discussions, the Chairperson emphasized the importance of each agenda, encouraging productive discussions and deliberation to be made. Expressing his optimism and the continued spirit of Mekong cooperation, the Chairperson believed these important matters tabled for the discussions today will be deliberated effectively for the Secretariat further implementation.

A. Matters for Information

A.1 Report on progress since the 46th Meeting of the MRC Joint Committee by the Chief Executive Officer of the MRC Secretariat

4. The CEO reported to the Meeting on key progress and achievements made by the Secretariat since the 46th JC Meeting. These include the 3rd MRC Summit to reflect its significant role, strengthen partnership and the recommendations of the Summit Declaration to be achieved for the Mekong countries and the region; MRC decentralization; MRCS financial reform; HR reform; MRC cooperation and partnership; mid-term review; climate change strategy and design guidance and the strategy in hydropower; state of basin report; technical guidelines for the Trans-boundary Environmental Impact Assessments (TbEIA TGs); and the joint monitoring of the mainstream hydropower projects. Detailed information of each agenda item was provided in the report of the Meeting documents sent to MCs.

5. The Meeting took note of the report provided by the Secretariat.

A.2 MRC Financial Report (Basket Fund, Earmarked Fund, and Administrative Reserve Fund)

6. The Secretariat reported to the Meeting on the above agenda item including 1) Overall income, 2) Overall expenditures including expenditures by divisions as of July 2018, 3) Summary of operations cost, and 4) Financial position as of July 2018. Total income as of July 2018 was **\$5,609,210** including Basket Fund: \$4,088,913, Earmarked Fund: \$1,276,534, ARF: \$19,538 and Income (MAF): \$ 224,255. Total expenditure as of July 2018 was **\$6,760,093** including Basket Fund: \$4,488,714, Earmarked Fund: \$2,264,002, and ARF: \$7,377. As for the financial position, the cast balance as of 31 July 2018 was USD 11, 297, 332.

7. The Meeting took note of the report provided by the Secretariat. The Secretariat will address the concerns by the MCs regarding its financial management. The MCs should nominate members for the Audit Committee as soon as possible as it is linked to funding from the EU and fund transfer from Sweden. The Meeting agreed that pending payment for all the MCs' national consultants and assistants shall have to be cleared without the condition of having TOEIC scores attached as agreed by the Joint Committee and the CEO.

A.3 Progress on Decentralization and 2018 Mid-term Review

8. Giving a bit of the background on decentralization, the Secretariat reported on the 9 decentralized activities. Among them, 1) Monitoring near-real time hydro-met parameters (HYCOS stations) and 2) Discharge and sediment monitoring have critical issues. Measures have been taken for 4 activities with minor issues such as 1) Ad-hoc provision of socio economic data, 2) Monitoring rainfall and water levels, 3) Fisheries monitoring, and 4) Field data collection for SIMVA. The Secretariat also provided updates regarding 1) Discharge measurement and sediment monitoring (pending fund transfer), 2) Monitoring near real-time hydro-met parameters (HYCOS stations), 3) Fisheries monitoring, 4) Adhoc provision of socio-economic data for basin planning, 5) Field data collection for SIMVA, and 6) Monitoring of rain fall and water levels. The Secretariat provided a snapshot of the upcoming decentralization review as part of the MTR 2018 and further issues to be addressed. MCs were asked to share the location and status of all the national hydromet and sediment monitoring stations on the mainstream and relevant tributaries.

9. The Meeting took note of the report by the Secretariat, including upcoming review of decentralization as part of MTR. For decentralized activities, the meeting requested the Secretariat to transfer pending funds to the countries according to agreed MOUs.

A.4 Report on Cooperation with Dialogue Partners, Development Partners, and other partners including other regional and international organizations

10. For this agenda item, the Secretariat reported first on the cooperation with Development Partners (DPs), current funding, new project with Japan, cooperation with Dialogue Partners (DiPs), Strategy Paper for China and Myanmar, and State of Basin Report for Upper Mekong, exchanges with China and Myanmar, cooperation with other partners including ASEAN, Mekong-Lancang Cooperation, Lower Mekong Initiative (LMI), cooperation with other RBOs and Countries, cooperation with UN Organizations and other organizations. Apart from requesting the Meeting to take note of the progress, the Secretariat sought consideration of the Strategy for engagement with the DiPs and requested the Meeting to provide guidance on the finalisation of the MOUs with ASEAN and UNDP.

11. The Meeting took note of the advice and concerns of the MCs. The Secretariat would provide more information on the MOU with UNDP and would also consult closely with Cambodia's relevant line agency.

A.6 Report on the implementation of the IWRM-based Basin Development Strategy 2016-2020 and Implementation of the Joint Projects

12. Implementing the BDS at national levels, NIPs contain Joint Projects, National projects of basin-wide significance and national activities with basin-wide significance and decentralized CRBMF activities, contributing to MRC-SP outcomes. From early 2018, MRCS has been working with NMCS to carry out a review of NIP progress and prepare a multi-year annual work plan toward 2020. And the draft review report and work plan have been prepared and consulted at national level with challenges and positive achievements and next steps - working with MCs to finalize the NIP review report and its multi-year Annual Work Plan. Indicating the objective of the NIPs implementation, the Secretariat briefed the Meeting on the five MCs-approved Promotional Report of the Joint Projects. The Secretariat sought note taking on the implementation progress and guidance on the implementation process of the Joint Projects under NIPs.

13. The Meeting took note with appreciation of the information reported by the Secretariat.

A.7 Progress on the Review and Update of Sustainable Hydropower Development Strategy for the Lower Mekong Basin

14. Presenting the above agenda, the Secretariat reported that under outcome 2, output 2.1: Basin-wide Strategy for Sustainable Hydropower Development has been updated and approved with an objective "Optimal and sustainable hydropower development alternative pathways being explored, proposed and discussed, taking into account opportunities to enhance benefits beyond national borders and minimise adverse transboundary impacts while supporting water, food and energy security". Expressing the need for sustainable hydropower strategy, the Secretariat raised its studies, recommending integrated basin development and management planning, and basin-wide cooperation to achieve the Sustainable Development. The Secretariat also briefed the Meeting on its overall progress on the SHDS 2018 including 1) Draft Discussion Paper 1, 2) How might alternative pathway looks and 3) Next steps.

15. The Meeting took note of the requests and advice by the Member Countries.

B.1 Activities/Actions to Follow up on Siem Reap Declaration

16. Giving a bit of the background of the 3rd MRC Summit success for the MRC's cooperation and role as the unique river basin organization working for the interest of the MRC and its Member Countries, the Secretariat reported to the Meeting on the 3rd Summit Siem Reap Declaration 12 recommendations and their associated proposed actions as detailed in the Meeting documents sent to the MCs.

17. The Meeting took note of the progress on the implementation of the 12 recommendations report by the Secretariat and agreed that the progress on the implementation of Siem Reap Declaration of the 3rd MRC Summit be tabled as a standing agenda for all the MRC governance Meetings.

B.2 Discussion on MRC's meetings

18. Providing the background and rationale of the proposed *modus operandi* of the MRC's meetings, the Secretariat reported to the Meeting on its proposed dates for the governance and regional meetings including workshops, forum or training; venue of the meetings and format for the conduct of the meetings. For the discussions of the Meeting, the Secretariat presented its events calendar from all the divisions and sought the Meeting's consideration and approval, so that the meetings for the second half of 2018, starting from September 2018 would be able to proceed.

19. The Meeting agreed to the following:

1. The last three working days each month applies given no conflict concerning the schedules of the MCs and adjustment would be made if necessary.
2. The venue of the governance meeting is to be maintained - Plenary Session at the JC Chair's country and the Working Session at MRC Headquarters based on the existing Rules of Procedures. Venues of the technical meetings could be flexible as proposed by the Secretariat on the event calendar.
3. Alternative arrangement instead of DSA would be used for all the host countries' participants if the meetings are conducted in their capitals starting from 1st September 2018. However, for the national focal point this issue will be discussed at the next JC meeting.
4. Existing format of the governance meetings - Preparatory Meeting and Plenary Meeting of the MRC Joint Committee is to be maintained.
5. The condition on TOEIC Test that applied to the MCs' national focal points who receive fund from the Secretariat, consultants and assistants shall be exempted, and the Secretariat was requested to pay them as soon as possible to accelerate the MRC work plan, and MRC MCs continues to strengthen the English Proficiency of their staff for the MRC work and that the same commitment applies to all the MRC staff members.

B.3 Implementation of the MRC Procedures and Joint Platform– Joint Action Plan for the Pak Beng Hydropower Project (PBHPP), Review Report on Xayaburi Design Changes, PNPCA Commentary, Revised ToR for Joint Platform, and Pak Lay PNPCA PC Process

20. The Secretariat moved on to present the above agenda, reporting on the following: 1) The 1995 Mekong Agreement and the 5 MRC Procedures; 2) Progress on implementation of the MRC Procedures including the five MRC Procedures, PNPCA for Pak Lay HPP and the Joint Action Plan (JAP) for Pak Beng hydropower project and Xayaburi Design Changes; 3) Progress on implementation of the MRC Joint Platform's work, including PNPCA Commentary Note and Review Report on the Xayaburi design changes and Handbook for the understanding of the 1995 MA, the revised TOR of the MRC JAP and the development of PNPCA Inventory List; and 4) Planned Activities/Tasks for July-December 2018. The Secretariat sought guidance towards the approval of JAP for PBHPP, taking note of the Review Report of Xayaburi Design Changes, and PNPCA Commentary Note.

21. The Meeting agreed that the Secretariat would work further to fine tune the date for the Pak Lay HPP, consolidating the MCs' concerns to inform the MCs for their further arrangements of the national consultations.

B.4 Consideration and Guidance towards the Finalisation and Approval of the Design Guidance 2018

22. Presenting outcome 3, output 3.1 and its objective, the Secretariat reported to the Meeting on the needs to update PDG 2009 such as the CS's key message on risks of Hydropower projects; PDG 2009's objective in serving as Initial Reference Framework for MRC Technical Reviews of mainstream dams under the PNPCA process; improvement and updated knowledge resulting from the 3 PNPCA processes; the risks of cumulative impacts of large scale hydropower development; and DG 2018 overall progress including concept note, national and regional consultations and DG 2018

draft and completed version 1 for JC consideration and guidance. The Secretariat sought guidance on the process for the DG 2018 finalization, endorsement, and entry into force.

23. The Meeting agreed that Lao PDR shall have to submit to MCs and the Secretariat their final version of the JAP of the Pak Beng HPP after their national consultations for JC's discussion and endorsement soon.

B.5 Finalization of the TbEIA Technical Guidelines (TG)

24. For the above agenda item, the Secretariat reported to the Meeting on the progress on the preparation of the TbEIA TG, its main features, objectives, principles, scopes, TbEIA processes, final meetings on the draft Guidelines and its pending issues including 1) Scope of the TbEIA TGs, 2) Binding or non-binding nature of the Guidelines, 3) Definition of the significant trans-boundary impact and 4) Aquaculture projects. The Secretariat sought consideration by the JC to agree on 1) Proposals of the Secretariat on the mentioned four pending issues and 2) Application of the TbEIA TGs for trans-boundary impact assessment of the proposed development projects.

25. The Meeting took note of the progress report on the TbEIA Technical Guidelines.

B.6 Report on Hydrological Conditions of Lower Mekong Basin

26. The Secretariat then moved on to present the above agenda with report on the following: 1) Rainfall conditions over the basin, 2) River monitoring on the mainstream, 3) Reverse flows to the Tonle Sap Lake and 4) Current drought condition in the lower Mekong basin. After the report on the above four conditions, the Secretariat also provided the Meeting with its conclusion as detailed in the meeting documents submitted to the MCs.

27. The Meeting took note of the report by the Secretariat. The Secretariat was requested the following: 1) information on water discharge to South China and 2) water discharge on the tributaries having impacts on the mainstream; that attention be paid especially on the flood forecasting of the Mekong and capacity building for the MCs for their further information for the people living along the Mekong.

B.7 Uptake plan for the implementation of the Council Study

28. For this agenda item, the Secretariat reported to the Meeting on 1) the CS background and scope of work, 2) key priorities and implementation approach, 3) progress on the CS dissemination of its results and findings, 4) progress on the update of the CS results and findings, 5) progress of the uptake into the MRC activities, 6) roadmap for the development of CS uptake plan and 7) next steps to be taken. The Secretariat sought comments and guidance on the progress on the dissemination and uptake plan of the Council Study.

29. The Meeting took note of the uptake plan of the Council Study and looked forward to further consultations with the Member Countries.

B.8 Discussion on and Approval of the Audit Committee's Charter

30. To begin with, the Secretariat explained the Meeting on what the Audit Committee (AC) is, its objective and the benefits deriving from having it, members of the AC, how to select the AC members, qualifications of 2 finance expert members and other members, updates on the AC activities, internal audit activities, highlights on the findings of the 1st assessment, Results of 2nd Assessment on Recruitment and hiring of Individual Consultants and overall observation from MRC. The Secretariat sought approval of the AC Charter by JC and note taking of the internal audit reports and further guidance.

31. The Meeting took note of the information reported by the Secretariat, and the Member Countries will send their comments on the Charter to the Secretariat in a few weeks time and that the Secretariat will send the revised Charter as well as the reporting line to the MCs for approval.

B.9 Draft AWP 2019

32. For this last agenda item, the Secretariat first reported to the Meeting on background, budget 2019, AWP Methodology – indicator-based planning, seven outcomes as priorities 2019 and consultations. The Secretariat sought note taking of the progress on the preparation for the Annual Work Plan 2019 and further recommendations.

33. The Meeting took note of the report by the Secretariat on the draft AWP 2019.

AOB. MRCS Human Resources and Staffing Management

34. The Secretariat informed the Meeting that plan was devised for a Task Force meeting to discuss the MRCS personnel manuals later next month. As for the recruitment of the next CEO, the Secretariat has received information from Cambodia and suggested the interview be held on 19 September 2018 back-to-back with the Stakeholder Forum. Concerning staff management, 360 degree feedback for all the staff evaluation, finger prints and daily timesheet are now in practice. TOEIC requirement and 7 KPIs shall need to be presented and analysed for all the staff's appraisal. As for the consultants, the Secretariat is currently employing about 150 consultants and working on the standard rates to apply to all the consultants.

35. The Meeting took note of the report by the Secretariat and agreed that the Secretariat would address comments and concerns by the Member Countries.